Clariant grows sales and operating cash flow in the first half year 2019

- **Entire Masterbatches and Pigments to be disposed, reclassified to discontinued operations**
- **Sales from continuing operations grew by 4 % in local currency to CHF 2.229 billion**
- **Continuing operations EBITDA before exceptional items softened by 2 % in Swiss francs to CHF 355 million with a 15.9 % EBITDA margin**
- **One-off CHF 231 million provision for an ongoing competition law investigation by the European Commission**
- **Post-provision continuing operations EBITDA was CHF 102 million, net result for the total Group at minus CHF 101 million**
- **Operating cash flow rose by 11 % to CHF 113 million**
- **Outlook 2021: Focused portfolio to achieve above-market growth, higher profitability and stronger cash generation**

“The first half year 2019 was admittedly challenging - particularly the second quarter, which was additionally impacted by temporary negative influences and one-off occurrences. Our continuing businesses showed resilience in this difficult environment, which comforts us in our strategic decision to divest Masterbatches and Pigments,” said Hariolf Kottmann, Executive Chairman of Clariant. “Despite the uncertainties of the current economic environment, the growth profile of our continuing portfolio remains unchanged. We will continue to intensify our focus on customer experience and fast reliable customer fulfillment, enabling Clariant to realize above-market growth, higher profitability and stronger cash generation.”

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Key Financial Data

Continuing operations	**Second Quarter**				**First Half Year**			
in CHF million	**2019**	**2018**	**% CHF**	**% LC**	**2019**	**2018**	**% CHF**	**% LC**
Sales	1 065	1 075	-1	3	2 229	2 224	0	4
EBITDA before exceptional items	162	172	-6		355	362	-2	
- margin	15.2 %	16.0 %			15.9 %	16.3 %		
EBITDA after exceptional items	-82 (1)	160	n.m.		102 (1)	341	-70	
- margin	--	14.9 %			4.6 %	15.3 %		
EBIT					-47 (1)	210		
Net result from continuing operations					-133 (1)	128		
Net result (2)					**-101** (1)	**211**		
Operating cash flow (2)					113 (1)	102		
Number of employees					17 790	17 901 (3)		
Discontinued operations								
Sales	558	592	-6	-3	1 109	1 165	-5	-2
Net result from discontinued operations					32	83		

(1) including CHF 231 million provision for European Commission investigation
(2) total Group including discontinued operations
(3) as of 31 December 2018 (including discontinued operations)

First Half Year 2019 – Higher sales and operating cash flow improvement

Muttenz, July 25, 2019 - Clariant, a focused and innovative specialty chemical company, today announced first half year 2019 continuing operations sales of CHF 2.229 billion compared to CHF 2.224 billion in the first half year 2018. This corresponds to an organic growth of 4 % in local currency. Both higher volumes and pricing contributed to this expansion.

For the first half year, almost all regions contributed to the continuing operations sales growth in local currency. Sales in Latin America grew the strongest by 10 %, followed by the Middle East & Africa at 8 %. In Asia and Europe, the sales development was a good 5 % and 4 %, respectively. China, however, was down by 9 % while North America reported a slight contraction of 3 %.

The improved sales performance in the first half year 2019 resulted from growth in the Business Areas Catalysis and Natural Resources, which both reported strong expansion. Natural Resources newly includes the Business Unit Additives, in addition to Oil & Mining Services and Functional Minerals. Sales in Catalysis rose by a robust 8 % in local currency primarily supported by Syngas. Natural Resources sales rose by 6 % in local currency with a very notable expansion in Oil & Mining Services and some progression in Functional Minerals. Additives sales declined due to the softer consumer electronics and automotive markets.

Care Chemicals sales remained unchanged in local currency against a strong comparison base despite temporary raw material supply issues, mainly in the second quarter of 2019. Sales in discontinued operations (Masterbatches and Pigments) declined by 2 % in local currency, negatively impacted by the weakened economic environment.

Continuing operations EBITDA after exceptional items was negatively impacted by the one-off provision of CHF 231 million as a result of further developments in an ongoing competition law investigation by the European Commission into the ethylene purchasing market. Therefore, EBITDA decreased significantly to CHF 102 million compared to CHF 341 million in the previous year.

In terms of the operational performance and excluding the effect of this provision, the continuing operations EBITDA after exceptional items only slightly decreased by 2 % in Swiss francs to CHF 333 million. The profitability in Natural Resources improved due to the stronger top-line growth in tandem with the more optimized cost base in Oil & Mining Services however, temporary negative influences in Care Chemicals and Catalysis in the second quarter resulted in this slightly negative growth. The corresponding continuing operations EBITDA margin after exceptional items based upon the operational performance was 14.9 %.

The net result for the total Group including discontinued operations was minus CHF 101 million versus CHF 211 million in the first half year 2018. The development was negatively impacted by one-time project costs related to the carve-out of the discontinued operations as well as the one-off provision of CHF 231 million.

Operating cash flow for the total Group rose by 11 % to CHF 113 million from CHF 102 million in the previous year, driven by lower taxes and favorable developments in inventories.

Net debt for the total Group increased to CHF 1.801 billion versus CHF 1.374 billion as of the end of 2018 following the normal seasonal cash flow pattern. In addition, the first time implementation of IFRS 16 in 2019 increased net debt by CHF 218 million.

Second Quarter 2019 – Sales progression in local currency

In the second quarter of 2019, sales from continuing operations rose by 3 % in local currency to CHF 1.065 billion. This represents a decrease of 1 % in Swiss francs year-on-year due to unfavorable currency fluctuations. The sales growth in local currency was driven by Catalysis and Natural Resources, which now includes Additives in addition to Oil & Mining Services and Functional Minerals.

Most regions contributed to the continuing operations sales growth in local currency. In the Middle East & Africa, sales in local currency grew by a robust 16 %, in Latin America by 13 % and in Asia by 8 % with stabilization in China. Sales in Europe had a slight negative growth of 1 %, while North America was down 6 %.

Catalysis sales growth accelerated to 12 % in local currency. Natural Resources sales climbed by 5 % in local currency with positive contributions from both Oil & Mining Services as well as Functional Minerals while sales in Additives were weaker. Sales in Care Chemicals fell by 3 % in local currency, against a strong comparison base, but mainly due to a strong decline in North America as a result of a Force Majeure of a supplier. Discontinued operations (Masterbatches and Pigments) sales declined by 3 % in local currency due to the continued challenging economic environment.

Because of the one-off CHF 231 million provision, continuing operations EBITDA after exceptional items decreased significantly to minus CHF 82 million from CHF 160 million in the previous year.

In terms of the operational performance and excluding the effect of this provision, the continuing operations EBITDA after exceptional items decreased by 7 % in Swiss francs to CHF 149 million in the second quarter of 2019. The profitability advanced significantly in Natural Resources as a result of the focus within the Oil Services activities on value added projects. This, however, could not offset the temporarily softer margins in Care Chemicals and Catalysis due to some one-off capacity outages. Consequently, excluding the effect of the provision, the continuing operations EBITDA margin after exceptional items on the Group level decreased to 14.0 % from 14.9 % in the previous year.

Clariant to focus on its core high value specialty businesses

As part of the portfolio upgrade announced in September 2018, Clariant will continue with the divestment of the Pigments business and has decided to also divest the entire Masterbatches business including both, standard and high value Masterbatches. These divestments are expected to be concluded unchanged by end 2020.

The proceeds from the divestments will be used to invest in innovations and technological applications within the core Business Areas, to strengthen Clariant's balance sheet and to return capital to shareholders.

With the new reporting and portfolio structure, Clariant will benefit from a stronger focus on differentiated, customer-specific products and offerings with attractive growth prospects and above-average value potential. With this more streamlined portfolio structure Clariant will be better able to intensify the focus on customer experience and fast, reliable customer fulfillment, as well as on the development of innovative and sustainable products and applications. This will generate a competitive advantage for customers and hence enable Clariant to realize above-market growth, higher profitability and stronger cash generation.

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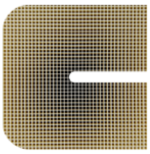
Clariant's focused, high value specialty portfolio and reporting structure

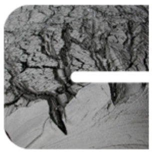
CARE CHEMICALS

BA Care Chemicals comprises the BU Industrial & Consumer Specialties (ICS), Food additives as well as the future Industrial Biotechnology business. It demonstrates a clear focus on highly attractive, high-margin, and low-cyclicality segments. The BA follows a lifestyle-driven megatrend and strengthens Clariant's position as a supplier of green and sustainable products.



CATALYSIS

BA Catalysis comprises the BU Catalysts and the Business Line Biofuels & Derivatives. It develops, manufactures, and sells a wide range of catalyst products for the chemical and fuel industries which contribute significantly to value creation in our customers' operations, ensuring that finite raw materials and energy are used efficiently. In addition, Catalysis is in the forefront of new market developments such as the commercialization and licensing of bio-ethanol.



NATURAL RESOURCES*

BA Natural Resources, comprises the BUs Oil & Mining Services, Functional Minerals and since July 2019 also Additives. It is characterized by high growth and low cyclicality as well as a strong megatrend orientation. Main drivers are the rising demand for high value-added specialty chemicals used in the oil, mining, food and packaging industries and the increased consumption of oil, gas and base metals, driven by the fast-growing economies. Additives provides highly customized products, technologies and applications mainly for the plastic and polymer as well as the electronics industries.

*including Additives

Outlook 2021 – Focused portfolio to achieve 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.

Despite the current challenging environment, Clariant expects its continuing businesses to achieve above-market growth, higher profitability and stronger cash generation based on our focused, high value specialty portfolio.

Business Discussion

Business Area Care Chemicals

	Second Quarter				First Half Year			
in CHF Million	**2019**	**2018**	**% CHF**	**% LC**	**2019**	**2018**	**% CHF**	**% LC**
Sales	370	400	-8	-3	850	884	-4	0
EBITDA before exceptional items	60	74	-19		154	163	-6	
- margin	16.2 %	18.5 %			18.1 %	18.4 %		
EBITDA after exceptional items	56	73	-23		150	161	-7	
- margin	15.1 %	18.3 %			17.6 %	18.2 %		

Sales

For the first half year 2019, sales in the Care Chemicals Business Area remained unchanged in local currency and were 4 % lower in Swiss francs given the adverse currency impact in the quarter. Consumer Care increased sales at a good mid-single-digit range with positive contributions from all three Business Lines: Personal Care, Home Care and Crop Solutions in particular. Industrial Applications sales were softer due to the weaker economic environment and lower Aviation business.

In Europe and Asia, sales climbed in a mid-single-digit range in local currency. The development in Latin America was almost flat while the smallest market, Middle East & Africa reported negative growth. The sales in North America were severely hampered in a high-teen range due to the prolonged plant shutdown of a key supplier in the region following a case of Force Majeure, which has been resolved in the meantime.

In the second quarter of 2019, sales in Care Chemicals decreased by 3 % in local currency and by 8 % in Swiss francs due to the Force Majeure of a key supplier in North America. Excluding this temporary impact, the sales development in Care Chemicals was in a solid mid-single-digit range.

EBITDA Margin

The EBITDA margin after exceptional items for the first half year 2019 softened to 17.6 % from 18.2 % as a result of the temporary negative impact from raw material disruptions in North America, mainly in the second quarter.
Hence, in the second quarter, the EBITDA margin after exceptional items declined to 15.1 % from 18.3 %.

Clariant Insight

CareMag™ D makes it easy to create sustainable, differentiated, effective deodorants that are suitable even for sensitive skin to boost natural body odor control. Not only is CareMag™ D alcohol- and paraben-free, but it also embraces the “aluminum-free” trend customers are demanding for safety and health reasons. CareMag™ D is based on 100 % natural magnesium minerals from the Dead Sea. The rich magnesium minerals are gentle on the skin and yet highly effective at controlling odor and delivering sweat absorption. The safe and natural fine white powder contains a unique crystalline structure that absorbs excess sweat and sebum, preventing the biotransformation of the compounds into malodorous substances. Additionally, it controls the growth of skin microorganisms under conditions of excess sweat and increased body temperature.

Business Area Catalysis

	Second Quarter				First Half Year			
in CHF Million	**2019**	**2018**	**% CHF**	**% LC**	**2019**	**2018**	**% CHF**	**% LC**
Sales	229	207	11	12	432	404	7	8
EBITDA before exceptional items	44	49	-10		88	88	0	
- margin	19.2 %	23.7 %			20.4 %	21.8 %		
EBITDA after exceptional items	40	48	-17		84	87	-3	
- margin	17.5 %	23.2 %			19.4 %	21.5 %		

Sales

In the first half year 2019, the Catalysis Business Area sales growth progressed by 8 % in local currency and by 7 % in Swiss francs. Sales expansion was mainly driven by strong Syngas demand.

The robust sales development benefited from good demand in Asia, Europe and North America while sales remained comparatively volatile in the Middle East & Africa throughout the first half of 2019.

In the second quarter of 2019, sales growth accelerated by an excellent 12 % in local currency and by 11 % in Swiss francs.

EBITDA Margin

For the first half year 2019, the EBITDA margin after exceptional items decreased to 19.4 % mainly due to the lower profitability in the second quarter which was attributable to some temporary capacity outages in Asia as well as a less favorable product mix.
Against a strong comparison base, the EBITDA margin after exceptional items decreased to 17.5 % in the second quarter primarily due to a fire at a manufacturing facility in Asia and higher passed through precious metal price increases.

Though margins can fluctuate significantly over the quarters of a calendar year, the fundamentals for Catalysis remain positive for the current year based on the current demand pattern and our portfolio strength and innovation capability.

Clariant Insight

Clariant's OleMax™ 260, represents a brand-new innovative platform that ensures both efficient acetylene removal and conversion during the production of ethylene. One of the main challenges in the production of ethylene is dealing with the byproduct acetylene, which even in small amounts can cause adverse reactions. OleMax™ 260 not only maximizes the yield of on-spec ethylene but also practically eliminates the risk of runaway reactions, ensuring stable performance over an unprecedentedly wide operating range. OleMax™ 260 solves one of the great remaining challenges of selective acetylene hydrogenation, thus improving the safety, profitability and sustainability of ethylene production.

Business Area Natural Resources (including Additives)

	Second Quarter				First Half Year			
in CHF Million	2019	2018	% CHF	% LC	2019	2018	% CHF	% LC
Sales	466	468	0	5	947	936	1	6
EBITDA before exceptional items	73	69	6		149	150	-1	
- margin	15.7 %	14.7 %			15.7 %	16.0 %		
EBITDA after exceptional items	73	66	11		148	144	3	
- margin	15.7%	14.1 %			15.6 %	15.4 %		

Sales

Sales in the Business Area Natural Resources increased by 6 % in local currency and by 1 % in Swiss francs in the first half year 2019.

The Oil & Mining Services business reported mid-teen sales growth in local currency with positive contributions from all three Business Lines: Oil Services, Mining Solutions and Refinery. Most regions reported higher sales in local currency with Latin America, Asia and the Middle East & Africa advancing at double-digit rates.

Sales in Functional Minerals rose at a moderate single-digit rate in local currency despite some weakness in the Foundry business. From a geographic perspective, the positive development in Functional Minerals was most pronounced in North America and the Middle East & Africa.

Sales in Additives were lower at a moderate single-digit rate in local currency for the first half year 2019 against a very strong comparison base. The softer consumer electronics market paired with a subdued automotive sector was reflected by more cautious demand in North America, Europe and Asia.

In the second quarter of 2019, sales in Natural Resources climbed by 5 % in local currency. Oil & Mining Services as well as Functional Minerals contributed to the growth, double-digit and single-digit, respectively. Sales in the Additives business were weaker due in part to the record-high comparison base, but also because of the difficult business dynamics within the automotive, electric and electronics markets which are in the midst of changing technological cycles.

EBITDA Margin

For the first half year 2019, the EBITDA margin after exceptional items rose to 15.6 % from 15.4 % year-on-year, due to stronger top-line growth, in tandem with the more optimized cost base in Oil & Mining Services.
In the second quarter, the EBITDA margin after exceptional items increased to 15.7 % from 14.1 % last year, in part as a consequence of the focus on value added projects within the Oil Services business.

Clariant Insight

Clariant's ability to provide customer-oriented products and reliable customer fulfillment is clearly reflected by the positive developments reported in Oil Services. Clariant was awarded business with a big, international oil company in one of the largest oil fields in Asia-Pacific. To win this tender, Clariant developed a chemical solution that addresses the paraffinic nature of the crude oil and the associated flow assurance challenges via a wax inhibitor. The application provided by Clariant is estimated to save the oil company around 30 % of the treatment costs, versus the previous application. The wax inhibitor designed by Clariant reflects the Group's understanding of field criticalities involving technology, supply chain and local infrastructure, knowledge which Clariant will leverage to other customers as well.

Discontinued Operations

	Second Quarter				First Half Year			
in CHF Million	2019	2018	% CHF	% LC	2019	2018	% CHF	% LC
Sales	558	592	-6	-3	1 109	1 165	-5	-2

Clariant decided to sell the entire (standard and high value) Masterbatches, Pigments and Healthcare Packaging businesses in the continuing effort to optimize the Group's portfolio. Hence, these activities were reclassified to discontinued operations and the assets and liabilities pertaining to the businesses were reclassified to Assets held for Sale and Liabilities pertaining to Assets held for Sale. On July 22, 2019, an agreement was signed with respect to the sale of Clariant's Healthcare Packaging business.

Sales

In the first half year 2019, sales in discontinued operations decreased by 2 % in local currency and by 5 % in Swiss francs. The businesses were impacted by the global economic slowdown mainly by softer demand in China as well as the weakness in the automotive industry, particularly for Masterbatches. In the second quarter of 2019, sales in discontinued operations showed a similar weakening as in the first quarter with 3 % lower sales in local currency and a 6 % decline in Swiss francs.

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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 4.404 billion for its continuing businesses. The company reports in three business areas: Care Chemicals, Catalysis and Natural Resources. 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.