

Media Release

FIRST QUARTER 2017

27 April 2017

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Clariant commences 2017 with strong sales growth and a significantly improved absolute EBITDA

- **First quarter sales grew by 9 % in local currency to CHF 1.602 billion**
- **EBITDA before exceptional items significantly rose by 10 % in local currency to CHF 250 million**
- **EBITDA margin before exceptional items increased to 15.6 %**
- **2017 outlook unchanged: continued local currency growth, progression in profitability and operating cash flow generation**

“Clariant achieved a very good start into the year with good volume growth and higher profitability”, said CEO Hariolf Kottmann. “Our focus on local currency growth and profitability improvement is clearly reflected in these encouraging results. We are on a solid path towards achieving our sales expansion targets, a continued progression in absolute EBITDA and EBITDA margin before exceptional items as well as operating cash flow generation, in spite of what continues to be a challenging market environment in specific business areas.”

Key Financial Data

<i>in CHF million</i>	First Quarter			
	2017	2016	% CHF	% LC
Sales	1 602	1 478	8	9
EBITDA before exceptional items	250	229	9	10
- margin	15.6 %	15.5 %		

First quarter 2017 – Significantly higher sales and double-digit improvement in absolute EBITDA

Muttenz, April 27, 2017 - Clariant, a world leader in specialty chemicals, announced today first quarter 2017 sales of CHF 1.602 billion compared to CHF 1.478 billion in the first quarter of 2016. This corresponds to an increase of 9 % in local currency and 8 % in Swiss francs. The sales growth was driven by higher volumes across all Business Areas and increased by 3 % due to acquisitions.

In the first quarter, local currency sales growth was strong in Europe at 12 %, Asia at 11 % and the Middle East & Africa at 7 %, while North America grew by 11 % driven by acquisitions. The growth in Asia was supported by China and Southeast Asia. In Latin America, demand declined by 5 % in local currency against a strong comparable base and as a result of the weaker economic environment mainly in Brazil.

Care Chemicals and Plastics & Coatings continued their robust growth trends. Care Chemicals sales rose by 9 % in local currency to CHF 440 million supported by growth in both the Consumer Care and the Industrial Applications businesses. Sales in Plastics & Coatings increased by 6 % in local currency to CHF 673 million with a particularly strong regional development in Europe.

Natural Resources sales grew by 17 % in local currency and reached CHF 347 million, bolstered by acquisitions. In the difficult industry environment, the underlying Oil and Mining Services sales were slightly negative, but were helped by acquisitions. Functional Minerals continued its solid growth development. Sales in Catalysis were up by 2 % in local currency to CHF 142 million with a soft demand recovery in the Asian and European markets.

The EBITDA before exceptional items significantly increased by 10 % in local currency and reached CHF 250 million, compared to CHF 229 million in the previous year. This absolute profitability improvement was driven by all Business Areas.

As a result, the corresponding EBITDA margin before exceptional items increased to 15.6 % versus the previous year's level of 15.5 %. All Business Areas delivered EBITDA margins in-line with expectations. Most Business Areas matched a strong previous year despite the lower contribution from the seasonal Refinery and Aviation businesses due to the milder winter.

Outlook 2017 – Continued progression in profitability and operating cash flow generation

Clariant expects the uncertain environment, characterised by a high volatility in commodity prices, currencies as well as political uncertainties, to continue. In emerging markets, we anticipate the economic environment to remain challenging and volatile; we expect moderate growth in the United States, while growth in Europe is expected to remain stable.

For 2017, in spite of a continued challenging economic environment, 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.

Business Discussion

Business Area Care Chemicals

	First Quarter			
<i>in CHF million</i>	2017	2016	% CHF	% LC
Sales	440	411	7	9
EBITDA before exceptional items	80	75	7	9
- margin	18.2 %	18.2 %		

First Quarter

Sales in the Care Chemicals Business Area substantially rose by 9 % in local currency and by 7 % in Swiss francs in the first quarter of 2017 year-on-year.

Most regions reported double-digit growth rates in local currency which more than compensated for the stable sales in North America and the negative development in Latin America. The strong sales in Asia were mainly supported by China and Southeast Asia.

Consumer Care delivered ongoing good sales growth in all segments, against a strong comparable base. Crop Solutions reflected a recovery with a high single-digit sales increase. Within the Industrial Application segments, sales showed an enduring underlying progression despite the fact that year-on-year the Aviation business was slightly weaker due to a shorter and milder winter.

The EBITDA margin before exceptional items remained stable at 18.2 % as the result of stronger sales despite a shortfall of the Aviation business and the ongoing negative impact of ramp up costs for new capacities.

For 2017, Care Chemicals expects continued solid sales growth in both Consumer Care and Industrial Applications. Clariant continues to focus on the still strong market demand for innovative and sustainable solutions that do not compromise performance. Examples of such solutions include the new Active Ingredients Unit which Clariant established to provide dedicated, expert support for the highly specialised needs of the Personal Care industry. Consumer Care also introduced new trends with its BeautyForward® second edition which are expected to impact global Personal Care with inspirational formulations and textures to help customers be one step ahead of their competition.

Business Area Catalysis

<i>in CHF million</i>	First Quarter			
	2017	2016	% CHF	% LC
Sales	142	136	4	2
EBITDA before exceptional items	27	26	4	3
- margin	19.0 %	19.1 %		

First Quarter

In the first quarter of 2017, sales in Catalysis improved, increasing by 2 % in local currency and by 4 % in Swiss francs. Good sales growth in Syngas and in Specialty Catalysts offset the decline in Petrochemicals.

Demand accelerated in Europe, followed by Latin America, though the latter started from a lower sales base. We also saw a recovery in Asia, where Petrochemicals and Syngas sales improved slightly. These improvements compensated for the continued weakness in North America and the Middle East & Africa.

The EBITDA margin before exceptional items at 19.0 % versus 19.1 % in the prior year is almost at a comparable level. The margin development is partially attributable to ramp up costs for the polypropylene catalyst plant and generally always tends to vary significantly throughout the quarters.

For 2017, we anticipate a continuing staid demand in Catalysis as a result of the uncertain economic environment. However, the mid- to long-term fundamentals remain positive based on Clariant's portfolio strength, innovation capability, global footprint and growing partnerships. As of 1 April 2017, Clariant's joint venture Süd-Chemie India Pvt Ltd will be fully consolidated which underlines our increasing focus on Asia.

Business Area Natural Resources

<i>in CHF million</i>	First Quarter			
	2017	2016	% CHF	% LC
Sales	347	292	19	17
EBITDA before exceptional items	57	52	10	6
- margin	16.4 %	17.8 %		

First Quarter

In the first quarter of 2017, sales in Natural Resources increased by 17 % in local currency and by 19 % in Swiss francs. The sales were lifted by solid growth in Functional Minerals as well as by acquisitions in the Oil and Mining Service business which contributed 16 % sales growth in local currency.

Natural Resources sales growth in local currency was primarily supported by the regions Middle East & Africa, Latin America and Asia. The sales development in Europe and in North America, excluding the acquisition impact, was still slightly negative.

In the Oil and Mining Services business, sales grew double-digit supported by the acquisitions. Adjusted for those, the sales development was slightly negative year-on-year, in a still challenging market.

Functional Minerals sales grew favourably and all regions delivered a positive sales performance. Strong expansion was reported in Foundry, supported by new product launches, while the Functional Additives business and the edible oil purification business also continued to develop encouragingly.

The EBITDA margin before exceptional items declined to 16.4 % versus 17.8 % in the previous year due to several specific factors which included a weaker demand for the seasonal Refinery business due to the mild winter as well as integration costs for the Kel-Tech and X-Chem acquisitions.

While Functional Minerals is expected to continue growing in emerging markets in particular, the market dynamics influencing our Oil and Mining Services business are likely to remain unchanged in the short-term. In 2017, Oil and Mining Services will continue to focus on costs and technologies to improve customer efficiencies, and expects to extract synergies from its acquisitions, the integration of which continues on track.

Business Area Plastics & Coatings

<i>in CHF million</i>	First Quarter			
	2017	2016	% CHF	% LC
Sales	673	639	5	6
EBITDA before exceptional items	110	105	5	7
- margin	16.3 %	16.4 %		

First Quarter

Sales in the Plastics & Coatings Business Area rose by 6 % in local currency and 5 % in Swiss francs in the first quarter against a very strong previous year.

The improvement in Masterbatches was propelled by higher sales in most regions especially in Europe and North America.

The Pigments business continued to develop solidly, with particularly strong sales in Europe and China. The growth was primarily driven by higher sales in the Plastics and Special Applications segments.

The strong sales improvement in the Additives business was attributable to increased demand at all three business lines, Flame Retardants, Polymer Additives and Waxes.

The EBITDA before exceptional items increased by 7 % in local currency to CHF 110 million despite a strong quarter in the previous year. This improvement on an absolute basis is largely the result of a higher capacity utilisation and the continued positive effect of the differentiated business steering.

Plastics & Coatings continues to develop customised solutions and products for the needs of its end markets. These offerings in combination with the focus on differentiated business steering, further maximisation of the operating leverage and cash flow generation should further enhance growth possibilities and overall performance in the businesses.

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Clariant is a globally leading specialty chemicals company, based in Muttenz near Basel/Switzerland. On 31 December 2016 the company employed a total workforce of 17 442. In the financial year 2016, Clariant recorded sales of CHF 5.847 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.