Media Release

Clariant significantly increases growth and further improves profitability in 2017

- **Sales increased by 9 % in local currency to CHF 6.377 billion**
- **EBITDA before exceptional items improved significantly by 10 % in Swiss francs to CHF 974 million**
- **EBITDA margin before exceptional items increased to 15.3 %**
- **Operating cash flow was CHF 428 million**
- **Net income climbed by 15 % to CHF 302 million**
- **Proposed dividend increase of 11 % to CHF 0.50 per share**
- **Outlook: continued progression in profitability and operating cash flow generation**

"Clariant delivered exemplary top-line growth and absolute EBITDA improvement in 2017," said CEO Hariolf Kottmann. "The results are particularly encouraging as all Business Areas contributed to this expansion. Clariant continues to consistently and successfully deliver on its strategy and is well on track to achieve its goals. We are making progress based mainly on our innovation and sustainability positioning. For 2018, we are confident that we will further grow in local currency, operating cash flow and profitability."

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Key Financial Data

	Fourth Quarter				Full Year			
in CHF million	**2017**	**2016**	**% CHF**	**% LC**	**2017**	**2016**	**% CHF**	**% LC**
Sales	1 679	1 548	8	6	6 377	5 847	9	9
EBITDA before exceptional items	257	235	9	5	974	887	10	9
- margin	15.3 %	15.2 %			15.3 %	15.2 %		
EBIT before exceptional items					673	622	8	7
- margin					10.6 %	10.6 %		
EBIT					496	512	-3	-4
Net income					302	263		
Operating cash flow					428	646		
Number of employees*					18 135	17 442		

* as of 31 December

Full Year 2017 – Significant increase in sales and continued improvement in absolute EBITDA

Muttenz, February 14, 2018 - Clariant, a world leader in specialty chemicals, today announced full year 2017 sales of CHF 6.377 billion compared to CHF 5.847 billion in 2016. This corresponds to 9 % growth in local currency driven by double-digit gains in Catalysis and Natural Resources. The strong organic growth amounted to 6 %, driven by higher volume contributions by all Business Areas.

For the full year, sales growth in local currency was strongest in Asia, the Middle East & Africa and Europe. Sales in Asia rose by 12 %, lifted by a remarkable sales development in China, Southeast Asia and Japan. Sales growth in the Middle East & Africa was 15 % and in Europe 7 %. Sales in North America also increased by 11 % mainly driven by acquisitions. Latin American sales were flat, however, showing signs of improvement in the second half of the year in an ongoing challenging macroeconomic environment.

The improved sales performance for the full year resulted from growth in all Business Areas. Both Care Chemicals and Catalysis reported particularly strong expansion. Sales in Care Chemicals rose by 8 % in local currency supported by vigorous Consumer Care and Industrial Applications businesses. Catalysis sales improved by an excellent 13 % with positive contributions from all Business Lines.

Natural Resources sales accelerated by 14 %, mainly lifted by the Kel-Tech and X-Chem acquisitions in North America. Organic sales in Natural Resources grew by 3 %, driven by the solid growth in Functional Minerals and the beginning recovery of the Oil & Mining Services business. In Plastics & Coatings, sales rose by 5 % with sales expansion in all three Business Units and particular strength in China.

EBITDA before exceptional items rose by 10 % in Swiss francs and reached CHF 974 million, compared to CHF 887 million in the previous year. The absolute profitability improvement was attributable to the positive developments in all Business Areas.

The corresponding EBITDA margin before exceptional items advanced to 15.3 %.

Net income climbed by 15 % in Swiss francs to CHF 302 million from CHF 263 million in the previous year. This increase was supported by the improvement in absolute EBITDA before exceptional items as well as lower finance costs which could offset the one-off costs and higher tax expenses.

Operating cash flow declined to CHF 428 million due to temporarily higher cash out for one-off costs and higher net working capital as a result of brisk demand late in the fourth quarter of 2017 and the anticipated strong demand in the first quarter of 2018, especially in Catalysis.

Net debt remained stable at CHF 1.539 billion versus CHF 1.540 billion recorded at year-end 2016.

The continued improvement in performance allows the Board of Directors to propose a dividend of CHF 0.50 per share to the Annual General Meeting. This sum reflects an increase of 11 % compared to the previous year. This distribution is proposed to be made from the capital contribution reserve which is exempt from Swiss withholding tax.

Fourth Quarter 2017 – Further expansion in sales and profitability

In the fourth quarter of 2017, sales rose by 6 % in local currency to CHF 1.679 billion. This expansion resulted from sales improvements in all Business Areas. Organic sales growth was 5 % in local currency.

Almost all regions contributed to the growth. In Asia, sales in local currency grew by 10 % with a continuous strong development in China. Sales in Europe increased by 6 % in local currency and in the Middle East & Africa by 11 % in local currency. In the Americas, the picture was mixed. Though North America was slightly negative, Latin America showed a notable recovery and rose by a solid 7 % in local currency.

Sales in Care Chemicals climbed by 7 % in local currency mainly as a result of higher volumes which were supported by some pricing improvements. Catalysis sales moved up by 1 % due to forward product shifts from the fourth to the third quarter. Natural Resources sales increased by 5 % in local currency with positive contributions from both Functional Minerals and the Oil & Mining Services businesses. Plastics & Coatings sales accelerated by a good 8 % with all three Business Units contributing to the growth.

EBITDA before exceptional items climbed by 9 % in Swiss francs to CHF 257 million from CHF 235 million in the previous year driven by the improvement in Care Chemicals and Natural Resources as well as by a continuing solid contribution from Plastics & Coatings. As a result, the EBITDA margin before exceptional items on Group level increased further to 15.3 % from 15.2 % in the previous year.

Outlook – Continued progression in growth, profitability improvement and operating cash flow generation

Clariant expects the good economic environment in mature markets, which represent a high comparable base, to continue. Emerging markets are expected to be supportive with Latin America showing signs of a recovery.

For 2018, Clariant is confident to be able to achieve growth in local currency, as well as progression in operating cash flow, absolute EBITDA and EBITDA margin before exceptional items.

Clariant confirms its mid-term target of reaching a position in the top tier of the specialty chemicals industry. This corresponds to an EBITDA margin before exceptional items in the range of 16 % to 19 % and a return on invested capital (ROIC) above the peer group average.

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Business Discussion

Business Area Care Chemicals

	Fourth Quarter				Full Year			
in CHF Million	**2017**	**2016**	**% CHF**	**% LC**	**2017**	**2016**	**% CHF**	**% LC**
Sales	413	378	9	7	1 575	1 465	8	8
EBITDA before exceptional items	80	68	18	14	290	276	5	4
- margin	19.4 %	18.0 %			18.4 %	18.8 %		

Full Year

Sales in the Care Chemicals Business Area increased by 8 % in local currency as well as in Swiss francs for the full year 2017.

Most regions achieved very good sales growth with Asia, the Middle East & Africa and Europe increasing sales at double-digit growth rates while North America grew in single-digits. Sales in Latin America reflected a negative sales development amid a difficult economic environment mainly seen in the first half of the year which, however, showed an improving trend in the second half of the year.

Consumer Care delivered good mid-single-digit sales growth with contributions from all three Business Lines: Personal Care, Home Care as well as Crop Solutions. The businesses within Industrial Applications also performed solidly, with the exception of the Aviation business which was flat compared to the previous year.

The EBITDA margin before exceptional items decreased to 18.4 % from 18.8 %. This decline was primarily due to the previously communicated ramp up costs for new capacities, the maintenance shutdowns in various locations in the second quarter as well as some delay in passing on raw material price increases in the first six months.

Fourth Quarter

In the fourth quarter of 2017, sales in Care Chemicals advanced by 7 % in local currency and by 9 % in Swiss francs. The notable sales development was supported by both the Industrial Applications as well as the Consumer Care businesses.

Most regions continued to deliver very solid sales growth in local currency, in particular Europe and Asia where Southeast Asia and India reflected strong sales expansion. The continued difficult economic environment in Brazil weighed on Latin America.

The EBITDA margin before exceptional items rose significantly to 19.4 % from 18.0 % as ramp up costs tapered off towards the end of the year and the product mix shift towards the higher margin segments was further intensified.

For 2018, Care Chemicals expects continued solid sales growth. Clariant continues to focus on the strong market demand for innovative and sustainable solutions. For example, Bluemidin, an innovative Active Ingredient launched at the end of 2017, protects the skin from the blue light emitted by devices such as mobile phones, TVs and various types of screens which individuals are constantly exposed to. The blue light induces clear and visible signs of fatigue such as eye puffiness and dark circles around the eyes which Bluemidin can help alleviate.

Business Area Catalysis

	Fourth Quarter				Full Year			
in CHF Million	**2017**	**2016**	**% CHF**	**% LC**	**2017**	**2016**	**% CHF**	**% LC**
Sales	238	231	3	1	767	673	14	13
EBITDA before exceptional items	68	71	-4	-4	198	160	24	23
- margin	28.6 %	30.7 %			25.8 %	23.8 %		

Full Year

In the full year 2017, sales in the Catalysis Business Area progressed by 13 % in local currency and by 14 % in Swiss francs. The full consolidation of the Süd-Chemie India Pvt Ltd. joint venture in the second quarter added 6 % to the sales growth in local currency for the full year 2017. All Business Lines contributed to the excellent organic sales expansion of 7 %, with a marked increase in Syngas demand.

The strong sales improvement in the second half of 2017 benefited from a demand upswing in Asia, Europe as well as in the Middle East & Africa. Sales in North America and in Latin America remained comparatively volatile.

The EBITDA margin before exceptional items increased to 25.8 % from 23.8 % mainly reflecting the strong top-line sales improvement.

Fourth Quarter

Sales in the Catalysis Business Area rose by 1 % in local currency and 3 % in Swiss francs in the fourth quarter of 2017. The slower sales growth was due to forward product shifts from the fourth quarter to the third quarter as previously communicated at the end of October 2017.

Organic sales growth in the Middle East & Africa and in Asia failed to compensate for the weaker sales demand reported in other regions. However, this development was the result of the above mentioned forward product shifts as seen in the third quarter of 2017.

The EBITDA margin before exceptional items was an excellent 28.6 % despite the slightly less favorable product mix and a strong comparable base in the same period of the previous year.

Throughout 2017 Clariant upgraded its outlook for Catalysis as the business began to accelerate. For 2018, we anticipate robust growth in Catalysis driven by Clariant’s portfolio strength, innovation capability, global footprint and partnerships as well as driven by the supporting underlying recovery in the Catalysis business environment.

The new **Business Line Biofuels & Derivatives** is being established as part of the Business Area Catalysis beginning in January, 2018. This is a further progression towards Clariant’s commercialization of bio-ethanol, and the related licenses and enzymes.

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Business Area Natural Resources

	Fourth Quarter				Full Year			
in CHF Million	**2017**	**2016**	**% CHF**	**% LC**	**2017**	**2016**	**% CHF**	**% LC**
Sales	364	345	6	5	1 357	1 184	15	14
EBITDA before exceptional items	66	62	6	6	207	200	4	3
- margin	18.1 %	18.0 %			15.3 %	16.9 %		

Full Year

Sales in the Natural Resources Business Area rose by 14 % in local currency and 15 % in Swiss francs. Excluding the Kel-Tech and X-Chem acquisitions in the Oil & Mining Services Business Unit, Natural Resources sales climbed by 3 % in local currency.

The Oil & Mining Services business, excluding the acquisitions, reported single-digit sales growth, despite the fact that the market trend in the oil business continues to remain uncertain with operating expenditures still a major consideration for customers.

Sales in Functional Minerals expanded at a mid-single-digit growth rate in local currency, with all segments contributing to the business's growth. The positive development was most pronounced in Asia, notably China which reflected a strong sales development, as well as in Europe and in the Middle East & Africa.

The EBITDA margin before exceptional items decreased to 15.3 % from 16.9 %, weighed down by the current price consciousness of the oil market and weaker demand in the Refinery business which was observed throughout the entire year.

Fourth Quarter

In the fourth quarter, sales in Natural Resources climbed by 5 % in local currency and 6 % in Swiss francs. Both the Oil & Mining Services as well as the Functional Minerals businesses contributed to the growth.

In the Oil & Mining Services business, sales recovered slightly despite the demanding situation created by the industry conditions which, though showing signs of improvement, remained challenging.

Functional Minerals continued to report good sales growth in local currency, primarily supported by the foundry business. Sales were lifted by excellent growth in Europe.

The EBITDA margin before exceptional items increased to 18.1 % from 18.0 % amid an ongoing competitive industrial environment.

In 2018, Functional Minerals expects to continue growing in particular in emerging markets. The Oil & Mining Services business anticipates growth and continuing improvement in the course of 2018 with attractive long-term industry dynamics.

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Business Area Plastics & Coatings

	Fourth Quarter				Full Year			
in CHF Million	**2017**	**2016**	**% CHF**	**% LC**	**2017**	**2016**	**% CHF**	**% LC**
Sales	664	594	12	8	2 678	2 525	6	5
EBITDA before exceptional items	72	68	6	2	388	368	5	5
- margin	10.8 %	11.4 %			14.5 %	14.6 %		

Full Year

Sales in the Plastics & Coatings Business Area grew by 5 % in local currency and 6 % in Swiss francs for the full year 2017.

In Masterbatches, all regions showed attractive sales expansion, with strong sales growth in Greater China, North America and Europe as well as from the Middle East & Africa region. Sales growth was notable in Engineering and High Temperature Resins masterbatches and compounds and in the Packaging segment.

Sales in Pigments rose in particular in Asia, driven by China and India. On a Business Line level, Plastic Applications and Special Applications reported continued attractive sales growth and are largely attributable to the sales improvement.

Additives continued to reflect very strong sales growth which was supported by all Business Lines and also by solid demand in almost all regions, China and North America in particular.

The EBITDA before exceptional items in absolute value expanded by 5 % in local currency to CHF 388 million despite a strong previous year.

Fourth Quarter

Sales in the Plastics & Coatings Business Area climbed by 8 % in local currency and 12 % in Swiss francs in the fourth quarter of 2017.

Sales in Masterbatches reflected excellent growth across all regions especially in Asia, in Latin America as well as in North America. In Pigments, all regions performed well, especially China, India, the Middle East & Africa and Europe. In Additives, sales progressed with robust growth in all major regions.

In the fourth quarter, the EBITDA before exceptional items grew by 2 % in local currency to CHF 72 million despite a strong comparable base.

Plastics & Coatings continues to develop solutions and products for the needs of its end markets. These in combination with the focus on the differentiated business steering are expected to continue to enhance growth possibilities in the businesses and to further contribute to the overall performance of Clariant.

CORPORATE MEDIA RELATIONS

JOCHEN DUBIEL

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

THIJS BOUWENS

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

INVESTOR RELATIONS

ANJA POMREHN

Phone +41 61 469 67 45
anja.pomrehn@clariant.com

MARIA IVEK

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

Follow us on Twitter, Facebook, Google Plus, LinkedIn.

www.clariant.com

Clariant is a globally leading specialty chemicals company, based in Muttenz near Basel/Switzerland. On 31 December 2017 the company employed a total workforce of 18 135. In the financial year 2017, Clariant recorded sales of CHF 6.377 billion for its continuing businesses. The company reports in four business areas: Care Chemicals, Catalysis, Natural Resources, and Plastics & Coatings. Clariant's corporate strategy is based on five pillars: focus on innovation through R&D, add value with sustainability, reposition portfolio, intensify growth, and increase profitability.