

AD HOC ANNOUNCEMENT PURSUANT TO ART. 53 LR

Third Quarter / Nine Months 2021

28 October 2021

Page 1 of 9

Clariant significantly increased profitability in the third quarter of 2021 on the back of double-digit sales growth

- **Third quarter 2021 sales from continuing operations increased by 23 % in local currency to CHF 1.096 billion**
- **Third quarter continuing operations EBITDA at CHF 180 million**
- **Third quarter 2021 EBITDA margin increased to 16.4 % versus 14.2 % in the third quarter of 2020**
- **Outlook 2021: increased local currency sales growth of 9 % – 11 % and a confirmed EBITDA margin range of 16.0 % – 17.0 %**

“In the third quarter of 2021, Clariant delivered particularly high year-on-year revenue growth and also successfully increased performance. The completed construction of our first commercial sunliquid® cellulosic ethanol plant represents a major milestone for Clariant and is a further key proof point of our ambitious growth strategy,” said Conrad Keijzer, CEO of Clariant. “Clariant’s ability to clearly increase the profitability level was attributable to strong growth in our relevant end markets and our ability to partially offset the effects of raw material cost inflation, logistics challenges and rising energy cost through strong pricing. Our full year 2021 outlook remains positive. Based on the strong performance in the first nine months, we are increasing our full year local currency sales growth expectation and continue to forecast a step up in EBITDA margins to above pre-COVID-19 pandemic levels.”

Key Financial Data

Continuing operations <i>in CHF million</i>	Third Quarter				Nine Months			
	2021	2020	% CHF	% LC	2021	2020	% CHF	% LC
Sales	1 096	893	23	23	3 130	2 838	10	12
EBITDA	180	127	42		517	419	23	
- margin	16.4 %	14.2 %			16.5 %	14.8 %		
<i>EBITDA before exceptional items</i>	<i>190</i>	<i>137</i>	<i>39</i>		<i>536</i>	<i>446</i>	<i>20</i>	
- margin	17.3 %	15.3 %			17.1 %	15.7 %		

Third Quarter 2021 – Particularly strong, double-digit sales growth facilitates significant profitability improvement

Muttenz, October 28, 2021 - Clariant, a focused, sustainable, and innovative specialty chemical company, today announced that the third quarter 2021 sales from continuing operations increased by a lofty 23 % in local currency and in Swiss francs to CHF 1.096 billion. The sales expansion was achieved via higher volumes and strong pricing in all Business Areas and all regions.

Clariant grew sales in almost all regions in the third quarter of 2021, thus reflecting a continuing, clear demand recovery. In Europe, the very strong 27 % growth in local currency was supported by strong demand in industrial and consumer applications, and Latin America grew at the same pace. Asia and North America followed closely with 23 % and 22 % higher sales, respectively. The development in the Middle East & Africa region was flat.

In the third quarter, Care Chemicals increased sales by 31 % in local currency, supported by organic double-digit expansion in Industrial Applications and Consumer Care as well as the first-time consolidation of Clariant IGL Specialty Chemicals Private Limited (CISC). Catalysis sales rose by 5 % in local currency primarily due to the strong sales development in Syngas and the emission-control catalyst businesses. Natural Resources sales increased by a resounding 25 % in local currency due to the strong growth in Additives and Functional Minerals as well as the year-on-year improvement in Oil and Mining Services and the lower comparison base.

The continuing operations EBITDA increased to CHF 180 million and a corresponding margin of 16.4 %, outperforming the 14.2 % reported in the third quarter of the previous year. This development was positively influenced by strong volume expansion, improving operating leverage together with pricing measures, and the continued successful execution of Clariant's efficiency programs, which resulted in additional cost savings of CHF 8 million in the third quarter. Negative influences on the Group profitability included continuing raw material cost inflation, the difficult logistic situation, as well as increasing energy cost.

First Nine Months 2021 – Higher sales in all Business Areas and over-proportional profitability improvement

In the first nine months of 2021 continuing operations sales increased by 12 % in local currency and by 10 % in Swiss francs to CHF 3.130 billion, compared to CHF 2.838 billion in the first nine months of 2020.

In the first nine months of 2021, sales rose in almost all geographic regions. The developments in Europe and Asia were particularly robust with strong growth of 19 % and 17 %, respectively, whereby China grew by 16 % in local currency. Latin American sales expanded by 12 %, followed by the Middle East & Africa with 2 % growth. The sales gap diminished in North America, and the region is now only 5 % below previous year levels.

In the first nine months, Care Chemicals sales rose by 16 % in local currency primarily due to the market recovery in Industrial Applications. The top-line of Catalysis increased by 7 % in local currency, bolstered by higher sales in Syngas and the emission-control catalyst businesses. Natural Resources sales were 10 % higher in local currency due to double-digit growth in Additives and Functional Minerals.

The continuing operations EBITDA increased to CHF 517 million as the Group improved margins on the back of sales expansion and operating leverage in tandem with the continued effective execution of efficiency improvement programs, which resulted in additional cost savings of CHF 23 million in the first nine months of 2021. The EBITDA margin increased to 16.5 % from 14.8 % in the previous year due to the higher profitability in Care Chemicals and Natural Resources and continued cost discipline across the Group.

Discontinued Operations

In the third quarter of 2021, Pigments sales increased by 17 % in local currency and by 18 % in Swiss francs. In the first nine months of 2021, on a like-for-like basis, excluding Masterbatches sales from the first half of 2020, sales in discontinued operations (Pigments) rose by 12 % in local currency and in Swiss francs, buoyed by the stronger economic environment.

In the third quarter, the underlying EBITDA margin in discontinued operations increased to 15.7 % due to the higher sales levels and the corresponding operating leverage improvement in Pigments as well as positive effects from other discontinued operations.

Clariant announced that definitive agreements have been signed with Heubach Group and SK Capital Partners to divest its Pigments business, with closing expected to take place in the beginning of 2022.

Outlook – Full year 2021 sales forecast increased; EBITDA margin range confirmed

Clariant aims to grow above the market to achieve higher profitability through sustainability and innovation. The Group is significantly reshaping its portfolio through the divestment of Healthcare Packaging in 2019, the sale of Masterbatches in 2020, and the signed agreements for the divestment of its Pigments business.

For the fourth quarter of 2021, Clariant expects continued strong growth for the Group in local currency versus the prior year, underpinned by expansion in Care Chemicals and Natural Resources. Clariant aims to slightly improve its year-on-year margin levels in the fourth quarter of 2021 via volume growth, continued cost discipline, and pricing actions to overcome the rise in raw material, logistics, and energy cost.

Based on the strong performance in the first nine months, Clariant has increased the sales guidance for the full year 2021 and expects to achieve local currency sales growth in continuing operations within a range of 9 % – 11 % (previously: 7 % – 9 %), while confirming the EBITDA margin range of 16.0 % – 17.0 % on the back of the sales growth, the improved profitability of its specialty portfolio, and the positive impact of the performance programs, while the challenges regarding raw material, logistics, and energy cost remain. This is based on the assumption of a continued economic recovery, while uncertainty remains unprecedentedly high.

Clariant will be holding a virtual Capital Markets Day (CMD) on November 23, 2021. Please use the following link to register for the event: [Registration Clariant CMD](#)

Business Discussion

Business Area Care Chemicals

in CHF million	Third Quarter			Nine Months				
	2021	2020	% CHF	% LC	2021	2020	% CHF	% LC
Sales	436	330	32	31	1 224	1 064	15	16
EBITDA	97	72	35		254	192	32	
- margin	22.2 %	21.8 %			20.8 %	18.0 %		
EBITDA before exceptional items	99	63	57		256	196	31	
- margin	22.7 %	19.1 %			20.9 %	18.4 %		

Sales

In the third quarter of 2021, sales in the Business Area Care Chemicals grew by a resounding 31 % in local currency and by 32 % in Swiss francs. Stripping out the incremental CHF 29 million sales contribution from the first-time consolidation of CISC, Care Chemicals organic sales rose by 21 %, underpinned by a mid-teen increase in prices and in volumes. The double-digit organic sales growth at Industrial Applications was generated by continued end market strength, and Consumer Care sales also reflected double-digit growth in all three businesses. Personal and Home Care advanced strongly; and Crop Solutions grew in part as a result of the rise in agricultural commodities prices.

Sales rose significantly in all geographic regions in the third quarter of 2021. In Asia, the profound expansion was boosted by the first-time consolidation of CISC, while China reflected organic growth in the mid-teen range. Europe, North America, Latin America, and the Middle East & Africa reported double-digit increases.

In the first nine months of 2021, sales in the Business Area Care Chemicals increased by 16 % in local currency and by 15 % in Swiss francs. Industrial Applications sales expanded at a double-digit rate organically on the back of the continued market recovery while Consumer Care sales increased in a high single-digit range.

EBITDA Margin

In the third quarter, the EBITDA margin rose to 22.2 % from 21.8 %. This positive development was due to strong volume expansion, which boosted operating leverage, the use of pricing as an ongoing measure to address continued raw material cost inflation, and logistics cost increases.

The EBITDA margin in the first nine months of 2021 increased to 20.8 % from 18.0 %.

Clariant Insight

Clariant has signed an agreement to acquire the remaining 70 % stake in the Brazilian Personal Care company Beraca, thereby assuming full operational ownership. The transaction was closed on October 25, 2021. Beraca is one of the key manufacturers of natural ingredients for the personal care sector, offering inter alia fats, oils and botanicals, which are all collected and extracted in an environmentally sustainable production process. Located in the Amazon region, Beraca promotes the development of communities, making them part of the Personal Care business on a global scale while simultaneously being strongly committed to sustainability and fair trade processes.

Business Area Catalysis

<i>in CHF million</i>	Third Quarter				Nine Months			
	2021	2020	% CHF	% LC	2021	2020	% CHF	% LC
Sales	216	207	4	5	630	599	5	7
EBITDA	26	42	-38		106	110	-4	
- margin	12.0 %	20.3 %			16.8 %	18.4 %		
<i>EBITDA before exceptional items</i>	24	43	-44		105	118	-11	
- margin	11.1 %	20.8 %			16.7 %	19.7 %		

Sales

In the third quarter of 2021, sales in the Business Area Catalysis rose by 5 % in local currency and by 4 % in Swiss francs versus the previous year. Clariant's diversified catalyst portfolio benefitted from the supportive market demand environment reflected by both higher prices and volumes. Sales expansion in Syngas and the emission-control catalyst businesses compensated for a weaker development in Petrochemicals.

From a regional perspective, third quarter sales in the Americas were particularly strong, followed by Asia which recorded expansion in the low-teen range. Europe and the Middle East & Africa reported lower sales in the quarter, reflecting the normal project nature of the business.

In the first nine months of 2021, sales in the Business Area Catalysis rose by 7 % in local currency and by 5 % in Swiss francs. This growth was attributable to higher Petrochemicals and Syngas demand.

EBITDA Margin

In the third quarter, the EBITDA margin decreased to 12.0 % from 20.3 % as a result of the less favorable product mix with a higher contribution from the lower-margin emission-control catalyst businesses, logistic constraints, as well as project effects related to the sunliquid® production plant in Romania.

In the first nine months of 2021, the EBITDA margin fell to 16.8 % from 18.4 % in the previous year.

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 present demand pattern, our portfolio strength, and proven innovation capability.

Clariant Insight

Clariant has completed the construction of its first commercial sunliquid® cellulosic ethanol plant in Podari, Romania. The completed construction is an important next step for the ramp-up and commercial deployment of sunliquid® technology and thus supports Clariant's sunliquid® licensing business strategy. The facility will produce cellulosic ethanol from agricultural residues. Coproducts produced by the process will be used for the generation of renewable energy, making the production plant independent of fossil energy sources. Therefore, the resulting cellulosic ethanol is an almost carbon neutral second generation biofuel.

Business Area Natural Resources

<i>in CHF million</i>	Third Quarter				Nine Months			
	2021	2020	% CHF	% LC	2021	2020	% CHF	% LC
Sales	444	356	25	25	1 276	1 175	9	10
EBITDA	78	44	77		218	160	36	
- margin	17.6 %	12.4 %			17.1 %	13.6 %		
<i>EBITDA before exceptional items</i>	81	45	80		221	183	21	
- margin	18.2 %	12.6 %			17.3 %	15.6 %		

Sales

In the third quarter of 2021, sales in the Business Area Natural Resources increased by a notable 25 % in local currency and in Swiss francs due to both higher prices and mainly volumes. Oil and Mining Services sales growth accelerated as the result of expansion in all three Business Lines. Functional Minerals also increased sales in all businesses, while Additives grew sales profoundly in all key end markets.

Oil and Mining Services sales grew in a mid-teen range in local currency. Oil Services sales reflected a strong year-on-year improvement despite the negative impact on the offshore business caused by Hurricane Ida. The expansion in Mining Solutions and Refinery Services outpaced Oil Services growth in the third quarter.

Functional Minerals sales rose in the high-teen range, bolstered by growth in all businesses, Foundry and Cargo & Device Protection in particular. This positive development was due in part to the lower comparison base in the third quarter and also to the high trade and transportation volumes.

Additives sales rose most significantly in the third quarter, exceeding pre-COVID-19 pandemic levels reached in 2019. This expansion was propelled by the particularly strong demand in all relevant end markets.

In the first nine months of 2021, sales in the Business Area Natural Resources increased by 10 % in local currency and by 9 % in Swiss francs.

EBITDA Margin

In the third quarter, the EBITDA margin increased to 17.6 % from 12.4 %, yet was nevertheless impacted by continued high raw material prices and exceptional freight cost, together with climbing energy cost. The strong top-line growth, in tandem with pricing measures, provided some relief.

In the first nine months of 2021, the EBITDA margin increased to 17.1 % from 13.6 % year-on-year.

Clariant Insight

Clariant has strengthened its ongoing collaboration with the World Foundry Organization (WFO) to support the environmental efforts of metal foundries. As a Lifetime Legacy Sponsor, Clariant works with the WFO to drive knowledge to help reduce carbon emissions and meet the productivity challenges and sustainability expectations of customer industries. Clariant's latest technology for green sand casting – Low Emission+ Technology (LE+ Technology) – has achieved exceptional results in European foundries from a sustainably mined solution. It significantly decreases their BTEX emissions (benzene, toluene, ethylbenzene, and xylenes), delivers high-surface-quality castings, and lowers the total cost of ownership (TCO) through the use of less clay, minimized additive consumption, and reduced waste generation. Clariant continues to share data, research, and technical support to advance green sand systems around the world that produce metal castings for vehicles, infrastructure, and construction applications.

Discontinued Operations

<i>in CHF million</i>	Third Quarter			Nine Months				
	2021	2020	% CHF	% LC	2021	2020	% CHF	% LC
Sales	223	189	18	17	672	1 130	-41	-40
EBITDA	32	762	n.m.		90	829	n.m.	
- margin	14.3 %	n.m.			13.4 %	n.m.		
<i>EBITDA before exceptional items</i>	35	11	n.m.		103	128	-20	
- margin	15.7 %	5.8 %			15.3 %	11.3 %		

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, were reclassified to discontinued operations.

On October 31, 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 July 1, 2020. On June 14, 2021, Clariant announced that definitive agreements had been signed to divest its Pigments business to a consortium comprised of Heubach Group and SK Capital Partners. Closing is expected to take place in the beginning of 2022.

Sales

In the third quarter of 2021, Pigments sales increased by 17 % in local currency and by 18 % in Swiss francs. In the first nine months of 2021, on a like-for-like basis, excluding Masterbatches sales from the first half of 2020, sales in discontinued operations (Pigments) rose by 12% in local currency and in Swiss francs, buoyed by the stronger economic environment.

EBITDA

In the third quarter, the underlying EBITDA margin in discontinued operations increased to 15.7% due to the higher sales levels; the corresponding operating leverage improvement in Pigments; the execution of the efficiency program which generated additional cost savings of CHF 3 million in the third quarter; as well as positive effects from other discontinued operations.

AD HOC ANNOUNCEMENT PURSUANT TO ART. 53 LR

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Page 9 of 9



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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 2020, the company employed a total workforce of 13 235. In the financial year 2020, Clariant recorded sales of CHF 3.860 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.