Media Release

THIRD QUARTER RESULTS 2012
31 October 2012

Clariant progresses while global economy deteriorates further

- **Stable profitability in the core businesses despite pronounced economic weakness in Europe. Good progress in portfolio management and the integration of Süd-Chemie.**
- **Q3 2012 sales increased 3% to CHF 1.923 billion from CHF 1.865 billion in Q3 2011.**
- **EBITDA before exceptionals fell 7% to CHF 201 million from CHF 216 million in Q3 2011, affected by lower volumes and investments into growth.**
- **Cash flow from operations rose to CHF 181 million, compared to CHF 127 million in Q3 2011.**
- **For the full-year 2012, Clariant expects flat sales growth in local currencies and an EBITDA margin before exceptionals slightly ahead of the level after nine months.**

CEO Hariolf Kottmann: “Given the further deterioration of the global economy, in which slower emerging markets growth could not offset anymore a weakening in Europe, Clariant achieved a solid performance in the last three months. This was driven by a stable development of most core businesses, manifesting the consequent execution of our profitable growth strategy. Although the short-term economic challenges are expected to persist, Clariant’s mid-term guidance until 2015 remains intact.”

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Key Financial Data

	Third quarter				Nine months			
In CHF million	2012	2011	%CHF	%LC	2012	2011	%CHF	%LC
Sales	1 923	1 865	3	-3	5 846	5 452	7	7
EBITDA before exceptional items	201	216	-7	-18	670	734	-9	-8
- margin	10.5%	11.6%			11.5%	13.5%		
EBIT before exceptional items	120	144	-17	-32	438	552	-21	-20
- margin	6.2%	7.7%			7.5%	10.1%		
EBIT	96	110	-13	-26	344	474	-27	-26
Net income	49	81			139	241		
Operating cash flow*	181	127			184	114		
Number of employees					21 334[1]	22 149[2]		

* Starting from 2012 interest paid and interest received are reported as part of financing cash flow. Prior year information has been reclassified accordingly.

[1] as of 30 September 2012 [2] as of 31 December 2011

Third Quarter Performance

Muttenz, October 31, 2012 - Clariant, a world leader in specialty chemicals, today announced sales of CHF 1.923 billion in the third quarter 2012, up 3% compared to CHF 1.865 billion in the previous-year period. In local currencies, sales were 3% lower.

In the third quarter, the global economy has not stabilized as expected. While Latin America continued on a solid growth path and North America remained stable, the downturn in Europe spread from the Southern countries across the continent. At the same time, the major economies in Asia/Pacific and Middle East & Africa started to soften.

At group level, volumes decreased 5% year-on-year. Although volume reductions affected most businesses, the Catalysis & Energy, Functional Materials, Industrial & Consumer Specialties and Masterbatches Business Units performed solidly in this environment and are on track to achieve their full-year targets. The Oil & Mining Services Business Unit continued to grow double-digit in local currencies. On the other hand, the particularly pronounced weakness in the electronics, coatings and increasingly in the automotive industries severely affected the Additives and Pigments Business Units. Leather Services, Textile Chemicals and Paper Specialties recovered from the low previous-year's levels and posted robust single-digit sales growth in local currencies.

At 26.3%, the gross margin was higher than the previous year's 26.1%. Sales prices decreased sequentially by 1% but raw material costs also weakened significantly. Year-on-year, prices increased by 2% while raw material costs decreased by 1%. The positive contribution from pricing was partially offset by unabsorbed production costs due to lower volumes, and an unfavorable product mix development. In addition, the contribution from new production capacities for battery materials and flame retardants was much lower than expected earlier. Under the current economic conditions, a slower market adoption of these new innovative products and technologies has been observed, therefore leading to low capacity utilization rates in those two plants.

The EBITDA before exceptional items contracted to CHF 201 million from CHF 216 million in Q3 2012. Therefore the EBITDA margin before exceptionals stood at 10.5% compared to 11.6% in the previous-year period. While the underlying EBITDA of the Business Units was stable, the lower margin was the result of higher SG&A costs that were mainly related to the integration of Süd-Chemie, a lower positive contribution from one-time items and higher R&D costs, including start-up costs for the bioethanol plant near Munich. Restructuring and impairment costs were lower at CHF 9 million versus CHF 23 million in the third quarter 2011 and were mostly related to the integration of Süd-Chemie. Net income fell to CHF 49 million from CHF 81 million in the same period one year ago, mainly due to foreign exchange rate effects in the financial result and slightly higher financing costs.

Operating cash flow was strong with CHF 181 million in the quarter compared to CHF 127 million one year ago, following the normal seasonality with a build-up in inventories in the first half of the year followed by a reduction in inventories and therefore cash flow generation in the second half-year.

Net debt stood at CHF 1.934 billion and was therefore lower compared to the CHF 1.984 billion at the end of June 2012, but higher than the CHF 1.740 billion reported at year-end 2011. Consequently, the gearing, reflecting net financial debt in relation to equity, improved to 64% from 67% recorded at the end of the second quarter 2012, but increased from 58% at the end of 2011.

Outlook 2012

In the third quarter, the expected stabilization of the global economy did not materialize. The European economy deteriorated further, with the Southern European weakness spreading to other countries, affecting various industries. Unlike in the second quarter, growth in the rest of the world was not able to offset the decrease in Europe with growth dynamics slowing mainly in Asia/Pacific and Middle East & Africa. The further path of the global economy remains uncertain. In this economic scenario, raw material costs are expected to be unchanged in full-year 2012 versus full-year 2011, while exchange rates should remain at the levels of the beginning of the year.

Clariant remains committed to its mid-term targets 2015 despite a softening of the global economy and the short-term impact from a massive volume reduction in Europe. The confidence in achieving those targets is based on the growth and performance of the core Business Units, a disciplined pricing approach, the progress in the integration of Süd-Chemie, further cost benefits, and successful portfolio management.

For the full-year 2012, Clariant expects flat sales growth in local currencies and an EBITDA margin before exceptionals slightly ahead of the level after nine months.

Business Discussion Third Quarter

BU Industrial & Consumer Specialties

	Third quarter				Nine months			
In CHF million	2012	2011	%CHF	%LC	2012	2011	%CHF	%LC
Sales	354	337	5	-2	1 092	1 090	0	1
EBITDA before exceptional items	53	58	-9	-15	174	190	-8	-7
- margin	15.0%	17.2%			15.9%	17.4%		
EBIT before exceptional items	41	49	-16	-24	142	164	-13	-12
- margin	11.6%	14.5%			13.0%	15.0%		
EBIT	42	46	-9	-17	141	161	-12	-11

Sales in the Industrial & Consumer Specialties (ICS) Business Unit rose 5% in Swiss francs and declined 2% in local currencies compared to the same period one year ago. Latin America, North America and Middle East & Africa achieved double-digit sales growth rates in local currencies. Asia/Pacific was mixed with strong growth in China but weak demand in Japan. In Europe, the poor economic situation resulted in a sales decline, predominantly in the industrial businesses.

The Personal Care and Crop Protection businesses experienced strong growth across all regions. Construction Chemicals also developed well and showed solid advancements, while there was weak demand from the industrial businesses such as Paints & Coatings.

The EBITDA margin before exceptional items was below the previous year's level as the performance was impacted by higher idle facility costs, a temporary shut-down of a plant and lower volumes that could not be compensated by an improved mix effect. Additionally, there was a negative effect from low prices for base products.

In this context the recently announced JV with Wilmar in the field of amines will help ICS to improve its competitiveness and portfolio. The Business Unit will be able to utilize the newly created synergies and broaden its regional footprint in Asia/Pacific. The JV will be operational in early 2013.

For the remainder of 2012, ICS expects continued growth in the Personal Care and Crop Protection business, whereas the outlook for the industrial businesses is muted. Additionally, the BU will benefit from the seasonal deicing business as well as from higher prices for its base products.

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BU Masterbatches

	Third quarter				Nine months			
In CHF million	2012	2011	%CHF	%LC	2012	2011	%CHF	%LC
Sales	283	266	6	-2	871	873	0	-2
EBITDA before exceptional items	33	28	18	3	109	106	3	0
- margin	11.7%	10.5%			12.5%	12.1%		
EBIT before exceptional items	25	21	19	3	87	86	1	-1
- margin	8.8%	7.9%			10.0%	9.9%		
EBIT	25	21	19	3	84	82	2	0

In the Masterbatches Business Unit, sales were 6% higher in Swiss francs and 2% lower in local currencies compared to the same period one year ago.

Sales improved in Latin America and Asia/Pacific and were stable in North America. The only region that registered a sales decline was Europe, Middle East & Africa, mainly hurt by continously low demand across Europe. In Europe, the packaging market was stable while other end-user markets and mainly the automotive industry deteriorated towards the end of the quarter.

The EBITDA margin increased by more than one percentage point as cost savings and Clariant Excellence measures could more than compensate the unfavorable impact from lower volumes.

Masterbatches will continue to expand in attractive markets such as Eastern Europe or South East Asia. In Indonesia a doubling of production capacity will take place, with production starting in the third quarter 2013. The demand in the region is driven by strong domestic and regional demand and shows attractive double-digit growth. Further investments in high growth regions include an expansion in Saudi Arabia for additives, white and color masterbatches.

For the fourth quarter, Masterbatches targets sales similar to the average of the first three quarters of 2012.

BU Pigments

	Third quarter				Nine months			
In CHF million	2012	2011	%CHF	%LC	2012	2011	%CHF	%LC
Sales	224	230	-3	-10	695	766	-9	-10
EBITDA before exceptional items	34	39	-13	-24	117	159	-26	-26
- margin	15.2%	17.0%			16.8%	20.8%		
EBIT before exceptional items	28	33	-15	-30	98	139	-29	-30
- margin	12.5%	14.3%			14.1%	18.1%		
EBIT	28	38	-26	-37	95	127	-25	-25

Sales in the Business Unit Pigments were down 3% in Swiss francs and 10% in local currencies year-on-year. Higher sales in Latin America and in North America were offset by a decline in sales in Asia/Pacific and especially in Europe, where volumes are now below 2008/2009 levels.

All segments felt the softer demand. In Coatings there was a continued weakening in the decorative and industrial businesses in Europe. Additionally, demand for pigments used in automotive coatings in Europe slowed down with weak car production and sales in the region. North America sales were up in comparison with the same period of the previous year as demand for pigments in decorative coatings applications remained healthy.

Just as in the previous quarters in 2012, the Plastics segment held up relatively well with strength in North and Latin America. Sales in Latin America were further buoyed by the launch of a new proprietary colorant for application in consumer products. In contrast, Europe and Asia/Pacific were below last year's level.

In the Printing segment, sales in the higher value Non-Impact Printing (NIP) business were lower compared to last year due to weak demand and de-stocking at most major customers. The traditional printing inks business remained subdued in all regions except for North and Latin America, where the BU gained additional market share.

The EBITDA margin declined compared to the previous year's level. The positive impact of stringent price management and improved cost structure did not fully compensate the additional costs from lower capacity utilization and from the unfavorable geographic mix effect, arising from weak sales in Europe.

For the remaining part of 2012, Pigments expects the business environment to remain challenging primarily in Europe.

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BU Functional Materials

	Third quarter				Nine months			
In CHF million	2012	2011	%CHF	%LC	2012	2011*	%CHF	%LC
Sales	157	166	-5	-10	505	289	-	-
EBITDA before exceptional items	30	18	67	69	83	43	-	-
- margin	19.1%	10.8%			16.4%	14.9%		
EBIT before exceptional items	19	9	111	118	51	27	-	-
- margin	12.1%	5.4%			10.1%	9.3%		
EBIT	17	9	89	105	37	27	-	-

* consolidated for five months (May-September)

In the Functional Materials Business Unit, sales contracted 5% in Swiss francs and 10% in local currencies compared to the same period of the previous year. Latin America grew solidly but all other regions saw weaker demand with particular weakness in Europe, Middle East & Africa.

In the third quarter, the sales pattern differentiated significantly from Business Line to Business Line. In the Adsorbents Business Line, the Food & Feed Additives experienced strong demand. The Foundry business (iron casting for automotives), however, was negatively impacted by the economic situation in Europe and a significant increase in the cost base. Performance Packaging sales were a touch lower due to a one-time effect, but the underlying business remained stable. In the Water Treatment Business Line, sales were significantly lower due to the generally weak demand and unfavorable weather conditions in South Africa.

Functional Materials was able to increase the EBITDA margin mainly by lowering the cost basis as a result of the accelerated integration process and successful pricing management. Savings from the integration for the BU will be higher in 2012 than initially estimated. The EBITDA was also helped by a favorable mix effect, by a positive impact from the ASK joint venture, and by Clariant Excellence measures. Besides stringent sales price management, the Business Unit has closed one site in South Africa.

In the next quarters, Functional Materials will continue to work on its positioning in its respective industries and finalize the integration into Clariant.

BU Textile Chemicals

	Third quarter				Nine months			
In CHF million	2012	2011	%CHF	%LC	2012	2011	%CHF	%LC
Sales	167	152	10	3	509	518	-2	-1
EBITDA before exceptional items	0	-1	-	-	22	28	-21	-17
- margin	0.0%	-0.7%			4.3%	5.4%		
EBIT before exceptional items	-4	-6	-	-	8	12	-33	-26
- margin	-2.4%	-3.9%			1.6%	2.3%		
EBIT	-2	-8	-	-	6	5	20	34

Quarterly sales in Textile Chemicals rose 10% in Swiss francs and 3% in local currencies. There was good sales growth in Asia/Pacific, North America and Middle East & Africa that overcompensated the very weak demand in Europe.

Growth in the Business Unit was driven by strong demand in pretreatment, printing chemicals, and cellulosic dyes. The EBITDA margin improved compared to the same period of the previous year as the benefits from the relocation to Asia started to have a positive effect on the result. Some one-time effects prevented an even more positive development of profitability, such as a write-down of inventories and higher unabsorbed production costs linked to a temporary shut-down of a plant for production upgrades.

Going forward, profitability is expected to improve as Textile Chemicals will continue to reap the full benefit from the relocation to Asia, as initiated by project GANO. The full savings will become effective beginning 2013. In addition, the temporary burden from higher inventory levels due to the relocation of assets from Switzerland to Asia will disappear.

Textile Chemicals is dedicated to developing products and application processes with a higher safety for the consumer and a lower impact on the environment. The Business Unit recently announced a new service called “One Way” that helps textile mills, brands, and retailers measure the impact of their textile solutions on the climate, environment, and resources.

Furthermore, the BU’s “Advanced Denim” concept, a technology that simplifies the finishing and dyeing of fabrics, won the prestigious innovation award for “Innovation with the Best Environmental Benefit” from ICIS Chemical Business magazine. The new technology reduces water consumption by as much as 92% and energy costs by around 30%, while 63% of the usual cotton waste is avoided.

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BU Catalysis & Energy

	Third quarter				Nine months			
In CHF million	2012	2011	%CHF	%LC	2012	2011	%CHF	%LC
Sales	183	190	-4	-11	525	283	-	-
EBITDA before exceptional items	36	41	-12	-18	100	56	-	-
- margin	19.7%	21.6%			19.0%	19.8%		
EBIT before exceptional items	19	26	-27	-32	49	33	-	-
- margin	10.4%	13.7%			9.3%	11.7%		
EBIT	10	26	-62	-67	40	33	-	-

* consolidated for five months (May-September)

Third quarter sales in Catalysis & Energy were down by 4% in Swiss francs and by 11% in local currencies. The decline was mainly due to a shift of orders from the third into the second quarter in 2012 and vice versa in 2011. A comparison of sales in the first five months of consolidation in 2011 with the same period this year (May-September) shows that sales grew from CHF 283 million to CHF 330 million. The BU is on track to achieve double-digit sales growth for the full-year 2012.

The catalysts business remained strong in all regions and markets. Sales growth was particularly strong in the Petrochemicals and Refinery sectors, driven by projects in Asia/Pacific and the Middle East. Going forward demand in Petrochemicals will be further supported by a recently announced capacity increase in the United States for Houdry catalysts that are used in the on-purpose production of C3 and C4 olefins from light paraffins. The enlarged capacity will go on stream in September 2013.

In Battery Materials, Catalysis & Energy still has to absorb start-up costs from the new plant in Canada for the highly innovative cathode material LFP (lithium iron phosphate). While the electric vehicle and stationary energy storage markets are developing somewhat slower than anticipated, the structural growth potential remains unchanged. First contribution to profitability is currently planned in early 2013.

The EBITDA margin in the third quarter of 2012 was lower year-on-year, driven by lower volumes and a peak in LFP licensing income in Q3 2011. Implementation of Clariant Excellence measures has been accelerated, including efficiency improvement initiatives at the main production sites and Commercial Excellence projects.

The Business Unit expects a strong fourth quarter 2012 based on a good order intake and a backlog significantly greater than last year’s.

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BU Oil & Mining Services

	Third quarter				Nine months			
In CHF million	2012	2011	%CHF	%LC	2012	2011	%CHF	%LC
Sales	185	154	20	12	514	443	16	15
EBITDA before exceptional items	22	19	16	11	56	48	17	17
- margin	11.9%	12.3%			10.9%	10.8%		
EBIT before exceptional items	20	18	11	8	51	45	13	14
- margin	10.8%	11.7%			9.9%	10.2%		
EBIT	20	18	11	8	51	45	13	14

In the Oil & Mining Services (OMS) Business Unit, sales grew 20% in Swiss francs and 12% in local currencies compared to the same period of the previous year.

Regional growth was driven by strong demand in Asia/Pacific and Latin America. In North America and Europe, growth was slower due to a weak refinery business. Demand for products from the Oil Services and Mining Services businesses remained at high levels while Refinery Services experienced a slow start into the winter season.

The EBITDA margin decreased slightly compared to the same period of the previous year as OMS continued to invest in people and R&D to capture growth opportunities. A new long-term contract in North Africa for Mining has already been won. OMS will continue to focus on key markets by investing in strategic growth opportunities.

In September, OMS broke ground on a new global headquarters in The Woodlands, Texas, expanding the company’s current presence in the master-planned community and energy hub located approximately 50 km north of Houston. The center in the US will closely collaborate with the other Clariant Oil Services Centers around the globe in order to maximize the innovation rate. Centers are located in the United Kingdom, Germany, and since June in Brazil. The new Application Development Center in Rio de Janeiro specializes in pre-salt exploratory frontiers in deep waters.

Going forward, OMS expects the strong growth pattern based on new contracts and new technologies to continue. Profitability is expected to improve sequentially as the Refinery business is expected to be kicking in during winter season.

BU Leather Services

	Third quarter				Nine months			
In CHF million	2012	2011	%CHF	%LC	2012	2011	%CHF	%LC
Sales	70	63	11	7	202	208	-3	-1
EBITDA before exceptional items	6	6	0	-4	18	22	-18	-14
- margin	8.6%	9.5%			8.9%	10.6%		
EBIT before exceptional items	5	5	0	-4	15	19	-21	-17
- margin	7.1%	7.9%			7.4%	9.1%		
EBIT	5	5	0	-4	15	19	-21	-17

Year-on-year, Leather Services sales increased 11% in Swiss francs and 7% in local currencies. All regions except EMEA contributed to the solid sales growth. Demand was particularly strong in North and Latin America thanks to structural improvements that led to an increase in market share.

Underlying demand in the Business Unit's end markets was similar to the previous quarters, with still good demand for automotive leather and luxury goods, whereas the shoe and upholstery industries remained stable at relatively low levels.

The EBITDA margin decreased compared to the previous year as the benefit of stronger growth during Q3 2012 could not fully compensate the additional marketing costs related to the introduction of new technologies on existing markets together with special applications developed for fast-growing new markets.

The eco-compatible tanning technology "EasyWhite Tan" has been successfully introduced at tanneries that switched to the new ecological process, thereby confirming that the improved functionalities and easier process are key drivers for this change.

The trend from solvent-based towards eco-compatible water-based coating systems is also showing accelerated growth in non-leather coatings markets targeted by our strengthened sales & marketing organization.

Going forward, Leather Services forecasts a weaker business environment, especially in Europe, which will be mitigated by over-proportional growth in other parts of the world.

The BU just presented its latest innovations at the "All China Leather Exhibition" in Shanghai, China. Amongst other products it launched its novel Neosan Lucido pigment range which is based on a nanotechnology type of pigment dispersion and generates highly transparent and brilliant colors in pure aqueous finishing.

Performance Chemicals - includes the Business Units: Additives; Emulsions, Detergents & Intermediates; Paper Specialties.

	Third quarter				Nine months			
In CHF million	2012	2011	%CHF	%LC	2012	2011	%CHF	%LC
Sales	300	307	-2	-9	933	982	-5	-5
EBITDA before exceptional items	30	35	-14	-35	117	144	-19	-20
- margin	10.0%	11.4%			12.5%	14.7%		
EBIT before exceptional items	20	27	-26	-46	90	118	-24	-25
- margin	6.7%	8.8%			9.6%	12.0%		
EBIT	20	27	-26	-46	90	118	-24	-25

Sales in Performance Chemicals were 2% lower in Swiss francs and 9% lower in local currencies compared to the previous-year period.

Additives sales in local currencies declined in comparison to the same period last year. Polymer Additives showed a positive growth in local currencies, mainly driven by Asia/Pacific and Latin America. Waxes increased local currency sales in all regions with the exception of Europe. Business there remained stagnant on a low level. Demand for flame retardants was influenced by lower demand and destocking in the electronics industry in Europe and to some extent in Asia. However, the mid-term industry trend of replacing halogenated flame retardants by non-halogenated substitutes remains fully intact. Future demand for non-halogenated flame retardants will be addressed by the additional production capacity in Knapsack, Germany. However, start-up costs for this plant had a negative impact on profitability in the third quarter of 2012.

In the Emulsions, Detergents & Intermediates (ED&I) Business Unit, sales declined compared to the same period one year ago. Sales in the Emulsions Business Line were exceeding expectations, driven by strong demand in Latin America. In Detergents and Intermediates, some businesses were impacted by strong competitive pressure, e.g. in the tetraacetyl ethylene diamine (TAED) and intermediates business for agrochemicals.

Sales in the Paper Specialties Business Unit increased in Swiss francs and remained flat compared to the previous-year period. Local currency sales improved in Asia/Pacific and Latin America, whereas Europe and North America reported declining sales. Profitability increased year-on-year, partly as a result of the relocation of production to Spain and disciplined price management. Paper Specialties expects to further improve profitability as savings from the project GANO initiated closure of Muttenz, Switzerland become fully effective in the next few months. In addition, demand for new innovative products is expected to remain at good levels. Among other innovations there is good demand for an innovative deposit control solution that improves paper machine performance when recycled paper is used as a raw material.

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Clariant is an internationally active specialty chemical company, based in Muttenz near Basel. The group owns over 100 companies worldwide and employed 22 149 employees on 31 December 2011. In the financial year 2011, Clariant recorded a turnover of around CHF 7.4 billion. Clariant is divided into eleven Business Units: Additives; Catalysis & Energy; Emulsions, Detergents & Intermediates; Functional Materials; Industrial & Consumer Specialties; Leather Services; Masterbatches; Oil & Mining Services; Paper Specialties; Pigments; Textile Chemicals.Clariant focuses on creating value by investing in future profitable and sustainable growth, which is based on four strategic pillars: Improving profitability, innovation as well as research and development, dynamic growth in emerging markets, and optimizing the portfolio through complementary acquisitions or divestments.