Media Release

Clariant International Ltd

First Quarter Results 2012
3 May 2012

Clariant delivers resilient performance

- **First quarter sales up 18% in local currencies and 13% in CHF, driven by acquisitions**
- **EBITDA margin before exceptional items at 12.1%, compared to 16.1% in the previous-year period, reflecting the expected soft start to 2012, with lower demand compared to the high basis of the previous year**
- **Continuing growth in non-cyclical businesses while cyclical and structurally challenged businesses faced similar trading conditions to Q4 2011, improving towards the end of the quarter**
- **Outlook for 2012 confirmed: Clariant expects further sales growth in local currencies and sustained profitability in 2012 as the global economy is expected to strengthen progressively in the course of the year.**

CEO Hariolf Kottmann commented: "As expected, Clariant had a soft start into the year as the global economy stabilized. While the non-cyclical parts of the portfolio continued to perform well, the more cyclical businesses faced ongoing challenges in the current uncertain environment, especially in Europe. This is reflected in lower margins for the Group compared to an extraordinarily strong quarter one year ago. Going forward, we anticipate a gradual improvement in business conditions throughout the remainder of the year, which combined with further efficiency gains, will lead to an improved performance in the second half-year."

Key Financial Data

in CHF million	2012	2011	% CHF	% LC
Sales	1’945	1’717	13	18
EBITDA before exceptional items	236	277	–15	–9
- margin	12.1%	16.1%		
EBIT before exceptional items	160	230	–30	–25
- margin	8.2%	13.4%		
EBIT	123	201	–39	–33
Net income	20	120		
Operating cash flow**	6	22		
Number of employees	22’154	22’149*		

*) as of 31st December 2011
**) starting from 2012 interest paid and interest received are reported as part of financing cash flow. Prior year information has been reclassified accordingly.

Clariant First Quarter 2012 Performance

Muttenz, 3 May 2012 – Clariant, a world leader in specialty chemicals, today announced first quarter sales of CHF 1.945 billion, compared to CHF 1.717 billion in the previous-year period. Sales grew 18% in local currencies and 13% in Swiss francs, mainly driven by the acquisition of Süd-Chemie. On a like-for-like basis, sales declined 2% in local currencies year-on-year.

The first quarter was a continuation of the trend seen in the fourth quarter of 2011. Sequentially, Catalysis & Energy weakened as it entered its low season while the seasonally strong businesses like de-icing and refinery had a weak performance due to unfavorable weather conditions. This was compensated by a solid growth in the non-cyclical Business Units and a pick-up in demand, particularly in Masterbatches, towards the end of the quarter.

In a year-on-year comparison, however, the quarter was weaker due to economic headwinds, an unfavorable currency development and the absence of restocking activities. In this environment, ongoing robust demand was observed in the non-cyclical Additives, Catalysis & Energy, Functional Materials, Industrial & Consumer Specialties, and Oil & Mining Services Business Units, contributing around 50% to total sales and 60% to EBITDA.

Oil & Mining Services achieved the highest growth with local currency sales up in the 20 percent range. Sales in the other non-cyclical BUs grew more moderately. Due to a mild winter in North America and a cold but dry winter in Europe, the seasonal de-icing and refinery businesses recorded low demand. Although seasonally weaker compared to the third and fourth quarter, Catalysis & Energy achieved a very strong order intake above previous years in the first three months, confirming ongoing strength in this business. Business activity in the mature BUs Textile Chemicals, Paper Specialties, Leather Services, and Emulsions Detergents & Intermediates remained subdued. All regions showed double-digit growth in local currencies with the exception of Europe which was heavily impacted by the euro crisis, mainly in Southern areas.

The double-digit increase in sales was the result of a 14% volume increase and 4% higher sales prices year-on-year. On a comparable basis, i.e. excluding acquisitions, volumes were 6% lower, reflecting both weaker demand in some Business Units and a deliberate loss of less profitable businesses. Compared to the first quarter 2011, the negative effect from currency movements softened somewhat but still impacted the top-line by 5%.

The gross margin decreased to 28.2% from 29.8% in the previous-year period but significantly increased from the comparable underlying 26.0% recorded in the fourth quarter of 2011. This development reflects the declining demand year-on-year, resulting in lower capacity utilization mainly in Masterbatches and Pigments. The recovery from Q4 2011 underlines the slightly improving business conditions compared to the final quarter of last year. Compared to the previous-year quarter, sales prices increased 4% and raw material costs 2%, therefore positively contributing to the gross margin of the Group. Sequentially, raw material costs were marginally lower while prices remained flat.

EBITDA before exceptional items decreased to CHF 236 million (margin 12.1%) from CHF 277 million (margin 16.1%) a year ago. The decline in profitability is explained by a lower gross margin, higher SG&A costs, the usual seasonal weakness of the catalysts business, and a high comparable base one year-ago. The operating profit (EBIT) before exceptional items fell to CHF 160 million (margin 8.2%) from CHF 230 million (margin 13.4%), again reflecting the aforementioned factors and the higher depreciation and amortization for the former Süd-Chemie businesses. Restructuring and impairment costs of CHF 41 million versus CHF 29 million were mainly related to the integration of Süd-Chemie and additional projects related with sustainable cost reductions. Net income was CHF 20 million compared to CHF 120 million one year ago.

After the extreme volatility in 2011, foreign exchange markets are starting to level out; however, there was still a slightly negative impact of currency movements on EBITDA and EBIT, which were therefore lower at CHF –5 million and CHF –2 million respectively.

Cash flow from operating activities of CHF 6 million was below to last year’s CHF 22 million as inventories have been increased in some Business Units in anticipation of progressively higher demand going into the second quarter. As a percentage of sales, net working capital reached 20.6%.

Net debt remained basically constant at CHF 1.754 billion compared to CHF 1.740 billion at year-end 2011. This resulted in a gearing (net debt divided by equity) of 59% at quarter-end.

Outlook 2012

Clariant confirms its outlook for 2012 with the publication of its full-year figures. Raw material costs are expected to rise in the mid-single-digit range while exchange rates should remain stable compared to the beginning of the year. In its base case scenario, Clariant expects that after a weak start to 2012, the global economy will strengthen progressively in the course of the year. Therefore, results for the first half-year are expected to be lower compared to the high base of the first half of 2011, with an improvement in the second half-year 2012. For full-year 2012, Clariant expects further sales growth in local currencies and sustained profitability.

Business Discussion - First Quarter

BU Industrial & Consumer Specialties

in CHF million	**2012**	**2011**	**% CHF**	**% LC**
Sales	392	400	-2	3
EBITDA before exceptional items	63	79	-20	-15
- margin	16.1%	19.8%		
EBIT before exceptional items	54	70	-23	-19
- margin	13.8%	17.5%		
EBIT	52	68	-24	-19

Sales in Industrial & Consumer Specialties (ICS) rose 3% in local currencies and declined 2% in Swiss francs versus the same period in 2011. The personal care, construction chemicals and crop protection businesses experienced good growth and were able to compensate a weak de-icing business that was impacted by unfavorable weather conditions, with a mild winter in North America and a cold but dry winter in Europe. Excluding the de-icing business all geographical regions contributed to growth with particularly strong demand in North and Latin America.

The EBITDA margin before exceptional items was below the previous year’s level as the weak de-icing business impacted profitably adversely.

The Business Unit was successful in compensating substantially higher raw material costs with higher sales prices. As some raw materials are expected to rise further, ICS will continue to focus on selectively increasing sales prices to offset higher costs.

The BU will continue to provide innovative solutions and high value-added businesses for the Personal Care industry. ICS presented three new lines of biopolymers that are active ingredients and sensory boosters in skin and hair care at the In-Cosmetics Show in Barcelona. For the remainder of 2012, ICS expects continued good sales as there is strong underlying demand in most of its business lines.

BU Masterbatches

in CHF million	2012	2011	% CHF	% LC
Sales	296	309	-4	0
EBITDA before exceptional items	40	44	-9	-4
- margin	13.5%	14.2%		
EBIT before exceptional items	33	37	-11	-6
- margin	11.1%	12.0%		
EBIT	35	35	0	4

In the Masterbatches Business Unit, sales remained flat in local currencies and declined 4% in Swiss francs. The Business Unit experienced a continued recovery in demand throughout the first quarter of 2012 with particular strength at the end of the quarter.

Compared to the same period of the previous year, sales improved in all regions with the exception of Europe. Demand remained stable in northern Europe, but was weaker in southern Europe. North America, Asia/Pacific and MEA contributed positively to the result. Growth in Asia/Pacific was supported by strong growth in China and especially in Indonesia. Growth in all regions was impacted by the implementation of a price over volume strategy necessary to offset rising raw material costs.

The EBITDA margin was slightly negative compared to the same period of the previous year as higher sales prices and ongoing productivity measure were almost able to compensate for lower volumes.

As 2012 progresses, Masterbatches anticipates slightly improving overall demand. From a strategic viewpoint, the Business Unit will further develop its early stage product pipeline, focus on Commercial Excellence, and improve its approach to value-based pricing.

BU Pigments

in CHF million	2012	2011	% CHF	% LC
Sales	230	259	-11	-7
EBITDA before exceptional items	40	64	-38	-34
- margin	17.4%	24.7%		
EBIT before exceptional items	34	57	-40	-38
- margin	14.8%	22.0%		
EBIT	31	48	-35	-33

Sales in Pigments were down 7% in local currencies and 11% in Swiss francs. The decline in sales was mainly due to lower underlying demand and to an inflated base in Q1 2011 which was boosted by restocking activities. However, sales improved during the quarter with satisfactory levels achieved in March. At the regional level, sales increased in Latin and North America with especially good demand in the United States driven by healthy demand in coatings, plastics, and consumer product applications. Sales in Asia and Europe were weak, with the latter being negatively impacted by soft demand in southern Europe and a late start to the decorative coating season in Europe in general.

Most business lines were impacted by the softer demand. On a positive note, there was a strong rebound in demand for pigments for decorative coatings in the United States. In the Plastics segment a recovery in demand in all major regions has started. However, demand in the Printing segment continued to be weak with low demand for publication inks and on-going destocking in high value-added printing applications, such as non-impact printing.

The EBITDA margin declined year-on-year due to lower sales volumes, higher unabsorbed production costs linked to lower volumes, and some exceptional items such as project costs and costs for the closure of production plants.

Going forward, Pigments expects that end-user markets will progressively stabilize. Order intake is improving based on the continued good demand from the United States and Latin America, positive demand development in India, and as the late start of the European decorative coating season kicks in.

BU Textile Chemicals

in CHF million	2012	2011	% CHF	% LC
Sales	162	189	-14	-9
EBITDA before exceptional items	6	19	-68	-67
- margin	3.7%	10.1%		
EBIT before exceptional items	1	14	-93	-93
- margin	0.6%	7.4%		
EBIT	-3	11	-	-

Quarterly sales in Textile Chemicals were 9% below last year's level in local currencies. In Swiss francs, sales declined by 14%. Sales growth in local currencies was high in North America but all other regions reported negative sales growth, with particular weakness in Asia. While demand for technical textiles especially in the automotive sector remained robust, orders from the apparel sector continued to be sluggish. Sequentially and during the first quarter there was some improvement in demand and the BU expects a slow recovery during 2012.

The EBITDA margin before exceptionals was negatively impacted by lower volumes and by high idle facility costs. Prices for some key raw materials for Textile Chemicals which are linked to crude oil increased in the first quarter. Therefore the BU will adjust prices where necessary.

Textile Chemicals has accelerated the relocation of its businesses to Asia and stopped its production in Muttenz (Switzerland) at the end of February 2012. All 500 key products of Textile Chemicals have been relocated to Asia, mainly China and India, and the major part is already qualified and approved by customers. However, the Business Unit still has to absorb idle facility costs from Muttenz, as this site is currently being redeveloped. Initial benefits from the relocation and the reduced production costs will improve the profitability of Textile Chemicals in the second half of 2012; savings will become fully effective in 2013.

Textile Chemicals is committed to the quality of its products and to the security of supply during the current period of transition. The Business Unit will continue to focus on its products to help its customers to differentiate themselves from competitors, with features such as new innovative and more environmentally-friendly processes and ingredients.

BU Oil & Mining Services

in CHF million	2012	2011	% CHF	% LC
Sales	173	148	17	24
EBITDA before exceptional items	20	18	11	19
- margin	11.6%	12.2%		
EBIT before exceptional items	19	17	12	16
- margin	11.0%	11.5%		
EBIT	19	17	12	16

In the Oil & Mining Services (OMS) Business Unit, sales grew by 24% in local currencies and by 17% in Swiss francs. All regions increased sales; in particular there was strong demand from the Middle East, Latin America, and North America, the latter supported by the acquisition of Prairie PetroChem in Canada and continued investments into unconventional oil and gas development projects.

Sales growth was driven predominantly by Oil Services through increased activity and share gains, and significant new contracts were awarded in Brazil, the United States and the CIS.

Mining Services also benefited from strong sales growth in Asia/Pacific. In order to meet this demand in the future and acquire new customers, Mining Services opened its first mineral processing lab in Guangzhou, China. Sales growth for the refinery business was impacted by unfavorable weather conditions and was therefore below previous year's level.

The EBITDA margin was close to the same period of the previous year as higher volumes and higher sales prices were able to almost compensate for the lower contribution from the high margin refinery business.

Going forward, Oil & Mining Services expects the strong growth pattern to continue based on new contracts, such as a large contract won in the oil business in the North Sea. Raw material costs are expected to rise, and the BU will continue to increase sales prices in order to compensate for this effect.

BU Leather Services

in CHF million	2012	2011	% CHF	% LC
Sales	62	72	-14	-9
EBITDA before exceptional items	4	9	-56	-57
- margin	6.5%	12.5%		
EBIT before exceptional items	3	8	-63	-66
- margin	4.8%	11.1%		
EBIT	3	8	-63	-66

Sales in Leather Services declined 9% in local currencies and 14% in Swiss francs year-on-year, with weakness in Asia and, to a lesser extent in Europe, whereas sales in the Americas increased. The slow-down, which reached its lowest in Q4 2011, has bottomed out, with steadily increasing sales throughout the first quarter of 2012. Similarly to the last few quarters demand for premium product applications and the automotive segment remained robust.

As a consequence of a low early Q1 2012 start, the EBITDA margin has been negatively affected compared to the previous year. Higher prices for some key raw materials will be passed on through selective price increases.

Leather Services expects a sequential improvement of results during Q2 2012 based on the current order intake and overall improving demand. As a leading producer of leather chemicals with an improved environmental footprint, Leather Services is receiving more and more requests for environmentally friendly products from customers, particularly for its chrome-free Easy WhiteTan technology, where interest from the automotive, shoe, and premium furniture industries is growing.

Performance Chemicals – includes the Additives; Emulsions Detergents & Intermediates; and Paper Specialties Business Units

in CHF million	2012	2011	% CHF	% LC
Sales	321	340	-6	-1
EBITDA before exceptional items	46	59	-22	-18
- margin	14.3%	17.4%		
EBIT before exceptional items	37	50	-26	-22
- margin	11.5%	14.7%		
EBIT	37	50	-26	-22

Sales in Performance Chemicals were 1% lower in local currencies and 6% lower in Swiss francs compared to the previous-year period. Additives benefited from good demand for waxes and continued solid business in non-halogenated flame retardants, especially in Asia. Business with waxes improved, with good demand for the innovative Licocene range. Further, a product based on renewable raw materials, introducing a new generation of lubricants to the PVC processing industry showed good progress.

Sales in local currencies for Emulsions Detergents & Intermediates (ED&I) were slightly negative. Underlying demand in most business lines was robust, especially in the Intermediates business for agrochemicals and pharmaceuticals. Detergents experienced strong competitive pressure in TAED but will defend its strong market position. Sales in Emulsions benefited from the successful introduction of a new generation of terpolymers with an excellent cost-benefit ratio in comparison to pure acrylics and styrene-acrylics. After being successfully launched in Latin America, the product is taking shape with the successful market introduction in the Middle East and Africa.

Paper Specialties sales were below previous-year's levels, with demand impacted by weak sales in North America and Europe which could not be compensated by good demand from Latin America. Due to weaker paper consumption and overcapacities in the industry, customers have reduced their output. Profitability was affected by decreasing demand. However, there was some stabilization at the end of the first quarter. Sales in paper are expected to increase sequentially, driven by improved underlying demand and by the successful introduction of an innovative deposit control solution which improves paper machine cleanliness and runability when recycled paper is used as a raw material.

Effective 1 February 2012, the BUs Emulsions and Detergents & Intermediates have been combined in one single BU: Emulsions Detergents & Intermediates.

BU Catalysis & Energy

in CHF million	2012	2011	% CHF	% LC
Sales	131	-	-	-
EBITDA before exceptional items	18	-	-	-
- margin	13.7%	-		
EBIT before exceptional items	1	-	-	-
- margin	0.8%	-		
EBIT	1	-	-	-

Sales in the first quarter of 2012 for Catalysis & Energy were above the previous year's level in local currencies. As in previous years, the first quarter exhibited the normal seasonal development with solid year-on-year growth. Sales in Asia, the Middle East and the Americas were above the previous year's level, whereas sales in Europe were somewhat lower.

Demand was particularly strong for process catalysts, whereas the environmental catalysts business had the expected lower delivery levels in the first quarter.

The EBITDA margin in the first quarter of 2012 was impacted by the lower sales base in the first quarter. EBIT was impacted by the amortization of intangible assets.

For the following quarters, the BU expects continuing sales growth year-on-year. Order intake and backlog are strong and above the previous year's level. Additionally, the Business Unit will benefit from initial sales of the highly innovative cathode material LFP (lithium iron phosphate) generated by the new plant in Candiac, Canada. After a successful start-up in the first quarter, on-spec material has been produced and is undergoing customer qualification and approval. Sales of the material will continuously gain momentum to year-end.

BU Functional Materials

in CHF million	2012	2011	% CHF	% LC
Sales	178	-	-	-
EBITDA before exceptional items	30	-	-	-
- margin	16.9%	-		
EBIT before exceptional items	19	-	-	-
- margin	10.7%	-		
EBIT	19	-	-	-

Functional Materials generated sales in the first quarter of 2012 which were above the previous year's level. At the regional level there was strong demand from Europe and good demand in the Americas whereas demand in the Middle East and Asia declined despite good sales growth in China.

Functional Materials experienced stable to good underlying demand for most of its business lines. Adsorbents experienced high single-digit growth driven by strong demand for food and feed additives. The performance packaging business line increased sales and profitability based on continued strong demand in diagnostic and pharmaceuticals packaging. The water business line was able to improve its profitability compared to Q4 2011 based on rising demand and higher sales prices.

The EBITDA margin in the first quarter of 2012 was strong as the Business Unit was successful in increasing its sales prices and was able to compensate higher raw material and transportation costs, especially in the adsorbents and water treatment businesses. The new management continues to apply selective sales price increases as necessary to compensate for input cost inflation. Additionally, Functional Materials will apply Clariant Excellence to improve its performance.

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