CLARIANT

Financial Review
FIRST HALF 2018

25 July 2018

CLARIANT INTERNATIONAL LTD

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Key Financial Group Figures

	First Half			
	2018		2017	
	CHF m	*% of sales*	*CHF m*	*% of sales*
Sales	3 389	100.0	3 132	100.0
Local currency growth (LC):	7%			
Organic growth [1]	*6%*			
Acquisitions/divestitures	*1%*			
Currencies	1%			
Gross profit	1 014	29.9	953	30.4
EBITDA before exceptional items*	524	15.5	482	15.4
EBITDA*	494	14.6	412	13.2
Operating income before exceptional items*	362	10.7	344	11.0
Operating income	331	9.8	274	8.7
Net income	211	6.2	153	4.9
Basic earnings per share (CHF/share)	0.60		0.44	
Adjusted earnings per share (CHF/share)*	0.80		0.66	
Operating cash flow	102		116	

Other key figures total Group:	***30.06.2018***	*31.12.2017*
Net debt	1 707	1 539
Equity (including non-controlling interests)	2 986	2 939
Gearing	57%	52%
Number of employees	17 868	18 135

[1] Throughout this statement the term “organic growth” is used to mean volume and price effects excluding the impacts of changes in FX rates and acquisitions/divestitures.
* See Definition of Terms of Financial Measurements on pages 4 and 5.

FINANCIAL DISCUSSION – FIRST HALF-YEAR

Sales and Net Results First Half 2018*

Sales increased 7 % in local currency, of which 6 % was organic growth. In Swiss francs, sales increased by 8 % compared to the first half of the previous year.

The **gross margin** for the first half of 2018 was 29.9 % of sales compared to 30.4 % recorded in the prior-year period due to a less favorable product mix and higher raw material costs.

Selling, general and administrative costs decreased to 18.1 % of sales compared to 20.0 % in 2017.

Research and development costs remained at CHF 101 million in the first half of 2018 at a comparable level to the previous year at CHF 104 million.

Income from associates and joint ventures of CHF 33 million in the first half of 2018 was below the level of the previous year (CHF 49 million). The figure of the first half of 2017 included a CHF 10 million asset step-up revaluation to fair value of participation in SCIL related to the full consolidation of the SCIL joint venture as well as three months of SCIL income.

The **net financial result** improved to CHF -32 million in the first half of 2018 from CHF -69 million in the first half of 2017. Before foreign currency impacts, the financial result remained stable at CHF -41 million in the first half of 2018 compared to CHF -40 million in the first half of 2017.

Tax expense of CHF 88 million increased in the first half of 2018 compared to CHF 52 million tax expense recorded in the prior-year period. The effective tax rate is higher than in the prior-year period due in part to increased profit in high tax jurisdictions.

Net income amounted to CHF 211 million in the first half of 2018, which was above the CHF 153 million net income reported in the same period of 2017.

* The fully consolidated Süd-Chemie India Pvt Ltd. (SCIL) joint venture is included as of 1 April 2017.

Balance Sheet Key Figures – June 2018

Total assets decreased to CHF 8.022 billion as of 30 June 2018 from CHF 8.229 billion at the end of 2017 mainly due to the decrease in current assets driven by lower cash.

Investments in associates and joint ventures increased to CHF 520 million from CHF 508 million at the end of 2017. This is the net effect of dividends paid mainly by the Infraserv companies in Germany and the change in the scope of the consolidation of Venezuelan companies. They were previously fully consolidated and as of 1 June 2018 have been recorded using the equity method.

Short-term deposits remained at CHF 48 million at a comparable level to CHF 47 million at the end of 2017. This figure includes short-term deposits with an original maturity between 90 and 365 days.

Current financial debts increased to CHF 847 million at the end of June 2018 from CHF 567 million at the end of December 2017. A bond issued in 2012 with a book value of CHF 285 million will fall due on 24 April 2019 and as a consequence was reclassified to current financial debt.

Equity increased to CHF 2.986 billion at the end of June 2018 from CHF 2.939 billion at the end of December 2017. This was mainly due to the net profit for the period amounting to CHF 211 million, to treasury share transactions amounting to CHF 10 million, to the combined effect of actuarial gains on retirement benefit obligations and a negative return on pension plan assets amounting to a positive CHF 32 million, net of deferred tax.
The positive effects on equity as of end of June 2018 were partially offset by a distribution from capital contribution reserves of CHF 165 million, the negative currency translation effect of CHF 40 million, dividends paid to non-controlling interests amounting to CHF 4 million and by the effect of fair value adjustments on financial assets amounting to CHF 1 million.

Net debt increased to CHF 1.707 billion at the end of June 2018 from CHF 1.539 billion at the end of 2017. This figure includes current and non-current financial debts, cash and cash equivalents, short-term deposits and financial instruments with positive fair values reported under other current assets.

Gearing, which reflects net financial debt in relation to equity including non-controlling interests increased to 57 % from 52 % at the end of 2017, as a result of the increase in net debt.

Cash Flow

Cash flow from operating activities before changes in working capital and provisions for the first half of 2018 was CHF 504 million compared to CHF 391 million for the first half of 2017.

Working capital increased by CHF 241 million in the first half of 2018, compared with an increase of CHF 223 million in the first half of 2017.

Income taxes paid also include the settlement for a tax audit in the amount of CHF 83 million. This payment was fully provided for and had no impact on the income statement.

Net cash generated from operating activities amounted to a positive CHF 102 million for the first half of 2018 compared to a positive CHF 116 million for the first half of 2017.

Investments in PPE and investments in intangible assets were CHF 74 million and CHF 11 million respectively for the first half of 2018 compared to CHF 85 million and CHF 16 million respectively for the first half of 2017.

Financing activities mainly include the sale and purchase of treasury shares, distributions to the shareholders of Clariant and to non-controlling interests, proceeds from and repayments of financial debt, and the related interests paid and received.

DEFINITION OF TERMS OF FINANCIAL MEASUREMENTS (UNAUDITED)

The following financial measurements are supplementary financial indicators. They should be considered in addition to, not as a substitute for, operating income, net income, operating cash flow and other measures of financial performance and liquidity reported in accordance with International Financial Reporting Standards (IFRS).

EBITDA

– (Earnings Before Interest, Taxes, Depreciation and Amortization) is calculated as operating income plus depreciation of PPE, plus impairment and amortization of intangible assets, and can be reconciled from the Condensed Financial Statements as follows:

EBITDA

		First Half
CHF m	***2018***	*2017*
Operating income	331	274
+ Depreciation of PPE	122	108
+ Impairment	1	–
+ Amortization of intangible assets	40	30
EBITDA	**494**	**412**

EBITDA before exceptional items

– is calculated as EBITDA plus expenses for restructuring, impairment and transaction-related costs less impairment and gain/loss on disposals.

EBITDA before exceptional items

		First Half
CHF m	***2018***	*2017*
EBITDA	494	412
+ Restructuring, impairment and transaction-related costs*	31	70
– Impairment (reported under Restructuring, impairment and transaction-related costs)	– 1	–
– Gain/(loss) from the disposal of activities not qualifying as discontinued operations	–	–
EBITDA before exceptional items	**524**	**482**

Operating income before exceptional items

– is calculated as operating income plus restructuring, impairment and transaction-related costs and gain/loss on disposals.

Operating income before exceptional items

		First Half
CHF m	***2018***	*2017*
Operating income	331	274
+ Restructuring, impairment and transaction-related costs*	31	70
– Gain/(loss) from the disposal of activities not qualifying as discontinued operations	–	–
Operating income before exceptional items	**362**	**344**

* Restructuring, impairment and transaction-related costs 2018: CHF 31 million (2017: CHF 70 million), of which: Cost of goods sold CHF 3 million (2017: CHF 4 million); Selling, general and administrative costs CHF 27 million (2017: CHF 59 million); Research and development expenses CHF 1 million (2017: CHF 7 million).

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Adjusted earnings per share

– is the earnings per share adjusted for the impact of exceptional items, assuming an adjusted income tax rate of 26% for the period.

Adjusted earnings per share

	First Half	
CHF m	***2018***	*2017*
Operating income before exceptional items	362	344
+ Amortization of intangible assets	40	30
+ Finance income	15	9
– Finance costs	–47	–78
Adjusted income before taxes	370	305
– Adjusted income taxes	–96	–79
Adjusted net income	274	226
Thereof attributable to non-controlling interests	12	9
Thereof attributable to shareholders of Clariant Ltd	262	217
Weighted average number of shares outstanding	329 538 179	327 476 876
Adjusted earnings per share attributable to shareholders of Clariant Ltd (CHF/share)	**0.80**	**0.66**

Net debt

– is the sum of current and non-current financial debt less cash and cash equivalents, short-term deposits and financial derivatives with positive fair values.

Net debt

CHF m	***30.06.2018***	*31.12.2017*
Non-current financial debt	1 437	1 727
+ Current financial debt	847	567
– Cash and cash equivalents	–521	–701
– Short-term deposits	–48	–47
– Financial derivatives with positive fair values	–8	–7
Net debt	**1 707**	**1 539**

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CONDENSED FINANCIAL STATEMENTS OF THE CLARIANT GROUP

Consolidated balance sheets

ASSETS		30.06.2018		31.12.2017
	CHF m	%	CHF m	%
Non-current assets				
Property, plant and equipment	2170		2250	
Intangible assets	1743		1775	
Investments in associates and joint ventures	520		508	
Financial assets	40		50	
Prepaid pension assets	69		67	
Deferred income tax assets	266		267	
Total non-current assets	**4808**	**60.0**	**4917**	**59.7**
Current assets				
Inventories	1026		952	
Trade receivables	1142		1146	
Other current assets	402		388	
Current income tax receivables	55		56	
Short-term deposits	48		47	
Cash and cash equivalents	521		701	
Total current assets	**3194**	**39.8**	**3290**	**40.0**
Assets held for sale	20	0.2	22	0.3
Total assets	**8022**	**100.0**	**8229**	**100.0**

EQUITY AND LIABILITIES		30.06.2018		31.12.2017
	CHF m	%	CHF m	%
Equity				
Share capital	1228		1228	
Treasury shares (par value)	–8		–10	
Other reserves	–110		83	
Retained earnings	1693		1459	
Total capital and reserves attributable to Clariant shareholders	**2803**		**2760**	
Non-controlling interests	183		179	
Total equity	**2986**	**37.2**	**2939**	**35.7**
Liabilities				
Non-current liabilities				
Financial debts	1437		1727	
Deferred income tax liabilities	73		65	
Retirement benefit obligations	807		849	
Provision for non-current liabilities	151		166	
Other liabilities	80		79	
Total non-current liabilities	**2548**	**31.8**	**2886**	**35.1**
Current liabilities				
Trade and other payables	1207		1216	
Financial debts	847		567	
Current income tax liabilities	216		301	
Provision for current liabilities	218		320	
Total current liabilities	**2488**	**31.0**	**2404**	**29.2**
Liabilities directly associated with assets held for sale	–	–	–	–
Total liabilities	**5036**	**62.8**	**5290**	**64.3**
Total equity and liabilities	**8022**	**100.0**	**8229**	**100.0**

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Consolidated income statements

				First Half
		2018		2017
	CHF m	%	CHF m	%
Sales	3389	100.0	3132	100.0
Costs of goods sold	–2375	70.1	–2179	69.6
Gross profit	**1014**	**29.9**	**953**	**30.4**
Selling, general and administrative costs	–615	18.1	–624	20.0
Research and development	–101	3.0	–104	3.3
Income from associates and joint ventures	33	1.0	49	1.6
Operating income	**331**	**9.8**	**274**	**8.7**
Finance income	15	0.4	9	0.3
Finance costs	–47	1.4	–78	2.5
Income before taxes	**299**	**8.8**	**205**	**6.5**
Taxes	–88	2.6	–52	1.6
Net income	**211**	**6.2**	**153**	**4.9**
Attributable to:				
Shareholders of Clariant Ltd	199		144	
Non-controlling interests	12		9	
Basic earnings per share attributable to the shareholders of Clariant Ltd (CHF/share):	**0.60**		**0.44**	
Diluted earnings per share attributable to the shareholders of Clariant Ltd (CHF/share):	**0.60**		**0.44**	

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Consolidated statements of comprehensive income

	First Half	
CHF m	***2018***	*2017*
Net income	**211**	**153**
Other comprehensive income:		
Remeasurements:		
Actuarial gain/loss on retirement benefit obligations	80	–22
Return on retirement benefit plan assets, excluding amount included in interest expense	–38	50
Total items that will not be reclassified subsequently to the income statement, gross	**42**	**28**
Deferred tax on remeasurements	–10	–9
Total items that will not be reclassified subsequently to the income statement, net	**32**	**19**
Net investment hedge	5	4
Cash flow hedges	3	–1
Currency translation differences	–40	–98
Fair value adjustment on financial assets	–1	–
Total items that may be reclassified subsequently to profit and loss	**–33**	**–95**
Deferred tax effect	–	–
Total items that may be reclassified subsequently to the income statement, net	**–33**	**–95**
Other comprehensive income for the period, net of tax	**–1**	**–76**
Total comprehensive income for the period	**210**	**77**
Attributable to:		
Shareholders of Clariant Ltd	202	74
Non-controlling interests	8	3
Total comprehensive income for the period	**210**	**77**

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Consolidated statement of changes in equity

										First Half
			Other reserves							
CHF m	*Total share capital*	*Treasury shares (par value)*	*Share premium reserves*	*Hedging reserves*	*Cumulative translation reserves*	*Total other reserves*	*Retained earnings*	*Total attributable to equity holders*	*Non-controlling interests*	*Total equity*
Balance 31 December 2016	**1 228**	**–29**	**1 319**	**5**	**–1 095**	**229**	**1 033**	**2 461**	**85**	**2 546**
Net income							144	144	9	153
Cash flow hedge				–1		–1		–1		–1
Net investment hedge					4	4		4		4
Remeasurements:										
Actuarial loss on retirement benefit obligations						–	–22	–22		–22
Return on retirement benefit plan assets, excluding amount included in interest expense						–	50	50		50
Deferred tax on remeasurements						–	–9	–9		–9
Currency translation differences					–92	–92		–92	–6	–98
Total comprehensive income for the period	**–**	**–**	**–**	**–1**	**–88**	**–89**	**163**	**74**	**3**	**77**
Distributions			–148			–148	–	–148		–148
Dividends to non-controlling interests						–	–	–	–4	–4
Transaction with non-controlling interests						–	–	–	98	98
Employee share & option scheme:						–	–	–		–
Effect of employee services						–	–8	–8		–8
Treasury share transactions		18				–	68	86		86
Balance 30 June 2017	**1 228**	**–11**	**1 171**	**4**	**–1 183**	**–8**	**1 256**	**2 465**	**182**	**2 647**
Balance 31 December 2017	**1 228**	**–10**	**1 171**	**5**	**–1 093**	**83**	**1 459**	**2 760**	**179**	**2 939**
Changes in accounting policy [1]						–	–4	–4	–	–4
Balance 1 January 2018	**1 228**	**–10**	**1 171**	**5**	**–1 093**	**83**	**1 455**	**2 756**	**179**	**2 935**
Net income						–	199	199	12	211
Cash flow hedge				3		3		3		3
Net investment hedge					5	5		5		5
Remeasurements:										
Actuarial gain retirement benefit obligations						–	80	80		80
Return on retirement benefit plan assets, excluding amount included in interest expense						–	–38	–38		–38
Deferred tax on remeasurements						–	–10	–10		–10
Currency translation differences					–36	–36		–36	–4	–40
Fair value adjustment on financial assets						–	–1	–1		–1
Total comprehensive income for the period	**–**	**–**	**–**	**3**	**–31**	**–28**	**230**	**202**	**8**	**210**
Distributions			–165			–165		–165		–165
Dividends to non-controlling interests						–		–	–4	–4
Employee share & option scheme:										
Effect of employee services						–	–	–		–
Treasury share transactions		2				–	8	10		10
Balance 30 June 2018	**1 228**	**–8**	**1 006**	**8**	**–1 124**	**–110**	**1 693**	**2 803**	**183**	**2 986**

[1] * The impact of change in accounting policy includes, CHF 4 million related to IFRS 9 implementation. See Note 2

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Consolidated statements of cash flows

	First Half			
CHF m		***2018***		*2017*
Net income		211		153
Adjustment for:				
Depreciation and amortisation	162		138	
Impairment and reversal of impairment	1		–	
Impairment of working capital	18		7	
Income from associates and joint ventures	–33		–49	
Tax expense	88		52	
Net financial income and costs	41		40	
Other non-cash items	3		31	
Total reversal of non-cash items		**280**		**219**
Dividends received from associates and joint ventures		38		44
Payments for restructuring		–25		–25
Cash flow before changes in working capital and provisions*		**504**		**391**
Changes in inventories		–122		–101
Changes in trade receivables		–35		–61
Changes in trade payables		20		7
Changes in other current assets and liabilities		–32		–73
Changes in provisions (excluding payments for restructuring)		–72		5
Cash generated from operating activities		**263**		**168**
Income taxes paid*		–161		–52
Net cash generated from operating activities		**102**		**116**
Investments in property, plant and equipment	–74		–85	
Investments in intangible assets	–11		–16	
Investments in financial assets, associates and joint ventures	–1		–	
Sale of property, plant and equipment and intangible assets	4		5	
Changes in short-term deposits	–3		–	
Changes in current financial assets	–5		242	
Business acquisitions**	–		59	
Proceeds from equity repayment of associates and financial assets	3		23	
Proceeds/ payments associated to disposals of activities not qualifying as discontinued operations	–		8	
Net cash provided by/used in investing activities		**–87**		**236**
Sale of treasury shares	–		76	
Distributions from the reserves to the shareholders of Clariant Ltd	–165		–148	
Dividends paid to non-controlling interest	–4		–4	
Proceeds/ payments associated to transactions with non-controlling interests	–		–	
Proceeds from financial debts	70		41	
Repayments of financial debts	–60		–695	
Interest paid	–41		–66	
Interest received	15		9	
Net cash provided by/used in financing activities		**–185**		**–787**
Currency translation effect on cash and cash equivalents		–10		–17
Net change in cash and cash equivalents		**–180**		**–452**
Cash and cash equivalents at the beginning of the period		**701**		**1 043**
Cash and cash equivalents at the end of the period		**521**		**591**

* The line "Income taxes paid" is reclassified under "Cash generated from operating activities". In previously published Financial Reviews it was a part of "Cash flow before changes in working capital and provisions".

** The figures on the line "Business acquisitions" for previous year include CHF 58 million related to SCIL consolidation. In last year published Financial Reviews it was a part of "Proceeds/ payments associated to transactions with non-controlling interests"

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of preparation of financial statements

These financial statements are the interim condensed consolidated financial statements (hereafter "the interim consolidated financial statements") of Clariant Ltd, a company registered in Switzerland, and its subsidiaries (hereafter "the Group") for the six-month period ended on 30 June 2018. They are prepared in accordance with the International Accounting Standard 34 (IAS 34 Interim Financial Reporting) and were approved on 24 July 2018 by the Board of Directors. These interim consolidated financial statements should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2017 (hereafter "the annual financial statements") as they provide an update of previously reported information. The accounting policies applied are consistent with the ones applied at year-end 2017, with the exception of those financial positions and elements of income and expenses are regulated by IFRS 9 and IFRS 15, which became effective as of 1 January 2018. For more information on the effect of these standards see Note 2.

The preparation of the interim consolidated financial statements requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and disclosure of contingent liabilities at the date of the interim consolidated financial statements. If, in the future, such estimates and assumptions, which are based on the management's best judgment at the date of the interim consolidated financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

2. New accounting standards

IFRS 9, Financial Instruments, addresses the classification, measurement and derecognition of financial assets and financial liabilities. The new standard requires impairments to be based on a forward–looking model, changes the approach of hedging financial exposures and related documentation, changes the recognition of certain fair value changes and amends disclosure requirements. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group assessed the full impact of IFRS 9 on its consolidated financial statements. Material financial assets were reviewed and a valuation method was determined. The most important impact identified was the valuation at fair value through other comprehensive income of certain participations which was done by way of "Level 3" valuations.

The impairment of financial assets, including trade and lease receivables, is now assessed using an expected credit loss model. Given the nature of Clariant's financial assets, at the Group level there was no significant impact on provisions for doubtful receivables. The Group applied the modified retrospective method upon adoption of IFRS 9 on 1 January 2018. This method requires the recognition of the cumulative effect of initially applying IFRS 9 to retained earnings and not to restate prior years. The cumulative effect recorded at 1 January 2018 was a decrease to retained earnings of CHF 4 million net of tax.

The new hedge accounting model introduced by the standard requires hedge accounting relationships to be based on the Group's own risk management strategy and objectives and to be discontinued only if the relationships no longer qualify for hedge accounting. The new requirements had no impact on Clariant's hedge accounting as all existing hedge relationships continue to prevail also under the new requirements.

IFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for disclosing useful information about revenue and cash flows arising from these contracts. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. It is effective for accounting periods beginning on or after 1 January 2018.

The Group assessed the impact of IFRS 15 on its consolidated financial statements. In particular, it was reviewed to what extent Clariant invoices goods and services that are distinct and would require separate recognition. Furthermore, it was reviewed in intensive discussions with the Business Units if the timing of the revenue recognition is in line with the requirements of the new standard with regard to the recognition over a period of time as opposed to the recognition at a point in time. Likewise, it was reviewed if there is a need to more accurately recognize the effect of volume discounts extended to customers and if the right of return had to be accounted for.

Clariant's conclusion was that distinct items of revenue are accounted for accordingly, that revenues are properly recognized either over time or at a point in time and that there are no significant rights of return granted. As a consequence the application of the recognition and valuation rules required did not have any material impact on the accounts of the Group.

Clariant applied the modified retrospective method upon adoption of IFRS 15 on 1 January 2018. The method requires the recognition of the cumulative effect of initially applying IFRS 15 to retained earnings and not to restate prior years. There was no material cumulative effect recorded at 1 January 2018.

Revenues recognized over a period of time amounted to CHF 39 million in the first six months of 2018.

3. Seasonality of operations

The Group operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the financial year.

4. Fair value measurement

All derivative financial instruments held by the Group at the end of June 2018 are classified as “Level 2” as defined by IFRS 13 Fair Value Measurement.

Clariant is also the owner of a number of small-scale participations in companies engaged in activities closely related to those of Clariant. These shareholdings are valued at fair value using “Level 3” methods to determine the fair value. The participations amounted to a total value of CHF 24 million at 30 June 2018 and are reported as part of financial assets.

5. Restructuring, impairment and transaction-related costs

During the first half of 2018, Clariant recorded restructuring expenses in the amount of CHF 10 million, mainly pertaining to projects in Europe, an impairment in the amount of CHF 1 million and transaction-related costs in the amount of CHF 20 million.

During the same period in the previous year, restructuring, impairment and transaction-related costs amounted to CHF 70 million.

6. Distribution from reserves

On 19 March 2018, the General Meeting approved a distribution of CHF 0.50 per registered share from capital contribution reserves. On 26 March 2018, a distribution totaling CHF 165 million was made to Clariant shareholders.

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9. Business Area figures

First Half	Sales to 3rd parties				EBITDA before exceptionals			EBITDA		
CHF m	***2018***	*2017*	*% CHF*	*% LC*	***2018***	*2017*	*% CHF*	***2018***	*2017*	*% CHF*
Care Chemicals	884	796	11	9	163	139	17	161	119	35
Catalysis	404	321	26	22	88	76	16	87	72	21
Natural Resources	682	669	2	4	86	98	–12	80	94	–15
Plastics & Coatings	1419	1346	5	3	236	221	7	231	220	5
Business Areas total	**3389**	**3132**			**573**	**534**		**559**	**505**	
Corporate	–	–			–49	–52		–65	–93	
Total	**3389**	**3132**	**8**	**7**	**524**	**482**	**9**	**494**	**412**	**20**

	Operating income before exceptionals			Operating income			Systematic depreciation of PPE	
CHF m	***2018***	*2017*	*% CHF*	***2018***	*2017*	*% CHF*	***2018***	*2017*
Care Chemicals	132	109	21	130	89	46	28	26
Catalysis	50	52	–4	49	48	2	27	16
Natural Resources	56	70	–20	50	66	–24	18	17
Plastics & Coatings	197	184	7	192	183	5	34	33
Business Areas total	**435**	**415**		**421**	**386**		**107**	**92**
Corporate	–73	–71		–90	–112		15	16
Total	**362**	**344**	**5**	**331**	**274**	**21**	**122**	**108**

10. Business Area margins

First Half	Sales to 3rd parties (Share of Total)		EBITDA before exceptionals		EBITDA	
in %	***2018***	*2017*	***2018***	*2017*	***2018***	*2017*
Care Chemicals	26.1	25.4	18.4	17.5	18.2	14.9
Catalysis	11.9	10.2	21.8	23.7	21.5	22.4
Natural Resources	20.1	21.4	12.6	14.6	11.7	14.1
Plastics & Coatings	41.9	43.0	16.6	16.4	16.3	16.3
Total	**100.0**	**100.0**	**15.5**	**15.4**	**14.6**	**13.2**

	Operating income b. exceptionals		Operating income	
in %	***2018***	*2017*	***2018***	*2017*
Care Chemicals	14.9	13.7	14.7	11.2
Catalysis	12.4	16.2	12.1	15.0
Natural Resources	8.2	10.5	7.3	9.9
Plastics & Coatings	13.9	13.7	13.5	13.6
Total	**10.7**	**11.0**	**9.8**	**8.7**

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11. Condensed earnings per share data

	First Half	
	2018	*2017*
Net income attributable to shareholders of Clariant Ltd (CHF m)	**199**	**144**
Shares		
Number of registered shares at 30.06.2018 and 30.06.2017 respectively	**331 939 199**	**331 939 199**
Weighted average number of shares outstanding	**329 538 179**	**327 476 876**
Adjustment for granted Clariant shares	2 077 139	1 267 185
Adjustment for dilutive share options	–	–
Weighted average diluted number of shares outstanding	**331 615 318**	**328 744 061**
Basic earnings per share attributable to shareholders of Clariant Ltd (CHF/share)	**0.60**	**0.44**
Diluted earnings per share attributable to shareholders of Clariant Ltd (CHF/share)	**0.60**	**0.44**

12. Finance income and costs

Finance income		**First Half**
in CHF m	***2018***	*2017*
Interest income	5	7
Other financial income	10	2
Total finance income	**15**	**9**

Finance costs		
in CHF m	***2018***	*2017*
Interest costs	–46	–43
thereof effect of discounting of non-current provisions	*–2*	*–1*
thereof interest component of pension provisions	*–8*	*–10*
Other financial expenses	–10	–6
Total finance costs before currency result	**–56**	**–49**
Currency result, net	9	–29
Total finance costs	**–47**	**–78**

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13. Foreign exchange rates

Rates used to translate the consolidated balance sheets (closing rate)	***30.06.2018***	*31.12.2017*	*Change %*
1 USD	0.99	0.98	1
1 EUR	1.16	1.17	–1
1 BRL	0.26	0.29	–10
1 CNY	0.15	0.15	–
100 INR	1.45	1.53	–5
100 JPY	0.90	0.87	3

			First Half
Average sales-weighted rates used to translate the consolidated income statements and consolidated statements of cash flows	***2018***	*2017*	*Change %*
1 USD	0.97	0.98	–1
1 EUR	1.17	1.08	8
1 BRL	0.28	0.31	–10
1 CNY	0.15	0.14	7
100 INR	1.47	1.52	–3
100 JPY	0.89	0.88	1

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CLARIANT – WHAT IS PRECIOUS TO YOU?

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.

www.clariant.com

Calendar of Corporate Events

31 October 2018	Nine Months 2018 Sales and EBITDA
13 February 2019	Full Year 2018 Results
01 April 2019	Annual General Meeting

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