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Media Release

Clariant continues to increase sales, improves profitability and remains on track to meet 2017 outlook

- **Sales increased by 9 % in local currency to CHF 3.132 billion**
- **EBITDA before exceptional items rose significantly by 9 %**
- **EBITDA margin before exceptional items increased to 15.4 %**
- **Operating cash flow was CHF 116 million**
- **Net income grew by 20 % to CHF 153 million**
- **2017 outlook confirmed**

"Clariant delivered excellent top-line growth and further expansion in profitability in the first half of the year," said CEO Hariolf Kottmann. "Our good business performance was primarily achieved by the recovery in Catalysis and the ongoing impact of the differentiated steering in Plastics & Coatings. For 2017, we are confident that we will achieve our targets, i.e. growth in local currency, progression in operating cash flow, absolute EBITDA and EBITDA margin before exceptional items in spite of a temporarily weaker cash flow in the first half."

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Key Financial Data

	Second quarter				First half year			
in CHF million	**2017**	**2016**	**% CHF**	**% LC**	**2017**	**2016**	**% CHF**	**% LC**
Sales	1 530	1 421	8	8	3 132	2 899	8	9
EBITDA before exceptional items	232	215	8	7	482	444	9	9
- margin	15.2 %	15.1 %			15.4 %	15.3 %		
EBIT before exceptional items					344	316	9	9
- margin					11.0 %	10.9 %		
EBIT					274	267	3	3
Net income					153	128		
Operating cash flow					116	208		
Number of employees					18 180	17 442*		

* as of 31 December 2016

First Half 2017 – Significantly higher sales and continued improvement in absolute EBITDA

Muttenz, July 27, 2017 - Clariant, a world leader in specialty chemicals, today announced first half 2017 sales of CHF 3.132 billion compared to CHF 2.899 billion in 2016. This corresponds to 9 % growth in local currency driven by double-digit expansion in Catalysis and Natural Resources. Organic growth amounted to 5 %, driven by higher volumes.

Growth was most pronounced in Europe, Asia and North America. Sales in Europe rose by 8 % while the 11 % advance in Asia was supported by the strong sales development in China. Sales in North America increased by 14 %. Latin American sales were 3 % lower against a strong comparable base and also reflect the macroeconomic environment which remains challenging.

Care Chemicals and Catalysis both reported strong expansion. Sales in Care Chemicals rose by 8 % in local currency helped in particular by the Industrial Application business. Catalysis sales improved by 11 %, supported by organic growth of 6 %.

Natural Resources sales soared by 19 %, lifted mainly by the Kel-Tech and X-Chem acquisitions in North America in 2016. Underlying sales in Natural Resources improved likewise, driven by the solid growth in Functional Minerals. In Plastics & Coatings, sales grew by 4 % with continuing strong sales expansion in Additives as well as in China.

EBITDA before exceptional items increased by 9 % in Swiss francs and reached CHF 482 million, compared to CHF 444 million in the previous year. The absolute profitability improvement was mainly attributable to the positive developments in Catalysis and Plastics & Coatings.

The corresponding 15.4 % EBITDA margin before exceptional items increased due to the continued realisation of benefits from the differentiated steering in Plastics & Coatings and the improvement in Catalysis partly supported by the full consolidation of the Süd-Chemie India Pvt Ltd. joint venture.

Net income soared by 20 % in Swiss francs to CHF 153 million from CHF 128 million in the previous year. This expansion was supported by the improvement in absolute EBITDA before exceptional items as well as lower finance costs.

Operating cash flow decreased to CHF 116 million against a strong comparable base of CHF 208 million in the previous year. Good growth dynamics in June and the expected favourable demand in the coming quarters led to higher net working capital. This factor together with changes in other current assets and liabilities offset the positive influence of the EBITDA improvement.

Net debt increased slightly to CHF 1.584 billion from CHF 1.540 billion recorded at year-end 2016. This development reflects the usual seasonal increase seen in the first half of the year.

Second Quarter 2017 – Further progress in sales and profitability

In the second quarter of 2017, sales rose by 8 % in local currency to CHF 1.530 billion. Underlying sales growth excluding acquisition effects and the full consolidation of the Süd-Chemie India Pvt Ltd. joint venture was 4 % in local currency. This progress was driven by higher volumes.

On a regional level, sales growth was led by North America at 18 % in local currency. Excluding acquisitions, sales in North America developed slightly positively. In Asia, sales in local currency grew by 10 % with a continuing strong development in China. Sales in Europe grew by 5 % and in the Middle East & Africa by 16 % in local currency. Latin America was impacted by the weak economic environment and declined by 2 % against a strong comparable base.

Sales in Care Chemicals grew by 8 % in local currency driven by higher volumes. Catalysis sales grew by a strong 20 %, 11 % of which was organic. Natural Resources sales soared by 22 % with organic growth of 5 %. Plastics & Coatings improved by 1 % despite a strong comparable base as the robust Additives sales offset a flattish development in Pigments.

EBITDA before exceptional items rose by 8 % in Swiss francs to CHF 232 million primarily lifted by the strong contribution from Catalysis and Plastic & Coatings, which could more than offset the temporarily lower margins in Care Chemicals and Natural Resources. As a result, the EBITDA margin before exceptional items on Group level increased further to 15.2 % from 15.1 % in the previous year.

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Outlook 2017 – Continued progression in profitability and operating cash flow generation

Clariant expects the uncertain environment, characterised by a high volatility in commodity prices, currencies as well as political uncertainties, to continue. In emerging markets, we anticipate the economic environment to remain challenging and volatile; we expect moderate growth in the United States, while growth in Europe is expected to remain stable.

For 2017, in spite of a continued challenging economic environment, 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.

Clariant confirms its mid-term target of reaching a position in the top tier of the specialty chemicals industry. This corresponds to an EBITDA margin before exceptional items in the range of 16 % to 19 % and a return on invested capital (ROIC) above the peer group average.

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Business Discussion

Business Area Care Chemicals

	Second quarter				First half year			
in CHF Million	**2017**	**2016**	**% CHF**	**% LC**	**2017**	**2016**	**% CHF**	**% LC**
Sales	356	339	5	8	796	750	6	8
EBITDA before exceptional items	59	73	-19	-20	139	148	-6	-6
- margin	16.6 %	21.5 %			17.5 %	19.7 %		

First Half

In the first half of 2017, sales in the Care Chemicals Business Area increased by 8 % in local currency and by 6 % in Swiss francs.

Most regions achieved very good sales growth. Asia, the Middle East & Africa and Europe rose with double-digit growth rates while North America was flat. Latin America showed a slightly negative sales evolution as the impact of the difficult economic environment became fully visible.

Consumer Care advanced with a mid single-digit growth rate despite a strong comparable base. The Industrial Application business also reported robust sales growth.

The EBITDA margin before exceptional items for the first half year decreased to 17.5 % from 19.7 %. The decline was due to the already communicated ramp up costs for new capacities as well as the maintenance shutdowns in various locations.

Second Quarter

Sales in Care Chemicals increased by 8 % in local currency and by 5 % in Swiss francs. The good sales development was supported by the Industrial Application business and Crop Solutions.

Most regions continued to deliver good growth in local currency, especially in Asia where China and Southeast Asia performed in the high double-digits. Latin America was lower due to the more difficult macroeconomic environment and against a high comparable base in 2016.

The EBITDA margin before exceptional items declined to 16.6 % from 21.5 % in the same period last year. Profitability was temporarily negatively impacted by the ramp up costs. The anticipated maintenance shutdowns amounted to ca. CHF 9 million and higher raw material costs also had a negative impact on margins due to a time lag in implementing corresponding price increases. This effect is expected to abate in the second half of 2017.

For 2017, Care Chemicals expects continued solid sales growth in both Consumer Care and Industrial Applications. Clariant continues to focus on the strong market demand for innovative and sustainable solutions that do not compromise performance. To further reinforce Clariant’s focus on sustainable innovation, Clariant invested in a state-of-the-art R&D Greenhouse in Germany.

The 400 sqm greenhouse offers smart emulation of environmental conditions such as humidity, light, rainfall and temperature, creating a proper climate for testing to supplement Clariant's existing laboratory testing facilities at the Clariant Innovation Center.

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Business Area Catalysis

	Second quarter				First half year			
in CHF Million	2017	2016	% CHF	% LC	2017	2016	% CHF	% LC
Sales	179	149	20	20	321	285	13	11
EBITDA before exceptional items	49	27	81	77	76	53	43	41
- margin	27.4 %	18.1 %			23.7 %	18.6 %		

First Half

Sales in the Catalysis Business Area rose by 11 % in local currency and by 13 % in Swiss francs in the first half of 2017. The full consolidation of the Süd-Chemie India Pvt Ltd. joint venture contributed 5 % of the local currency growth. All business lines contributed to the positive development which was driven by refill business as well as progress in projects.

The strong sales improvement resulted from accelerated demand in Asia, Europe as well as in the Middle East & Africa. We saw continued weakness in North America, and in Latin America the sales growth remained comparatively volatile.

The higher 23.7 % EBITDA margin before exceptional items in Catalysis reflected the top-line improvement, a more favourable product portfolio, an improved capacity utilisation and the impact of the consolidation of the Süd-Chemie India Pvt Ltd. joint venture.

Second Quarter

The second quarter 2017 sales in the Catalysis Business Area jumped by 20 % in local currency as well as in Swiss francs. The growth was driven by recovering demand in Asia and in the Middle East & Africa and additionally the full consolidation of Süd-Chemie India Pvt Ltd. These effects offset the continuing weak environment in other regions. Sales excluding the consolidation impact grew by 11 % in local currency.

The EBITDA margin before exceptional items climbed to 27.4 % from 18.1 % in the previous year. The profitability increased as a result of improved capacity utilisation, a higher contribution from Petrochemical and Specialty Chemicals catalysts and a positive effect from Süd-Chemie India Pvt Ltd.

For 2017, we anticipate a slight growth in Catalysis. We view Catalysis from a longer 3- to 5-year perspective and the mid- to long-term fundamentals remain positive based on Clariant's portfolio strength, innovation capability, global footprint and growing partnerships. Also, the full consolidation of Süd-Chemie India Pvt Ltd underlines our intensified focus on the attractive Asian market.

Business Area Natural Resources

	Second quarter				First half year			
in CHF Million	**2017**	**2016**	**% CHF**	**% LC**	**2017**	**2016**	**% CHF**	**% LC**
Sales	322	265	22	22	669	557	20	19
EBITDA before exceptional items	41	39	5	5	98	91	8	5
- margin	12.7 %	14.7 %			14.6 %	16.3 %		

First Half

In the first half of 2017, the sales in the Natural Resources Business Area stepped-up by 19 % in local currency and increased by 20 % in Swiss francs. Excluding the Kel-Tech and X-Chem acquisitions in the Oil and Mining Services business unit, Natural Resources sales rose by 3 % in local currency.

The Oil and Mining Services business, excluding acquisitions, reported a low single-digit negative sales performance, principally due to continued difficult industry conditions in oil.

Functional Minerals sales continued to grow in all segments with strong single-digit sales growth in local currency, driven by emerging markets except for Latin America reflecting the macroeconomic regional development.

The EBITDA margin before exceptional items decreased to 14.6 % due to specific factors which included weaker demand for the Refinery business that carried over from the first quarter.

Second Quarter

In the second quarter, sales in Natural Resources increased by 22 % in local currency as well as in Swiss francs. This growth was propelled by Functional Minerals and acquisitions in the Oil and Mining Services business which had a positive impact of 17 % in local currency.

Excluding the acquisition impact, the underlying sales in the Oil and Mining Services business grew slightly despite the context of the industry conditions which remained challenging.

Functional Minerals reflected continued good sales growth in local currency, primarily supported by the edible oil purification and foundry business. The sales performance in the different regions remained solid. The Middle East & Africa in particular reported strong growth.

The EBITDA margin before exceptional items fell to 12.7 % against a particularly strong comparable base. The result was negatively influenced by weakness in Latin America coupled with some margin pressure and a softer demand in Refinery that was more pronounced in the second quarter due to an already weaker first quarter.

Functional Minerals expects to continue growing in emerging markets in particular while the industry dynamics influencing the Oil and Mining Services business are likely to remain unaltered in the short-term. In 2017, Oil and Mining Services will continue to focus on costs and technologies to improve customer efficiencies, and expects to extract synergies from its acquisitions.

Business Area Plastics & Coatings

	Second quarter				First half year			
in CHF Million	**2017**	**2016**	**% CHF**	**% LC**	**2017**	**2016**	**% CHF**	**% LC**
Sales	673	668	1	1	1 346	1 307	3	4
EBITDA before exceptional items	111	104	7	5	221	209	6	6
- margin	16.5 %	15.6 %			16.4 %	16.0 %		

First Half

Sales in the Plastics & Coatings Business Area increased by 4 % in local currency and by 3 % in Swiss francs in the first half of 2017.

In Masterbatches, all regions showed strong sales growth apart from Latin America where sales were lower against a strong comparable base. The growth in Masterbatches was primarily driven by Packaging.

Sales in Pigments rose in particular in Europe and Asia, with major growth coming from China and India. On business line level, mainly Plastic Applications and Special Applications reflected attractive sales developments.

Additives reported continued strong sales growth supported by all business lines and by robust demand in almost all regions.

EBITDA before exceptional items rose by another 6 % in local currency to CHF 221 million despite a strong comparable base in the same period last year. Plastics & Coatings continued to benefit from the positive effect of the differentiated steering, high capacity utilisation as well as continued strong top-line growth.

Second Quarter

Sales in the Plastics & Coatings Business Area stepped up by 1 % in local currency and in Swiss francs.

In Masterbatches, sales in Europe repeated the good performance already seen in the first quarter while demand in North America flattened year-on-year. Although solid sales growth in Asia was supported by China and Japan, overall Pigments sales declined slightly. Additives showed strong growth in all major regions.

In the second quarter, the EBITDA before exceptional items grew by 5 % in local currency to CHF 111 million despite a strong comparable base.

Plastics & Coatings continues to develop solutions and products for the needs of its end markets. These in combination with the focus on the differentiated business steering are expected to continue to enhance growth possibilities in the businesses and to further contribute to the overall performance of Clariant.

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Clariant is a globally leading specialty chemicals company, based in Muttenz near Basel/Switzerland. On 31 December 2016 the company employed a total workforce of 17 442. In the financial year 2016, Clariant recorded sales of CHF 5.847 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 through R&D, add value with sustainability, reposition portfolio, intensify growth, and increase profitability.