

Media Release

NINE MONTHS 2018

31 October 2018

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Clariant delivers further progression in sales and EBITDA in the first nine months of 2018

- **Sales grew by 6 % in local currency and Swiss francs to CHF 4.994 billion**
- **EBITDA before exceptional items increased significantly by 7 %**
- **EBITDA margin before exceptional items at a solid 15.3 %**
- **2018 outlook confirmed**

“In the first nine months of the year, Clariant has delivered strong sales and EBITDA”, stated CEO Ernesto Occhiello. “Going forward, we will focus on growth and cost awareness, while emphasizing to an even greater extent customer-specific, technologically advanced applications and enhancing operating efficiencies. In addition, the implementation of the recently announced portfolio changes will further fuel substantial profitability progression.”

Key Financial Data

<i>in CHF Million</i>	Third Quarter				Nine Months			
	2018	2017	% CHF	% LC	2018	2017	% CHF	% LC
Sales	1 605	1 566	2	5	4 994	4 698	6	6
EBITDA before exceptional items	241	235	3		765	717	7	
- margin	15.0 %	15.0 %			15.3 %	15.3 %		

Nine Months 2018 – Growth progression continues

Muttenz, October 31, 2018 - Clariant, a world leader in specialty chemicals, today announced nine months 2018 sales of CHF 4.994 billion compared to CHF 4.698 billion in 2017. This corresponds to 6 % growth in local currency and in Swiss francs which was supported by both higher volumes and pricing. Contributions from all Business Areas bolstered the 6 % organic sales growth in local currency.

Most regions contributed to the sales growth. Latin America reported the strongest growth of 13 % in local currency. In Asia, sales rose by a robust 9 % mainly driven by China and India. Sales in North America grew by 6 % on the heels of strong expansion during the same time period in 2017. In Europe, sales advanced by a solid 4 %. Only the Middle East & Africa, the Group's smallest geographic region, reported a slight sales decrease of 3 %.

Care Chemicals and Catalysis both reported continued brisk demand momentum. Sales in Care Chemicals advanced by 9 % in local currency driven by both Consumer Care and Industrial Applications. Despite a high comparable bar, Catalysis sales climbed significantly by 12 % in local currency with a good organic sales growth of 8 %.

Natural Resources reported 7 % higher sales in local currency which reflects the improving oil environment. In Plastics & Coatings, sales progressed by 3 % in local currency despite a strong comparable base. All three Business Units contributed to this progression.

EBITDA before exceptional items rose by 7 % and reached CHF 765 million compared to CHF 717 million in the previous year. This improvement was driven by the positive development in Care Chemicals and Plastics & Coatings.

The corresponding EBITDA margin before exceptional items remained robust at 15.3 %.

Third Quarter 2018 – Sales increase and EBITDA improvement

In the third quarter of 2018, sales rose by 5 % in local currency to CHF 1.605 billion mainly due to price increases. Sales growth in Swiss francs was 2 % given the adverse currency impact in the quarter. The strong sales progression in Care Chemicals and Natural Resources contributed most to this advancement.

Most geographic regions added to the growth. Sales in Latin America progressed by 14 %, while North America and Europe both grew sales by 5 %. Sales in Asia improved 3 % in local currency year-on-year. China softened in the third quarter, but continued to develop well against a strong comparable base in the third quarter of 2017. Only the smallest region, Middle East & Africa, reported a minor sales contraction of 1 %.

Sales in Natural Resources climbed by 14 % supported by a notable demand uptake in the Oil & Mining Services business and an ongoing positive development in Functional Minerals. In Care Chemicals, sales rose by 8 % in local currency while Plastics & Coatings grew sales by 2 % underpinned primarily by the Pigments and Additives Business Units. Sales in Catalysis decreased by 4 % against a record quarter in the same period in the previous year.

EBITDA before exceptional items rose by 3 % to CHF 241 million primarily due to the strong contributions from Care Chemicals and Plastics & Coatings. The corresponding EBITDA margin before exceptional items remained at a solid 15.0 %.

Outlook for 2018 – Continued progression in growth, profitability improvement and operating cash flow generation

Clariant expects the economic environment in mature markets, which represent a high comparable base, to remain solid, albeit grow at a slower pace. Emerging markets are expected to remain broadly supportive.

For 2018, 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.

Going forward, as announced in September, Clariant expects to improve its performance as a result of further operational progression and the accelerated reshaping of its portfolio through the divestment of Pigments, standard Masterbatches and Medical Specialties as well as the creation of the new Business Area High Performance Materials.

Business Discussion

Business Area Care Chemicals

in CHF Million	Third Quarter				Nine Months			
	2018	2017	% CHF	% LC	2018	2017	% CHF	% LC
Sales	385	366	5	8	1 269	1 162	9	9
EBITDA before exceptional items	83	71	17		246	210	17	
- margin	21.6 %	19.4 %			19.4 %	18.1 %		

Nine Months

In the first nine months of 2018, Care Chemicals sales grew by 9 % in local currency as well as in Swiss francs. Both Consumer Care and Industrial Applications delivered solid growth, which was partly supported by a strong Aviation business in the first quarter of 2018 and a good development in all Consumer Care segments during the first nine months.

Most regions contributed to the notable sales expansion. Asia as well as North America continued to grow with double-digit growth rates. The sales momentum in Latin America remained in the high single-digit range. Sales in Europe also progressed solidly despite the challenging comparison base.

The EBITDA margin before exceptional items increased to 19.4 % from 18.1 % primarily as a result of an improved product mix.

Third Quarter

Sales in Care Chemicals exceeded the figure in the third quarter in the previous year by 8 % in local currency and 5 % in Swiss francs. The strong sales development was driven by growth mainly in Consumer Care but was also supported by Industrial Applications.

Sales rose significantly in almost all regions, with double-digit growth in Asia and in North America. In Latin America and in Europe, sales grew in the mid-single-digit range.

The EBITDA margin before exceptional items increased to a record high of 21.6 % from 19.4 % largely because of operational leverage and a more favorable product mix.

In October 2018, Clariant launched Aristocare™ Smart - a multi-talented ingredient for hard-surface cleaners. Cleaners featuring Aristocare™ Smart are proven to deliver powerful, effortless soap scum removal, an anti-streaking effect and fast water-drainage for spotless drying and limescale prevention on glass, ceramic tiles, mirrors and stainless steel thus supporting the demand for sustainable and more convenient products.

Business Area Catalysis

<i>in CHF Million</i>	Third Quarter			Nine Months				
	2018	2017	% CHF	% LC	2018	2017	% CHF	% LC
Sales	199	208	-4	-4	603	529	14	12
EBITDA before exceptional items	36	54	-33		124	130	-5	
- margin	18.1 %	26.0 %			20.6 %	24.6 %		

Nine Months

Sales in Catalysis rose by 12 % in local currency and 14 % in Swiss francs in the first nine months of 2018. The strong organic sales expansion of 8 % in local currency was primarily attributable to Syngas but also due to Specialty Catalysts.

Most regions added to the robust sales momentum. Growth in Asia advanced strongly as a result of the good demand in China. In Europe, the Middle East & Africa and in Latin America the sales development also reflected continued growth.

The EBITDA margin before exceptional items decreased to 20.6 % from 24.6 % in the previous year. The decline was attributable to the change in product mix throughout the year as indicated previously.

Third Quarter

Against the backdrop of a strong prior year and forward sales shifts to the second quarter, sales in the Catalysis Business Area decreased by 4 % in local currency in the third quarter. However, a positive sales development was reflected in Syngas.

The EBITDA margin before exceptional items decreased to 18.1 % from 26.0 % due to a product mix effect with a proportionally much higher sales growth contribution from Syngas when compared to the same time period last year.

In September, 2018, Clariant announced the successful start-up of its MegaMax[®] 800 methanol synthesis catalyst at China National Offshore Oil Corporation's (CNOOC) China BlueChemical methanol plant in the Hainan province. MegaMax[®] 800 is designed to offer up to 40 % higher productivity than previous catalyst generations and can maintain its performance benefit even at low temperature conditions. This results in greater carbon efficiency and methanol yield, while reducing synthesis gas consumption.

In the Business Line Biofuels & Derivatives, Clariant held the groundbreaking event for the construction of the first large-scale commercial sunliquid[®] plant for the production of cellulosic ethanol made from agricultural residues in Romania in September, 2018. This flagship plant will testify to the competitive viability and sustainability of the sunliquid[®] technology on an industrial scale, and at the same time will fulfill an important function as a reference facility for the worldwide marketing of sunliquid[®] licenses.

For 2018, Clariant anticipates solid growth in Catalysis, in line with the guidance. This is driven by Clariant's portfolio strength, innovation capability, global footprint and partnerships as well as by the supporting development in the Catalysis business environment.

Business Area Natural Resources

<i>in CHF Million</i>	Third Quarter			Nine Months				
	2018	2017	% CHF	% LC	2018	2017	% CHF	% LC
Sales	349	324	8	14	1 031	993	4	7
EBITDA before exceptional items	46	43	7		132	141	-6	
- margin	13.2 %	13.3 %			12.8 %	14.2 %		

Nine Months

In the first nine months of 2018, sales in Natural Resources increased by 7 % in local currency and by 4 % in Swiss francs supported by an improving oil environment.

The Oil & Mining Services business exhibited double-digit sales growth in local currency, bolstered by a continuing demand improvement in the industry.

Sales in Functional Minerals grew in the low single-digit range in local currency with growth in the Foundry business compensating the temporary softness in the edible oil business. The Purification business for edible oils is subject to the quality of the respective crops which are reliant on the weather conditions.

The EBITDA margin before exceptional items declined to 12.8 % year-on-year. This largely resulted from the persisting price consciousness of the oil market as well as a lower contribution from Functional Minerals' Purification business in the first half of the year compared to the same time period in 2017 when the high demand levels were lifted by the poor quality of the harvested crops.

Third Quarter

Sales in Natural Resources increased by 14 % in local currency and 8 % in Swiss francs in the third quarter of 2018. This growth was supported by a demand increase in the Oil & Mining Services as well as by solid growth in the Functional Minerals businesses.

The double-digit sales growth in the Oil & Mining Services business reflected the improving demand environment in the oil market. Both Mining and Refinery sales grew in the high single-digit range despite the continued curtailed demand resulting from a customer's facility failure in Mining.

The sales progression in Functional Minerals exhibited increased single-digit growth in local currency. Both the Foundry as well as the Purification businesses contributed to this positive development.

The price consciousness of the oil market has not yet abated and is reflected in the roughly stable EBITDA margin before exceptional items of 13.2 %. This profitability level is comparable to the previous year. However, it represents a 320 basis point improvement to the EBITDA margin before exceptional items quarter-on-quarter. We expect the Oil & Mining Services business to continue to improve sales in the course of 2018 with profitability recovering progressively throughout 2019. Functional Minerals is expected to show continued growth in 2018.

Business Area Plastics & Coatings

<i>in CHF Million</i>	Third Quarter			Nine Months				
	2018	2017	% CHF	% LC	2018	2017	% CHF	% LC
Sales	672	668	1	2	2 091	2 014	4	3
EBITDA before exceptional items	105	95	11		341	316	8	
- margin	15.6 %	14.2 %			16.3 %	15.7 %		

Nine Months

The Plastics & Coatings Business Area increased sales by 3 % in local currency and by 4 % in Swiss francs in the first nine months of 2018.

All three Business Units fostered the sales improvement. Growth in Masterbatches and Pigments was supported by Latin America as well as the continued expansion in Greater China. The higher sales in Additives were mainly driven by strong growth in North America, Europe and Asia.

The EBITDA before exceptional items rose by 8 % to CHF 341 million. This favorable progression was mainly attributable to pricing measures as well as increased volumes.

Third Quarter

In the Plastics & Coatings Business Area, sales in the third quarter of 2018 advanced by 2 % in local currency and 1 % in Swiss francs against a strong comparable base. Growth was more pronounced in Pigments and Additives than in Masterbatches.

The pricing efforts in all three Business Units supported this positive sales development. From a regional perspective, growth was most prominent in Latin America and Asia.

In the third quarter, the EBITDA before exceptional items increased by a significant 11 % to CHF 105 million despite a strong comparable base.

Plastics & Coatings will further focus on providing highly customer-specific products and solutions to enhance growth possibilities in the businesses and to further contribute to the overall performance of Clariant.

CORPORATE MEDIA RELATIONS

JOCHEN DUBIEL

Phone +41 61 469 63 63
jochen.dubiel@clariant.com

THIJS BOUWENS

Phone +41 61 469 63 63
thijs.bouwens@clariant.com

INVESTOR RELATIONS

ANJA POMREHN

Phone +41 61 469 67 45
anja.pomrehn@clariant.com

MARIA IVEK

Phone +41 61 469 63 73
maria.ivek@clariant.com

Follow us on [Twitter](#), [Facebook](#), [Google Plus](#), [LinkedIn](#).

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Clariant is a globally leading specialty chemicals company, based in Muttenz near Basel/Switzerland. On 31 December 2017 the company employed a total workforce of 18 135. In the financial year 2017, Clariant recorded sales of CHF 6.377 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.