

AD HOC ANNOUNCEMENT PURSUANT TO ART. 53 LR
FIRST QUARTER 2022

Clariant reports markedly stronger sales growth and EBITDA expansion in Q1 2022

- **First quarter 2022 sales from continuing operations increased by 30 % in local currency and 26 % in Swiss francs to CHF 1.262 billion – pricing contributed 16 % to the strong top-line growth**
- **Continuing operations EBITDA was up 27 % to CHF 220 million**
- **EBITDA margin increased to 17.4 % from 17.3 % in the first quarter of 2021**
- **First quarter performance underlines the ability to achieve mid-term targets**
- **Outlook 2022: Strong local currency growth for the Group with the aim to improve year-on-year Group EBITDA margin level in a challenging geopolitical environment**

“I’m proud to announce that Clariant had a strong start to 2022 despite the turbulent environment. In the first quarter, we successfully generated compelling revenue growth and clearly increased absolute EBITDA. The Group’s higher-value specialty portfolio once again enabled us to successfully manage continued variable cost inflation arising from raw materials, energy, and logistics services,” said Conrad Keijzer, CEO of Clariant. “Although the short-term macroeconomic uncertainty remains high, we are well on track to deliver on our mid-term targets.”

Key Financial Data

Continuing operations in CHF million	First Quarter			
	2022	2021	% CHF	% LC
Sales	1 262	1 002	26	30
EBITDA	220	173 ¹	27	
- margin	17.4 %	17.3 %		
EBITDA before exceptional items	238	178 ¹	34	
- margin	18.9 %	17.8 %		

¹ restated

First Quarter 2022 – Very strong sales growth

MUTTENZ, JUNE 15, 2022

Clariant, a focused, sustainable, and innovative specialty chemicals company, today announced first quarter 2022 continuing operations sales of CHF 1.262 billion, compared to CHF 1.002 billion in the first quarter of 2021. This corresponds to a particularly strong increase of 30 % in local currency and 26 % in Swiss francs. The positive pricing impact of 16 % in part addressed continued cost inflation and also slightly outpaced the volume growth of 14 %. Care Chemicals and Natural Resources grew sales at an accelerated pace, which more than compensated for the expected slightly weaker development in Catalysis.

All geographic regions contributed meaningfully to the sales expansion in the first quarter of 2022, reflecting both continued strong demand as well as supply chain shortages. In Europe, the high 27 % local currency growth was underpinned by strong expansion in Care Chemicals as well as Natural Resources. Sales in Asia-Pacific rose by 31 %, underpinned by expansion in all Business Areas and clearly driven by 34 % higher sales in China. The Americas reported compelling growth as North American sales increased by a resounding 37 %, followed closely by Latin America at 31 %. In the Middle East & Africa, sales rose by 26 %.

In the first quarter of 2022, Care Chemicals increased sales by 44 % in local currency. This progress was supported by double-digit expansion in both Consumer Care and Industrial Applications, in particular Personal Care, Crop Solutions, Aviation, and Coatings. The consolidation of the acquired majority share in Clariant IGL Specialty Chemicals (CISC) and the acquisition of the remaining shares in Beraca further supported this positive development with an addition of 4 % local currency volume growth for the Group. Catalysis sales decreased by a slight 1 % in local currency, despite significantly higher Specialty Catalysts sales, which could not entirely counterbalance the weakness in parts of Petrochemicals and Syngas. Natural Resources sales increased by a resounding 31 % in local currency with growth attributable to all three Business Units, especially Additives.

The continuing operations EBITDA increased to CHF 220 million with a corresponding margin of 17.4 %, slightly exceeding the 17.3 % reported in the first quarter of the previous year. The increase was underpinned by operating leverage from higher sales, cost savings (CHF 4 million savings from efficiency programs), and pricing measures, which largely offset raw material price increases, supply chain constraints, and higher energy and logistics cost. The absolute EBITDA increased by a notable 27 %.

Discontinued Operations

Clariant's Pigments business was divested to a consortium comprising Heubach Group and SK Capital Partners on 3 January 2022, which resulted in a provisional pretax disposal gain of CHF 168 million and an EBITDA of CHF 160 million for discontinued operations. Total Group (continuing operations and discontinued operations) EBITDA was CHF 380 million in the first quarter of 2022.

Outlook – Full Year 2022

Clariant aims to grow above the market to achieve higher profitability through sustainability and innovation. The Group concluded the final step in its significant portfolio transformation in January of 2022. Clariant is now a truly specialty chemicals company and confirms its 2025 ambition to deliver profitable growth (4 – 6 % CAGR), a Group EBITDA margin between 19 – 21 %, and a free cash flow conversion of around 40 %.

In the second quarter of 2022, Clariant expects to generate continued strong sales growth in local currency versus the prior year, underpinned by expansion in all Business Areas despite a normalizing growth environment. Sequential sales are expected to decline moderately as a result of seasonal impacts (aviation, refinery) and demand normalization in Care Chemicals and Natural Resources. Clariant expects to improve on its restated year-on-year margin levels in the second quarter of 2022. Sequentially, the Group expects to be broadly in line with its first quarter 2022 margin level, especially via operating leverage from growth, continuing pricing actions, and cost discipline to counter continued inflation in raw materials, logistics, labor, and energy cost.

For the full year 2022, Clariant expects strong growth in local currency for the Group, driven by a particularly strong first half of 2022. The current high level of uncertainty resulting from the geopolitical conflicts, suspension of business with Russia, and the resurgence of COVID-19 in China are expected to continue to impact global economic growth and consumer demand in the second half of the year. Clariant expects the high inflationary environment with regard to raw material, energy, and logistics cost as well as supply chain challenges to persist in the second half of 2022. Clariant aims to improve its year-on-year Group EBITDA margin levels via solid revenue growth driven by pricing and continued cost discipline, despite the increasingly challenging economic environment.

Business Discussion

Business Area Care Chemicals

<i>in CHF million</i>	First Quarter			
	2022	2021	% CHF	% LC
Sales	566	404	40	44
EBITDA	130	80 ¹	63	
- margin	23.0 %	19.8 %		
<i>EBITDA before exceptional items</i>	132	80 ¹	65	
- margin	23.3 %	19.8 %		

¹ restated

Sales

In the first quarter of 2022, sales in the Business Area Care Chemicals rose by a particularly resounding 44 % in local currency and by 40 % in Swiss francs. Excluding the sales contribution from the consolidation of Clariant IGL Specialty Chemicals (CISC) and the full integration of Beraca, Care Chemicals sales grew by 30 % organically in local currency. The sales expansion was underpinned by both price and volume expansion of 23 % and 21 %, respectively. Consumer Care sales increased in a double-digit range in all three businesses: Personal Care, Home Care, with expansion in Crop Solutions again in the lead. Industrial Applications sales rose at a double-digit rate organically as a result of strengthening demand in key end markets, including transportation and construction. Furthermore, the Aviation business clearly recovered from the comparatively weak result reported in the first quarter of 2021.

All geographic regions reflected strong sales expansion in the first quarter of 2022. This growth was underpinned by positive developments in Asia, North America, Europe, and Latin America, with all regions reflecting significant growth. In Asia, the consolidation of CISC boosted the positive development.

EBITDA Margin

In the first quarter, the EBITDA margin increased significantly to 23.0 % from 19.8 %, while absolute EBITDA rose by 63 %. This development was attributable to active pricing management used to counterbalance raw material cost headwinds, supply chain constraints, as well as energy and logistics cost increases.

Clariant Insight

In February 2022, Clariant launched a range of Vita surfactants and polyethylene glycols (PEGs) 100 % based on bio-based, renewable carbon from plants. These surfactants contribute to the removal of fossil carbon from the value chain and help to save up to 85 % of CO₂ emissions per ton of product compared to their fossil counterparts. The Vita range is the chemical equivalent to its fossil versions, offering the same best-in-class performance and efficiency to both Consumer Care as well as Industrial Applications products. Double-digit kilotons of the Vita range were made available for the worldwide market in the first quarter of 2022. The Vita products are a key milestone in Clariant's new purpose-led strategy of accelerating sustainability-driven innovation and its vision to achieve "Greater chemistry – between people and planet."

Business Area Catalysis

<i>in CHF million</i>	First Quarter			
	2022	2021	% CHF	% LC
Sales	185	193	-4	-1
EBITDA	14	38 ¹	-63	
- margin	7.6 %	19.7 %		
<i>EBITDA before exceptional items</i>	14	38 ¹	-63	
- margin	7.6 %	19.7 %		

¹ restated

Sales

In the first quarter of 2022, as previously indicated, sales in the Business Area Catalysis slowed by a slight 1 % in local currency and decreased by 4 % in Swiss francs versus a strong comparison base. This business was directly impacted by the decision to suspend business with Russia. Significantly higher sales in Specialty Catalysts largely counterbalanced the weaker developments in Petrochemicals and Syngas.

Sales expansion was strong in Asia and North America, due in part to the high demand seen in China. Europe reported lower sales in the first quarter, which is a reflection of the normal project nature of the business.

EBITDA Margin

In the first quarter, the EBITDA margin declined to 7.6 % from 19.7 %. The main factors influencing this development included: (1) margin squeeze due to vast inflationary pressure from raw material, energy, and logistics cost, which was amplified by long project lead times versus the unprecedentedly significant and rapid cost increase within a short time period, for base metals in particular. This issue has been addressed via diligent pricing and by adjusting the relevant pricing model, which should generate a positive impact in the second half of 2022; (2) a less favorable product mix with a low share of accretive Petrochemical and Syngas catalyst sales despite the record-high order book for accretive CATOFIN[®] catalysts in particular. The strong order book signifies a marked recovery in the second half of 2022; (3) continued logistics challenges, which resulted in delayed deliveries; (4) project cost related to the new CATOFIN[®] production site in China and the sunliquid[®] production plant in Romania.

Both plants ramped-up production in the first quarter of 2022 according to plan. All required permissions for the sunliquid[®] plant were received in the second quarter, and sales of second-generation bioethanol are expected to ramp-up in the second half of 2022. The CATOFIN[®] plant has successfully concluded its chemical commissioning, and the new capacity is expected to contribute first sales in the second quarter.

Though margins can fluctuate significantly over the quarters of a calendar year, the fundamentals for Catalysis remain positive based on the present demand pattern, the particularly high order backlog, portfolio strength, and proven innovation capability.

Clariant Insight

Based on Clariant's industry-proven ammonia synthesis catalyst AmoMax[®] 10, Clariant has introduced the new AmoMax[®] 10 Plus catalyst. It is designed with an optimized promoter set, greatly increasing its activity and stability while reducing start-up times. This new catalyst can be used to increase ammonia production and/or reduce energy consumption. Its features ensure that AmoMax[®] 10 Plus can deliver stable and reliable performance despite fluctuating feed conditions caused by the variable supplies of renewable energy.

The AmoMax[®] 10 Plus was chosen for the following two commercial green ammonia projects: The project in Duqm, Oman, and The Hydrogen Utility's major green ammonia project in Australia. The ACME green ammonia plant in Oman will be powered by solar and wind energy and will avoid 270,000 tons/year of CO₂ compared to an average traditional ammonia plant. The Hydrogen Utility's two plants will avoid around 100,000 tons/year of CO₂ in comparison to an average traditional ammonia plant. Green ammonia as a hydrogen carrier can facilitate future transport for supplying hydrogen to high-energy demand regions with limited renewable energy sources.

Business Area Natural Resources

<i>in CHF million</i>	First Quarter			
	2022	2021	% CHF	% LC
Sales	511	405	26	31
EBITDA	102	69 ¹	48	
- margin	20.0 %	17.0 %		
<i>EBITDA before exceptional items</i>	102	70 ¹	46	
- margin	20.0 %	17.3 %		

¹ restated

Sales

In the first quarter of 2022, sales in the Business Area Natural Resources rose by 31 % in local currency and by a notable 26 % in Swiss francs. This increase was underpinned by both price and volume expansion of approximately 15 % and 16 %, respectively for the Business Area. All three Business Units contributed to this growth.

Oil and Mining Services sales grew markedly in the first quarter, in a high-twenties percentage range. Oil Services sales continued to reflect strong growth, albeit against a soft comparison basis. Mining Solutions sales increased in the twenty percent range, underpinned by successful pricing measures. Refinery reflected a clear recovery versus the first quarter of the previous year, as the business returned to more normalized levels.

Functional Minerals sales grew in a low teen range, supported by expansion in almost all Business Lines, especially in Purification and Cargo & Device Protection. Foundry increased sales at a mid-single-digit rate, slightly exceeding the absolute levels achieved in the pre-COVID-19 pandemic first quarter of 2019.

Additives sales expansion outperformed that of the other three Natural Resources Business Units due to extraordinarily strong underlying demand in all regions and in all main end markets, such as electrical and electronics as well as the automotive (e-mobility) and construction sectors.

EBITDA Margin

In the first quarter, the EBITDA margin increased to 20.0 % from 17.0 %, driven by Additives, despite the fact that profitability was negatively impacted by significantly higher raw material cost and the curtailed availability of raw materials. The strong operating leverage from growth together with pricing measures more than compensated for the inflationary pressure. Absolute EBITDA rose by 48 %.

Clariant Insight

Halogen-free flame retardants, such as those provided by Additives, elevate sustainability and performance. Clariant's non-halogenated ammonium phosphate (APP)-based Exolit® AP flame retardants take intumescent fire safety to a new level for the building and construction sector. They enable an extended shelf life of intumescent systems allowing them to be applied in challenging conditions and can also save lives by enabling a faster response and extended resistance to fires compared to intumescent coatings based on standard halogenated solutions.

Discontinued Operations

<i>in CHF million</i>	First Quarter			
	2022	2021	% CHF	% LC
Sales	0	216	n.a.	n.a.
EBITDA	160	24 ¹	n.a.	
- margin	n.a.	11.1 %		
<i>EBITDA before exceptional items</i>	0	29 ¹	n.a.	
<i>- margin</i>	n.a.	13.4 %		

¹ restated

Pigments divested on 3 January 2022

As part of Clariant's portfolio optimization, the Business Units Pigments and Masterbatches and the Business Line Healthcare Packaging, which operated as a part of the Business Unit Masterbatches, have been reclassified to discontinued operations since the first half year 2019.

On 31 October 2019, Clariant sold its Healthcare Packaging business to Arsenal Capital Partners. The sale of Clariant's Masterbatches business to Avient (formerly PolyOne) was completed on 1 July 2020. On 3 January 2022, Clariant's Pigments business was divested to a consortium comprising Heubach Group and SK Capital Partners, which resulted in a provisional pretax disposal gain of CHF 168 million and an EBITDA of CHF 160 million for discontinued operations in the first quarter of 2022.

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www.clariant.com

Clariant is a focused, sustainable, and innovative specialty chemical company based in Muttenz, near Basel/Switzerland. On 31 December 2021, Clariant totaled a staff number of 11 537 and recorded sales of CHF 4.372 in the fiscal year for its continuing businesses. The company reports in three business areas: Care Chemicals, Catalysis and Natural Resources. Clariant's corporate strategy is led by the overarching purpose of 'Greater chemistry – between people and planet,' and reflects the importance of connecting customer focus, innovation, sustainability, and people.