

# Media Release

FULL YEAR 2018  
13 February 2019  
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## Clariant increased sales, profitability and operating cash flow in 2018

- Sales increased by 5 % in local currency to CHF 6.623 billion
- EBITDA before exceptional items improved by 5 % in Swiss francs, exceeding CHF 1 billion
- EBITDA margin before exceptional items expanded to 15.4 %
- Net income climbed by 18 % to CHF 356 million
- Operating cash flow rose by 24 % to CHF 530 million
- Proposed dividend increase of 10 % to CHF 0.55 per share
- Outlook 2021: above-market growth, higher profitability and stronger cash generation

“In 2018, Clariant achieved good sales and profit growth and significantly improved operating cash flow despite an increasingly challenging environment.” said Ernesto Occhiello, CEO of Clariant. “Going forward, we will continue to identify and address the next challenges and future demands within our respective businesses and those of our customers. This, coupled with best customer experience and fast, reliable customer fulfillment will trigger above-market growth, higher profitability and stronger cash generation.”

## Key Financial Data

<i>in CHF million</i>	Fourth Quarter				Full Year			
	2018	2017	% CHF	% LC	2018	2017	% CHF	% LC
Sales	1 629	1 679	-3	3	6 623	6 377	4	5
EBITDA before exceptional items	253	257	-2		1 018	974	5	
- margin	15.5 %	15.3 %			15.4 %	15.3 %		
EBITDA after exceptional items					871	813	7	
- margin					13.2 %	12.7 %		
EBIT					546	496	10	
Net income					356	302		
Operating cash flow					530	428		
Number of employees*					17 901	18 135		

\* as of 31 December

### Full Year 2018 – Higher sales and continued EBITDA expansion

Muttenz, February 13, 2019 - Clariant, a focused and innovative specialty chemical company, today announced full year 2018 sales of CHF 6.623 billion compared to CHF 6.377 billion in 2017. This corresponds to 5 % growth in local currency, all of which is organic, driven by a progression in all Business Areas, particularly in Catalysis. Both higher volumes and pricing underpinned this expansion.

For the full year, all regions contributed to the sales growth in local currency. Sales in Latin America grew the strongest, by 12 %. Sales in Asia increased by 7 %, bolstered by a particularly positive development in China and India. In North America, sales rose by 5 %. Both Europe and the Middle East & Africa increased sales by 2 %.

The improved sales performance for the full year resulted from growth in all Business Areas with Care Chemicals, Catalysis and Natural Resources reporting strong expansion. Sales in Care Chemicals rose by 7 % in local currency primarily supported by Consumer Care. Catalysis sales improved by an excellent 11 % in local currency with a strong organic sales growth amounting to 8 %.

Natural Resources sales accelerated by 8 % in local currency, mainly lifted by improved Oil & Mining Services demand and solid growth in Functional Minerals. In Plastics & Coatings, sales rose by 1 % in local currency with particularly strong regional expansion in Latin America.

EBITDA before exceptional items rose by 5 % in Swiss francs and reached CHF 1.018 billion, compared to CHF 974 million in the previous year. The absolute profitability improvement was attributable to the positive contributions from Care Chemicals, Catalysis and Plastics & Coatings.

The corresponding EBITDA margin before exceptional items advanced to 15.4 % from 15.3 % in the previous year.

Net income climbed by 18 % to CHF 356 million from CHF 302 million in full year 2017. This increase was supported by the improvement in absolute EBITDA as well as lower one-off costs and a lower effective tax rate.

Operating cash flow rose significantly by 24 % to CHF 530 million from CHF 428 million in the previous year due to the improved absolute EBITDA and net working capital management. This positive development is particularly noteworthy given the one-off tax settlement amounting to CHF 83 million paid in the first half of 2018.

Net debt decreased to CHF 1.374 billion versus CHF 1.539 billion recorded at the end of 2017.

The continued improvement in performance allows the Board of Directors to propose a dividend of CHF 0.55 per share to the Annual General Meeting. This sum reflects an increase of 10 % 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 2018 – Improvement in local currency sales and profitability**

In the fourth quarter of 2018, sales rose by 3 % in local currency to CHF 1.629 billion. This represents a decrease of 3 % in Swiss francs year-on-year due to unfavorable currency fluctuations. The sales growth in local currency was mainly driven by Catalysis and Natural Resources.

Almost all regions contributed to the growth. In the Middle East & Africa, sales in local currency grew by a robust 15 % driven mainly by Catalysis. Sales in Latin America increased by 9 % in local currency supported by Oil & Mining Services, in North America by a solid 3 % and in Asia by 2 % with a slowing in China. Only sales in Europe had a negative growth of 2 % largely due to the particularly challenging comparison base.

Catalysis sales grew by 9 % in local currency mainly as a result of higher demand for Petrochemical Catalysts. Natural Resources sales climbed by 11 % in local currency with positive contributions from both the Oil & Mining Services as well as the Functional Minerals businesses. Sales in Care Chemicals rose by 1 % in local currency, supported by the Consumer Care businesses. Sales in Plastics & Coatings were 3 % lower in local currency due to the softening demand in Asia and Europe in particular.

EBITDA before exceptional items decreased by 2 % in Swiss francs to CHF 253 million from CHF 257 million in the previous year, driven by the temporary softer margins in Care Chemicals and Natural Resources.

Nevertheless, the EBITDA margin before exceptional items on Group level increased to 15.5 % from 15.3 % in the previous year due to the strong margin improvement in Catalysis which more than compensated for the profitability softness in Care Chemicals and Natural Resources.

### **Outlook 2021 – above-market growth, higher profitability and stronger cash generation**

Clariant is a focused and innovative specialty chemical company. We aim to provide more than just customer-oriented products. We strive to provide the best customer experience and fast, reliable customer fulfillment in the industry by setting the right priorities.

Our aim is to make our customers more successful. We therefore constantly focus on timely and rewarding innovations, products that are difficult to imitate, sustainability, agility as well as ethical practices. We will only be satisfied with the highest level of excellence in every function within the Group. Our success will be realized through the execution of our strategy.

We confirm our 2021 guidance to achieve above-market growth, higher profitability and stronger cash generation.

## Business Discussion

### Business Area Care Chemicals

<i>in CHF Million</i>	Fourth Quarter				Full Year			
	2018	2017	% CHF	% LC	2018	2017	% CHF	% LC
Sales	396	413	-4	1	1 665	1 575	6	7
EBITDA before exceptional items	70	80	-13		316	290	9	
- margin	17.7 %	19.4 %			19.0 %	18.4 %		

### Sales

For the full year 2018, sales in the Care Chemicals Business Area increased by 7 % in local currency and by 6 % in Swiss francs. Consumer Care delivered high single-digit sales growth with positive contributions from all three Business Lines: Personal Care, Home Care as well as Crop Solutions. Industrial Applications sales grew in the mid-single-digits.

Most regions achieved good sales growth in local currency with North America and Asia advancing at double-digit rates and Latin America and Europe in the single-digits. Sales in the Middle East & Africa, the smallest region, reflected a negative growth.

In the fourth quarter of 2018, sales in Care Chemicals increased by 1 % in local currency and decreased by 4 % in Swiss francs due to unfavorable currency fluctuations. The sales development was supported by the Consumer Care businesses while Industrial Applications had a slightly negative growth.

### EBITDA Margin

The EBITDA margin before exceptional items for full year 2018 climbed to 19.0 % from 18.4 %. This positive development was primarily the result of the good top-line growth, operating leverage and an improved product mix.

In the fourth quarter, the EBITDA margin before exceptional items softened to 17.7 % from 19.4 %. This margin reduction was mainly attributable to the decline of the Aviation business in Europe during this period and some temporary capacity outages in Asia.

### Clariant Insight

Consumers are increasingly looking for personalized products based on natural ingredients. Clariant's Genadvance® range of forward-looking hair care technologies consists of three, silicon-free hair conditioning ingredients each targeting different hair issues: Genadvance® Life - for thin hair, Genadvance® Repair - for damaged hair and Genadvance® Hydra - for dry hair. Genadvance® Hydra, e.g., is based on an entirely naturally derived, ethically sourced ingredient that is biodegradable 2-3 times faster than traditional products. This product thus not only meets the market's rising focus on natural character as well as safety and health, but also the demand for more recyclable, sustainable application formats and products made from renewable sources, while not compromising and in some cases even improving the performance.

## Business Area Catalysis

<i>in CHF Million</i>	Fourth Quarter			Full Year				
	2018	2017	% CHF	% LC	2018	2017	% CHF	% LC
Sales	258	238	8	9	861	767	12	11
EBITDA before exceptional items	75	68	10		199	198	1	
- margin	29.1 %	28.6 %			23.1 %	25.8 %		

### Sales

In the full year 2018, sales in the Catalysis Business Area progressed by 11 % in local currency and by 12 % in Swiss francs. Organic sales, excluding the full consolidation of Süd-Chemie India Pvt Ltd., rose by a noteworthy 8 % in local currency primarily due to a very strong demand in Syngas and good progression in Specialty Catalysts while Petrochemicals sales remained flat year-on-year.

The solid sales development benefited from robust demand in Asia, the Middle East & Africa and Latin America while sales in Europe and North America remained comparatively volatile throughout the year.

In the fourth quarter of 2018, sales rose by 9 % in local currency and 8 % in Swiss francs mainly as a result of a higher demand for Petrochemical Catalysts and some forward product shifts from the first quarter of 2019.

### EBITDA Margin

For the full year 2018, the EBITDA margin before exceptional items decreased to 23.1 % from 25.8 % mainly as a reflection of the product mix, which remained largely unchanged throughout the year. The proportionally higher sales from Syngas compared to last year as well as a negative contribution from the new Business Line Biofuels & Derivatives lowered the EBITDA before exceptional items hence resulting in a margin that was moderately below our full year guidance.

Despite the strong comparison base, in the fourth quarter, the EBITDA margin before exceptional items increased to an excellent 29.1 % due to the more favorable product mix towards the end of the year.

### Clariant Insight

Clariant offers a process to remove high levels of NO<sub>x</sub> from the air with its EnviCat® NO<sub>x</sub> SCR catalyst. NO<sub>x</sub> is the product of fossil fuel combustion and industrial processes. It also contributes to the formation of smog, ground level ozone, acid rain and other hazards. Air purification catalysts such as EnviCat® therefore meet the market's rising focus on safety and health. Furthermore, Clariant's emphasis on resource efficiency and sustainability in tandem with future regulations is reflected in the progress made on the construction of the first large-scale commercial sunliquid® plant in Romania for the production of cellulosic ethanol.

## Business Area Natural Resources

<i>in CHF Million</i>	Fourth Quarter				Full Year			
	2018	2017	% CHF	% LC	2018	2017	% CHF	% LC
Sales	363	364	0	11	1 394	1 357	3	8
EBITDA before exceptional items	47	66	-29		179	207	-14	
- margin	12.9 %	18.1 %			12.8 %	15.3 %		

### Sales

Sales in the Natural Resources Business Area rose by 8 % in local currency and 3 % in Swiss francs for the full year 2018.

The Oil & Mining Services business reported double-digit sales growth in local currency in a slowly improving environment. The Business Unit saw a marked demand recovery especially in Latin America and Asia.

Sales in Functional Minerals expanded at a single-digit rate in local currency, primarily driven by Foundry. From a geographic perspective, the positive development in Functional Minerals was most pronounced in Europe and Asia.

In the fourth quarter of 2018, sales in Natural Resources climbed by 11 % in local currency and remained unchanged in Swiss francs due to unfavorable currency fluctuations. Both the Oil & Mining Services as well as the Functional Minerals businesses contributed to the growth, double-digit and single-digit, respectively.

### EBITDA Margin

For the full year 2018, the EBITDA margin before exceptional items decreased to 12.8 % from 15.3 %, still weighed down by the unabated price consciousness of the oil market and a lower contribution from Functional Minerals' Purification business compared to the previous year.

In the fourth quarter, the EBITDA margin before exceptional items decreased to 12.9 % amid an ongoing competitive oil industry environment and a strong comparable fourth quarter last year. The Oil & Mining Services business has seen its trough and has improved its cost base. Hence, as anticipated, the second half of the year already showed an improvement in the margin versus the first half.

### Clariant Insight

The Oil & Mining Services activities address the increasing requirement for intelligent electronics with the VERITRAX™ real-time chemical management system. VERITRAX™ turns data into actionable information, which is key in maintaining production and improving operational efficiency and reliability. The Functional Minerals' Purification business for edible oils addresses the nutritional demand linked to the growing population and higher standards of living while the low-emissions technology for the foundry industry focuses on and anticipates the intensification of regulations and sustainability.

## Business Area Plastics & Coatings

<i>in CHF Million</i>	Fourth Quarter				Full Year			
	2018	2017	% CHF	% LC	2018	2017	% CHF	% LC
Sales	612	664	-8	-3	2 703	2 678	1	1
EBITDA before exceptional items	71	72	-1		412	388	6	
- margin	11.6 %	10.8 %			15.2 %	14.5 %		

### Sales

Sales in the Plastics & Coatings Business Area grew by 1 % in local currency and in Swiss francs for the full year 2018 against a very strong comparison base.

In Masterbatches, the sales growth in local currency was underpinned by increased demand in Latin America and Asia. Sales increased mainly in Consumer Goods and Automotive. Moreover, Healthcare Packaging also reported an attractive sales development in 2018. Sales in Pigments remained flat, but still grew in Latin America and Asia, driven by China and Japan. On a Business Line level, Coatings and Plastic Application reported continued sales growth. Additives sales remained very strong, supported by all Business Lines and also by solid demand in almost all regions, North America, China and Europe in particular.

In the fourth quarter of 2018, sales in the Plastics & Coatings Business Area were 3 % lower in local currency and 8 % in Swiss francs. The softening in Asia and Europe, which was already seen in the third quarter, was the main reason for the slowdown in the fourth quarter.

### EBITDA

For the full year 2018, the EBITDA before exceptional items in absolute value expanded by 6 % in Swiss francs to CHF 412 million despite a strong previous year. The profitability improvement was primarily attributable to Additives and Masterbatches and some income from Stahl.

In the fourth quarter, the EBITDA before exceptional items of CHF 71 million was at a comparable level to the same period last year.

### Clariant Insight

Additives develops products such as halogen-free flame retardants, which are patented, provide environmentally compatible protection and are compliant with the demanding fire safety standards. In addition, Healthcare Packaging offerings include desiccant canisters containing sorbent components that help maintain drug stability and prolong shelf life inside healthcare packaging containers.



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

Clariant is a focused and innovative specialty chemical company, based in Muttenz near Basel/Switzerland. On 31 December 2018 the company employed a total workforce of 17 901. In the financial year 2018, Clariant recorded sales of CHF 6.623 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 and R&D, add value with sustainability, reposition portfolio, intensify growth, and increase profitability.