

# Media Release

**FIRST QUARTER 2019**

30 April 2019

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## **Clariant continued to grow sales despite a slow start in Plastic & Coatings**

- **Sales increased by 2 % in local currency to CHF 1.715 billion**
- **EBITDA after exceptional items was CHF 236 million**
- **EBITDA margin after exceptional items was 13.8 %**
- **Outlook reiterated: above-market growth, higher profitability and stronger cash generation**

“In the first three months of this year, Clariant delivered continued organic sales growth despite the challenging macroeconomic environment,” said Ernesto Occhiello, CEO of Clariant. “Our focus on customer experience and fast, reliable customer fulfillment is particularly noticeable in the progression of the Business Areas Care Chemicals, Catalysis and Natural Resources. Despite Plastics & Coatings being negatively impacted by the current economic and business environments, we are confident in our ability to progress throughout the year. We will continue to identify and address the next challenges and future demands of our customers, leading to above-market growth, higher profitability and stronger cash generation.”

## Key Financial Data

<i>in CHF million</i>	First Quarter			
	2019	2018	% CHF	% LC
Sales	1 715	1 722	0	2
EBITDA before exceptional items	254	268	-5	
- margin	14.8 %	15.6 %		
EBITDA after exceptional items	236	256	-8	
- margin	13.8 %	14.9 %		

### First Quarter 2019 – Higher local currency sales and improved profitability at Care Chemicals and Catalysis

Muttenz, April 30, 2019 - Clariant, a focused and innovative specialty chemical company, today announces first quarter 2019 sales of CHF 1.715 billion compared to CHF 1.722 billion in the first quarter of 2018. This corresponds to a good 2 % organic growth in local currency, driven by higher pricing in all Business Areas versus a high comparison base.

On a regional basis, the sales development in Latin America, Europe and the Middle East & Africa all reflected single-digit growth in local currency. Both North America and Asia reported slightly negative growth of 1 %. The continued weaker demand in China negatively influenced the Group sales development in the first quarter.

The improved sales performance in the first quarter of 2019 resulted from expansion in the Business Areas Care Chemicals, Catalysis and Natural Resources. Sales in Care Chemicals increased by 2 % in local currency although they were unfavorably impacted by the Aviation business due to the mild weather. Excluding Aviation, Care Chemicals sales rose in good mid-single digits in local currency. This growth was primarily driven by an excellent Consumer Care development. Catalysis sales grew by a good 4 % in local currency compared to a record first quarter in the previous year. Natural Resources sales accelerated by 10 % in local currency, mainly lifted by good Oil & Mining Services demand but also solid growth in Functional Minerals.

In Plastics & Coatings, sales declined by 2 % in local currency, largely as a result of the weaker than anticipated automotive and plastics markets as well as the further economic slowdown, particularly in China. However, the underlying demand in China remains solid and Clariant expects to see a gradual improvement throughout the remainder of 2019.

The newly reported EBITDA after exceptional items reached CHF 236 million with a corresponding margin of 13.8 %. The 8 % lower absolute EBITDA after exceptional items is the result of weaker profitability in Plastics & Coatings and higher project costs relating to Clariant's step change into higher value specialties announced in September 2018. The work on the respective projects is progressing well. Care Chemicals and Catalysis both reported a significant positive progression year-on-year, while Natural Resources also delivered a sound profitability improvement quarter-on-quarter as anticipated.

## **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>	First Quarter			
	2019	2018	% CHF	% LC
Sales	480	484	-1	2
EBITDA before exceptional items	94	89	6	
- margin	19.6 %	18.4 %		
EBITDA after exceptional items	94	88	7	
- margin	19.6 %	18.2 %		

### Sales

For the first quarter 2019, sales in the Business Area Care Chemicals increased by 2 % in local currency and decreased by 1 % in Swiss francs. Consumer Care delivered high single-digit sales growth with double-digit expansion in both Personal Care and Home Care, while Crop Solutions reported a good mid-single-digit growth rate. Industrial Applications sales were slightly weaker, due in part to the particularly challenging comparison base in the Aviation business in the same period of the previous year. Excluding the impact from the Aviation business, sales growth for Care Chemicals was within the previously provided guidance range.

In Europe and Asia, sales grew in mid-single digits in local currency. Sales in the Middle East & Africa, the smallest region, and Latin America reflected slightly negative growth. North America was hampered by the Aviation business due to unfavorable weather conditions in North America as well as the prolonged plant shutdown of a key supplier due to Force Majeure.

### EBITDA Margin

The EBITDA margin after exceptional items rose to 19.6 % from 18.2 %. This positive development was primarily the result of an improved product mix as well as operating leverage.

### Clariant Insight

Clariant's Epseama™, a new key to skin rejuvenation, won the silver BSB Innovation Award in the category "Active Ingredients" at the in-cosmetics 2019 trade show. It is the first active ingredient on the market that targets a long non-coding ribonucleic acid to fight the three main causes of aging: photoaging, chronoaging and inflammaging. Epseama™ is made from an extract of Laminaria japonica, a brown seaweed known as the "superfood of the sea" due to its composition, which is rich in vitamins and minerals. These algae are farmed on the shore of a South Korean island through sustainable and responsible aquaculture practices, thus addressing the market's demand for personalized products based on natural ingredients. Epseama™ aids the skin in the recovery of its resistance and elasticity and aims to also reduce pigmented spots and improve skin hydration.

## Business Area Catalysis

<i>in CHF Million</i>	First Quarter			
	2019	2018	% CHF	% LC
Sales	203	197	3	4
EBITDA before exceptional items	44	39	13	
- margin	21.7 %	19.8 %		
EBITDA after exceptional items	44	39	13	
- margin	21.7 %	19.8 %		

### Sales

Sales in the Business Area Catalysis progressed by 4 % in local currency and by 3 % in Swiss francs in the first quarter of 2019 against a strong previous year. As anticipated, the robust Syngas demand persisted and underpinned this positive development. This expansion is particularly encouraging given the previously communicated forward sales shifts from the first quarter of 2019 into the fourth quarter of 2018.

The sales progression predominantly benefited from strong demand in Europe and North America while sales in Latin America, the Middle East & Africa and Asia developed less favorably mainly due to the high comparable base.

### EBITDA Margin

The EBITDA margin after exceptional items advanced to 21.7 % from 19.8 % primarily as a reflection of a more advantageous product mix while the sales contribution from Syngas remained resilient.

### Clariant Insight

Clariant offers a large variety of catalysts readily available “off-the-shelf.” Furthermore, our manufacturing know-how allows the Group to efficiently scale from grams to tons. These capabilities allow technology developers who invent novel and proprietary catalysts, to find in Clariant a trusted partner to commercialize their formulations. New catalyst technologies are brought to the market through collaboration and partnership while implementing strict IP management and using our agility to provide customer-specific solutions.

## Business Area Natural Resources

<i>in CHF Million</i>	First Quarter			
	2019	2018	% CHF	% LC
Sales	361	343	5	10
EBITDA before exceptional items	46	52	-12	
- margin	12.7 %	15.2 %		
EBITDA after exceptional items	45	49	-8	
- margin	12.5 %	14.3 %		

### Sales

Sales in the Business Area Natural Resources rose by 10 % in local currency and 5 % in Swiss francs in the first quarter of 2019.

The Oil & Mining Services business delivered double-digit sales expansion in local currency in an improving environment. The Business Unit reported higher sales in all regions except Europe.

Sales in Functional Minerals rose at a solid single-digit rate in local currency, primarily driven by the Purification business while soft automotive market demand had an unfavorable influence on the Foundry business. From a geographic perspective, almost all regions contributed to the positive development in Functional Minerals.

### EBITDA Margin

In the first quarter, the EBITDA margin after exceptional items decreased to 12.5 % year-on-year as the result of weaker demand in the more seasonal Refinery business and the continuingly challenging pricing environment in Oil Services. However, the margin after exceptional items increased sequentially quarter-on-quarter as anticipated.

### Clariant Insight

In February 2019, Clariant's Mining Business Unit was awarded the 2018 Anglo American Outstanding Supplier award in the category of Sustainability for the second consecutive year, thus reflecting Clariant's emphasis on sustainability and resource efficiency. Clariant is now recognized as being among the best business partners of Anglo American, one of the largest mining companies in the world. The Anglo American Outstanding Supplier award is offered to strategic and tactical business partners specializing in the production of iron ore in Brazil. The evaluation takes into consideration each company's technical and operational performance, compliance with safety and environmental performance indicators, as well as social actions implemented in local communities.

## Business Area Plastics & Coatings

<i>in CHF Million</i>	First Quarter			
	2019	2018	% CHF	% LC
Sales	671	698	-4	-2
EBITDA before exceptional items	94	114	-18	
- margin	14.0 %	16.3 %		
EBITDA after exceptional items	92	111	-17	
- margin	13.7 %	15.9 %		

### Sales

Sales in the Business Area Plastics & Coatings were 2 % lower in local currency and 4 % lower in Swiss francs for the first quarter 2019 versus a high comparison base. Pricing efforts positively influenced this development, similar to the previous quarters, though in this quarter the impact of the volume decrease was more substantial due to the unfavorable automotive and plastics market developments.

Although Healthcare Packaging sales increased, the overall sales development in Masterbatches and Pigments continued to be negatively influenced by the global economic slowdown, with softer demand in Asia, China in particular. Despite the further weakening in China, partly driven by the VAT regulation change, the underlying demand and order intake remain solid, and Clariant expects gradual improvement throughout the remainder of 2019.

The demand for Additives was affected by the softer plastics market and certain raw material constraints. However, new business development with solutions for smarter homes and smarter cars advanced promisingly.

### EBITDA

For the first quarter 2019, the EBITDA after exceptional items in absolute value decreased by 17 % in Swiss francs to CHF 92 million compared to a strong previous year. The economic slowdown especially in China shifted sales towards a less favorable product mix and decreased capacity utilization.

### Clariant Insight

At the European Coatings Show in March 2019, Clariant launched new products for coatings producers to naturally enhance and protect wood. For example, Ceridust® 1060 TP is an innovative, 100 % renewable, natural wax additive for interior wood coatings intended for furniture, flooring, window frames and beams. This new product not only meets the market's rising focus on natural character but also covers the climbing demand for more convenience. It is a 100 % renewable additive able to deliver the optimal amount of smooth, non-slip, soft-touch and high scratch resistance expected from a high-quality protective finish. Importantly, it is also based on non-food competing resources, emphasizing our sustainability focus.

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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.