

Clariant delivers resilient Q3 profitability in a continued challenging market environment

- Q3 2024 sales decreased by 1 % in local currency¹ to CHF 991 million, with stable pricing and volume growth in Adsorbents & Additives and Care Chemicals offsetting lower Catalysts volumes
- Lucas Meyer Cosmetics delivered strong growth and 2 % of Group sales; integration well on track
- Q3 2024 EBITDA margin before exceptional items of 15.6 % versus 15.9 % in Q3 2023, reflecting lower sales partly offset by effective margin management
- Q3 2024 reported EBITDA margin of 14.0 % below 15.4 % in Q3 2023 due to lower Catalysts volumes and restructuring charges relating to corporate cost measures
- 9M 2024 sales decreased by 5 % in local currency to CHF 3.061 billion while the reported EBITDA margin improved to 15.6 % compared to 15.1 % in the prior year
- Outlook 2024: Profitability confirmed on slightly lower sales; medium-term targets confirmed

“Clariant delivered resilient profitability in the third quarter of 2024 despite a continued challenging environment. We achieved growth in our Adsorbents & Additives and Care Chemicals businesses while maintaining pricing discipline in all businesses. However, lower than expected Catalysts volumes impacted Group sales, EBITDA margin, and our full-year sales outlook. The integration of Lucas Meyer Cosmetics remains well on track, while the sale of the Podari plant assets and the downsizing of the bioethanol business are progressing with lower financial impact than originally anticipated. With continued progress in our performance improvement programs, we confirm our 2024 profitability guidance and reaffirm our medium-term targets.” said Conrad Keijzer, Chief Executive Officer of Clariant.

Business Summary

in CHF million	Third Quarter				Nine Months			
	2024	2023	% CHF	% LC ⁽¹⁾	2024	2023	% CHF	% LC ⁽¹⁾
Sales	991	1 031	- 4	- 1	3 061	3 315	- 8	- 5
EBITDA	139	159	- 13		478	501	- 5	
- margin	14.0 %	15.4 %			15.6 %	15.1 %		
EBITDA before exceptional items	155	164	- 5		503	483	4	
- margin	15.6 %	15.9 %			16.4 %	14.6 %		
<i>Sales bridge:</i>		<i>Price 0 %; Volume - 3 %; Scope 2 %; Currency - 3 %</i>			<i>Price - 2 %; Volume - 2 %; Scope - 1 %; Currency - 3 %</i>			

⁽¹⁾ Excluding hyperinflation accounting countries Argentina and Türkiye

¹ All references to local currency growth, pricing, volumes, and scope exclude the impact from hyperinflation countries Argentina and Türkiye. All references to currency include a net impact from hyperinflation countries Argentina and Türkiye.

Third Quarter 2024 Group Discussion

MUTTENZ, 29 OCTOBER 2024

Clariant, a sustainability-focused specialty chemical company, today announced third quarter 2024 sales of CHF 991 million, down 1 % in local currency¹ (4 % in Swiss francs) versus the third quarter of 2023. Volumes decreased by 3 %, while pricing was stable across all business units. The acquisition of Lucas Meyer Cosmetics (Scope) had a positive effect of 2 % on Group sales as it continued to deliver strong growth.

Care Chemicals sales increased 1 % organically in local currency as volumes increased slightly, while pricing was stable. The acquisition of Lucas Meyer Cosmetics had a 4 % impact versus Q3 2023. Sales in Catalysts decreased by 20 % in local currency against a high comparison base in the prior year. The challenging global economic environment resulted in continued low customer operating rates, leading to shifts in the regular refill cycles in addition to the anticipated weak new-build activities in the industry. Adsorbents & Additives sales increased by 7 % organically in local currency versus Q3 2023, driven by volume growth in the Additives segments.

In the third quarter, local currency sales in the Europe, Middle East & Africa region increased 2 % (1 % organically) versus Q3 2023, as European engineering partners in Catalysts supplied their global customers from the region and economic activity stabilized at modest levels. Sales in the Americas decreased by 6 % organically with lower sales in Catalysts, which saw strong orders in the prior year partly offset by growth in Adsorbents & Additives and Care Chemicals. Sales in Asia-Pacific were 5 % lower organically in local currency (13 % in China), as growth in Adsorbents & Additives and Care Chemicals only partly compensated the decline for new-build projects in Catalysts.

Group reported EBITDA decreased by 13 % to CHF 139 million, with the corresponding margin of 14.0 % below the 15.4 % margin reported in the third quarter of 2023. Improved operating leverage from higher volumes, particularly in Adsorbents & Additives, and the lower operational impact from sunliquid® could not offset the impact of lower Catalyst volumes. Performance improvement programs resulted in additional cost savings of CHF 7 million in the third quarter. Clariant also identified additional opportunities for targeted cost reduction measures in corporate functions, which resulted in restructuring charges of around CHF 9 million against full-year annual run-rate savings of CHF 6 million. Energy costs increased by 2 %, while raw materials were lower by 5 % year on year. Underlying profitability, as reflected by EBITDA before exceptional items, decreased by 5 % to CHF 155 million. The resilient margin of 15.6 %, versus 15.9 % in Q3 2023, despite lower sales, was achieved through effective margin management and the accretive Lucas Meyer Cosmetics acquisition.

In the third quarter of 2024, Clariant made further progress in the downsizing of activities of the Business Segment Biofuels & Derivatives and resolved related contractual relationships. As a result, Clariant reversed CHF 36 million of non-cash impairments related to right-of-use assets which were originally booked in the fourth quarter of 2023. For 2024, the company now expects a negative operational impact of approximately CHF 10 million (unchanged), total exceptional items of flat to negative CHF 5 million (previously up to negative CHF 15 million). Total cash outflow is expected at CHF 30 - 50 million (previously CHF 80 - 100 million).

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Nine Months 2024 Group Discussion

In the first nine months of 2024, sales were CHF 3.061 billion, down 4 % organically in local currency¹ (5 % including scope in local currency) and down 8 % in Swiss francs. Price and volume each declined by 2 %, respectively. Scope was net - 1 %, with the contribution from Lucas Meyer Cosmetics being offset by the divestment of the North American Land Oil and Quats business. The currency impact was - 3 %.

Care Chemicals sales decreased by 1 % organically in local currency (- 3 % including scope in local currency), with volume growth unable to fully offset lower pricing due to formula-based price adjustments. In Catalysts, sales decreased by 14 % in local currency with declines in all segments against a strong comparison base. Adsorbents & Additives sales decreased by 2 % in local currency, as slightly higher volumes could not fully offset lower pricing.

In the first nine months of the year, sales decreased by 6 % in the Europe, Middle East & Africa region in local currency, due to continued muted demand in Europe. In the Americas, sales declined by 3 %, despite organic local currency sales growth in Brazil, primarily due to a 2 % reduction in scope. Sales in Asia declined by 6 %, with China also reporting a 6 % decrease, due to the reduced sales in Catalysts.

Group EBITDA decreased by 5 % versus the prior year to CHF 478 million. The corresponding margin increased by 50 basis points to 15.6 % from 15.1 % due to margin management in a deflationary environment and lower sunliquid[®] costs. Raw material and energy costs decreased by 10 % and 8 %, respectively. The negative operational impact from sunliquid[®] improved by CHF 26 million to CHF 8 million in the first nine months of 2024. Performance improvement programs resulted in additional cost savings of CHF 27 million in the period.

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ESG Update – Leading in sustainability

Clariant's Scope 1 and 2 total greenhouse gas emissions fell to 0.49 million tons in the last twelve months (September 2023 to September 2024), a decline of 9 % from 0.54 million tons in the full year 2023. The total indirect greenhouse gas emissions for purchased goods and services (Scope 3.1) declined by 4 %, from 2.28 million tons in the full year 2023 to 2.20 million tons in the last twelve months. These results demonstrate continued progress toward reaching the Group's 2030 emissions reduction targets.

Outlook

For the full year 2024, Clariant anticipates a continued easing of inflationary pressures but no significant economic recovery due to persistent macroeconomic challenges and uncertainties and risks. Therefore, Clariant now expects a low single-digit percent decline in local currency sales. Growth in Care Chemicals, also driven by the acquisition of Lucas Meyer Cosmetics, and in Adsorbents & Additives is expected to only partially offset lower Catalysts sales.

Reported EBITDA margin is expected to be around 16 %. This includes the contribution of the Lucas Meyer Cosmetics acquisition, which is progressing in line with expectations, and reduced sunliquid® costs, offsetting the impact of the lower Catalysts sales and the continued challenging macroeconomic environment in the second half of 2024. Cost savings benefits from performance improvement programs are expected to deliver CHF 33 million in 2024.

Clariant reiterates its expectation that 2025 will be a year of continued improvement in profitability. In 2025, on the basis of an expected 3 % – 5 % local currency sales increase, Clariant expects to achieve an EBITDA margin of 17 % – 18 %, and free cash flow conversion at the targeted level of around 40 %. Clariant remains committed to its medium-term targets as end markets recover and growth normalizes over the next two to three years. Clariant will adopt an agile response to the economic environment and remain resolute in its plans to achieve the medium-term targets.

Clariant will be holding an Investor Day on Monday, 4 November 2024. This in-person event will take place at the Andaz London Liverpool Street Hotel, from 11.00 am to 5.00 pm local time. Presenters will include CEO Conrad Keijzer, CFO Bill Collins, Chief Technology & Sustainability Officer Richard Haldimann, and the Business Presidents Christian Vang (Care Chemicals), Antonio Lara (Lucas Meyer Cosmetics by Clariant), Jens Cuntze (Catalysts), and Angela Cackovich (Adsorbents & Additives). There will be time allocated for Q&A. Investors and analysts can register to attend in person via this [link](#). The event will be recorded and made available on the Clariant website shortly after its conclusion.

Business Discussion

Business Unit Care Chemicals

in CHF million	Third Quarter				Nine Months			
	2024	2023	% CHF	% LC ⁽¹⁾	2024	2023	% CHF	% LC ⁽¹⁾
Sales	536	525	2	5	1 682	1 771	- 5	- 3
EBITDA	92	91	1		313	352	- 11	
- margin	17.2 %	17.3 %			18.6 %	19.9 %		
EBITDA before exceptional items	93	92	1		318	299	6	
- margin	17.4 %	17.5 %			18.9 %	16.9 %		

⁽¹⁾ Excluding hyperinflation accounting countries Argentina and Türkiye

Sales

In the third quarter of 2024, sales in the Business Unit Care Chemicals increased by 1 % organically in local currency and by 5 % including the positive growth contribution from Lucas Meyer Cosmetics in local currency (2 % in Swiss francs) versus Q3 2023. Volumes in the quarter were up 1 %, while pricing was flat. Organic growth was driven by increased volumes in Mining Solutions, Crop Solutions (turning positive from a low base after lengthy supply chain destocking), Industrial Applications, and Personal & Home Care. Volumes in Base Chemicals and Oil Services (with a high comparison base) declined. On a sequential basis, sales were flat in local currency with stable volumes and pricing.

Care Chemicals sales in the Europe, Middle East & Africa region decreased at a mid-single-digit percentage rate organically, with both price and volume slightly lower. In the Americas, sales increased by a mid-single-digit percentage rate organically as a result of higher volumes and stable pricing. Sales in Asia-Pacific grew organically at a low single-digit percentage rate, with both volumes and pricing slightly positive.

In the first nine months of 2024, sales in the Business Unit Care Chemicals decreased by 1 % organically in local currency and by 3 % including scope in local currency (- 5 % in Swiss francs). Mining Solutions recorded the highest organic growth, followed by Industrial Applications and Personal & Home Care, balanced by declines in some other segments.

EBITDA Margin

In the third quarter, the EBITDA margin was stable at 17.2 % compared to 17.3 % in the same period last year. The contribution from Lucas Meyer Cosmetics was temporarily reduced by around CHF 5 million due to the revaluation of acquired inventory as defined by IFRS 3 and 13. Clariant expects a full margin contribution from Lucas Meyer Cosmetics starting from the fourth quarter of 2024.

The Care Chemicals EBITDA margin in the first nine months of 2024 decreased to 18.6 % from 19.9 % in the prior year, when the gain from the Quats disposal had a positive impact. The EBITDA before exceptional items increased to CHF 318 million from CHF 299 million, and the corresponding margin increased by 200 basis points to 18.9 % from 16.9 %. This improvement is related to successful margin management in a deflationary environment, the positive impact from performance programs, and strong profitability in the seasonal businesses in the first quarter of 2024.

Business Unit Catalysts

in CHF million	Third Quarter				Nine Months			
	2024	2023	% CHF	% LC ⁽¹⁾	2024	2023	% CHF	% LC ⁽¹⁾
Sales	203	260	- 22	- 20	612	742	- 18	- 14
EBITDA	37	58	- 36		106	113	- 6	
- margin	18.2 %	22.3 %			17.3 %	15.2 %		
EBITDA before exceptional items	38	58	- 34		103	122	- 16	
- margin	18.7 %	22.3 %			16.8 %	16.4 %		

⁽¹⁾ Excluding hyperinflation accounting countries Argentina and Türkiye

Sales

In the third quarter of 2024, sales in the Business Unit Catalysts decreased by 20 % in local currency (22 % in Swiss francs) against a strong comparison base. Volumes declined by 20 % versus Q3 2023, while pricing was stable. Sales increased by a high single-digit percentage rate in Ethylene. The other segments all declined, the most pronounced being Propylene, with a low-fifties percentage rate decrease due to sizable new-build projects in the prior year. In addition, the challenging global economic environment resulted in continued low customer operating rates, leading to shifts in the regular refill cycles. The Specialties segment declined by a low-twenties percentage rate as the demand for maleic anhydride new-build projects in Asia in particular was below a strong prior year. The low single-digit percentage rate decline in Syngas & Fuels saw the business still maintaining a good level against a high comparison base. On a quarterly sequential basis, sales decreased by 6 % in local currency.

Catalysts sales increased in the Europe, Middle East & Africa region (> 15 %) as European engineering partners supplied their global customers from the region. Sales in the Americas declined at a low-fifties percentage rate and by a high-teens percentage rate in Asia-Pacific, the business unit's largest region. In both cases, the project cycle of the business, which saw strong Propylene orders in the prior year, led to the declines.

In the first nine months of 2024, sales in the Business Unit Catalysts decreased by 14 % in local currency and by 18 % in Swiss francs against a strong comparison base. Syngas & Fuels was slightly negative, while the other segments saw declines in a high-teens to low-twenties percentage rate. In addition to the anticipated weak new-build activities in the industry, low customer operating rates led to shifts in the regular refill cycles.

EBITDA Margin

In the third quarter, the EBITDA margin decreased to 18.2 % from 22.3 % in Q3 2023, mainly due to lower sales against a strong prior year. Excluding the sunliquid® impact, the EBITDA margin was 18.7 %, compared to 26.5 % in the prior year period due to very strong sales in the prior year.

The Catalysts EBITDA margin in the first nine months of 2024 increased to 17.3 % from 15.2 %, driven by a lower impact from sunliquid® and active margin management in a deflationary environment. The EBITDA before exceptional items margin increased to 16.8 % versus 16.4 % in the prior year.

Business Unit Adsorbents & Additives

in CHF million	Third Quarter				Nine Months			
	2024	2023	% CHF	% LC ⁽¹⁾	2024	2023	% CHF	% LC ⁽¹⁾
Sales	252	246	2	7	767	802	- 4	- 2
EBITDA	40	30	33		121	102	19	
- margin	15.9 %	12.2 %			15.8 %	12.7 %		
EBITDA before exceptional items	40	30	33		129	110	17	
- margin	15.9 %	12.2 %			16.8 %	13.7 %		

⁽¹⁾ Excluding hyperinflation accounting countries Argentina and Türkiye

Sales

In the third quarter of 2024, sales in the Business Unit Adsorbents & Additives increased by 7 % in local currency and by 2 % in Swiss francs. In the Adsorbents segments, sales declined slightly, primarily due to lower volumes as industrial demand in Europe and Asia, in particular from the Automotive industry in Europe, was weak. This was partly offset by a strong purification business in the Americas. In the Additives segments, sales increased at a high-teens percentage rate due to stronger volumes as key end markets showed some improvement against the prior year. Clariant continued to make good progress with the customer qualification of its new halogen-free flame-retardant facility in Daya Bay, China. For the business unit, pricing was stable, while volumes were up 7 %. On a quarterly sequential basis, sales in the business unit decreased by 3 % in local currency, driven by lower volumes as pricing was stable.

In Europe, Middle East & Africa, the largest region, sales increased by a low-single-digit percentage rate, as higher volumes more than offset slightly lower pricing. In the Americas, sales increased by a high-teen percentage rate, driven by volume growth as a key customer in Adsorbents resumed operations following maintenance. Asia-Pacific sales increased by a mid-single-digit percentage rate, mainly driven by volumes.

In the first nine months of 2024, sales in the Business Unit Adsorbents & Additives decreased by 2 % in local currency, and by 4 % in Swiss francs. Positive volumes, particularly in Additives, could not offset lower pricing.

EBITDA Margin

In the third quarter, the EBITDA margin increased to 15.9 % from 12.2 % in Q3 2023. Profitability levels were driven by the higher volumes and the benefits from the organizational structural improvements implemented over the last twelve months, which provided significant operating leverage.

The Adsorbents & Additives EBITDA margin in the first nine months of 2024 increased to 15.8 % from 12.7 %, due to similar factors that influenced the third quarter. The EBITDA before exceptional items increased to CHF 129 million from CHF 110 million and the corresponding margin increased to 16.8 % from 13.7 %.

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Clariant is a focused specialty chemical company led by the overarching purpose of 'Greater chemistry – between people and planet'. By connecting customer focus, innovation, and people the company creates solutions to foster sustainability in different industries. On 31 December 2023, Clariant totaled a staff number of 10 481 and recorded sales of CHF 4.377 billion in the fiscal year for its continuing businesses. As of January 2023, the Group conducts its business through the three Business Units Care Chemicals, Catalysts, and Adsorbents & Additives. Clariant is based in Switzerland.