Media Release

Clariant delivers solid Q2 with improved profitability and cash flow

- **Second quarter 2015 sales from continuing operations remained stable in local currencies. In Swiss francs, sales decreased 8 % to CHF 1.406 billion from CHF 1.531 billion compared to last year**
- **EBITDA margin before exceptional items improved significantly to 15.0 % from 14.0 %**
- **Cash flow clearly improved to CHF 51 million compared to CHF –62 million in second quarter 2014**
- **Net result from continuing operations at CHF 56 million compared to CHF 83 million**
- **2015 outlook confirmed**

“Clariant continued the strong development of the first into the second quarter,” said CEO Hariolf Kottmann. “We have significantly improved our operating profitability and our cash flow. This is in-line with our objectives for 2015 and we expect cash generation to continue to increase in the second half of the year. Clariant is well on track to achieve its growth and profitability targets, despite a continued mixed economic environment particularly in Asia and very volatile currencies.”

CLARIANT

Key Financial Data

Continuing operations:	Second quarter				First half-year			
in CHF million	2015	2014	% CHF	% LC	2015	2014	% CHF	% LC
Sales	1'406	1'531	-8	0	2'871	3'023	-5	2
EBITDA before exceptional items	211	214	-1	9	417	424	-2	9
- margin	15.0 %	14.0 %			14.5 %	14.0 %		
EBIT before exceptional items	148	145	2	15	290	285	2	14
- margin	10.5 %	9.5 %			10.1 %	9.4 %		
EBIT	133	128	4	17	272	169	61	79
Net result from continuing operations	56	83			143	44		
Net income[1]	56	74			143	26		
Operating cash flow[1]	51	-62			65	-113		
Number of employees[1]					17 030	17 003*		
Discontinued operations								
Sales	0	32			0	98		
Net result from discontinued operations	0	-9			0	-18		

[1] Total group including discontinued operations
* as of 31 December 2014

Second quarter 2015 –Significantly improved EBITDA margin and better cash flow

Muttenz, 30 July 2015 – Clariant, a world leader in specialty chemicals, today announced second quarter 2015 sales from continuing operations of CHF 1.406 billion compared to CHF 1.531 billion in the second quarter of 2014. This corresponds to a flat growth in local currencies, influenced by 1 % lower volumes and 1 % higher prices.

Given the continuing strong volatility of currencies in the second quarter of 2015, in particular the year-on-year weaknesses of the euro, Brazilian real, and the Japanese yen, the flat sales development in local currencies translated into an 8 % sales reduction in Swiss francs.

Growth was focused in the Americas with Clariant posting strong local currency sales growth of 16 % in Latin America and 7 % in North America, the latter led by strong demand in Catalysis as well as continued growth in Oil & Mining Services. Europe was 2 % lower in local currencies but basically continued to be flat if the reduction of the exposure to the low-margin base products business is taken into account.

The lower growth was mostly due to the regions Asia/Pacific and Middle East & Africa. In Asia/Pacific sales in local currencies decreased by 5 %. The decline was due to weak demand in China and to a high base in the Catalyst business, where in addition second quarter orders were shifted into the first quarter of 2015. The strong development in smaller economies in Asia could not compensate for this base effect. In the Middle East & Africa region, sales were 21 % lower year-on-year in local currencies, because of a higher basis in the second quarter of 2014, which still included sales from the Water Treatment business, which was divested in July 2014.

The three high margin Business Areas, Care Chemicals, Catalysis, and Natural Resources experienced strong underlying demand and are all on track to reach their respective yearly guidance.

Care Chemicals recorded a like-for-like growth of 9 %. Reported growth was 3 %, exclusively due to the reduction of exposure to the low-margin base products in 2014. Sales in Catalysis decreased by 9 % in local currencies as expected, due to a high base in the second quarter of 2014 and the shift of orders from the second into the first quarter of 2015. Natural Resources revenues increased by 1 % with an underlying growth of 6 % in local currencies when accounting for the sale of the Water Treatment business. Growth continued to be driven by Oil & Mining Services. In Plastics & Coatings, however, sales remained flat, as stable growth in the Masterbatches business could not compensate for the weakness in Pigments.

At 30.7 %, the gross margin was above previous year's level (29.5 %) benefitting from higher pricing. The increased gross margin was the main driver for the strong EBITDA margin before exceptional items improvement.

The EBITDA before exceptional items from continuing operations rose 9 % in local currencies and reached CHF 211 million, compared to CHF 214 million recorded in the previous year. The corresponding EBITDA margin of 15.0 % was clearly above the previous year's level of 14.0 %.

Care Chemicals, Natural Resources, as well as Plastics & Coatings substantially improved EBITDA margins in the second quarter of 2015 in comparison to the previous year. Catalysis delivered a solid 23.9 % EBITDA margin, which was lower than in the previous year, when the comparable base was uncommonly high due to portfolio mix effects.

Exceptional items including restructuring, impairment, and transaction-related costs decreased significantly to CHF 16 million compared to CHF 23 million in the second quarter of 2014. This was due to lower restructuring costs in the second quarter of 2015.

Net income from continuing operations amounted to CHF 56 million compared to CHF 83 million in the previous year. This decline was basically due to extraordinarily low tax expenses in the second quarter of 2014 that were driven by one-time events.

Operating cash flow improved to CHF 51 million versus CHF –62 million one year ago, on lower build-up of net working capital. This is a clear reflection on Clariant's priority to increase cash flow in 2015. Cash generation is expected to continue to increase in the second half of the year.

Net debt was CHF 1.347 billion compared to CHF 1.263 billion recorded at year-end 2014. The gearing, reflecting net financial debt in relation to total equity rose to 58 % from 46 % at the end of 2014.

Separate subsidiary for Business Area Plastics & Coatings to be established

Clariant intends to establish a subsidiary for the Business Area Plastics & Coatings comprised of the Business Units Masterbatches, Additives and Pigments, in order to fully leverage their value creation potential for the company. This will enable Plastics & Coatings to be steered towards higher absolute profitability and cash generation. The new subsidiaries across the world will be fully owned by Clariant and will start operating as of 1 January 2016.

"In the last few years our Business Units Masterbatches, Pigments and Additives have established themselves as leaders in their respective markets in terms of profitability and market share. The new Plastics & Coatings subsidiary will further enable differentiated business steering with a clear focus on absolute profitability and cash generation to further safeguard and improve competiveness in already mature markets. This set up will further increase value creation for the Group. That is why, the entity will remain a vital part of the Group," said CEO Hariolf Kottmann. "This step will also enable us to make appropriate investments in our growth areas", he added.

The existing business unit structure with Masterbatches, Additives and Pigments, will be maintained with all approximately 7'000 employees, all assets and liabilities. Sales of the Business Area Plastics & Coatings were CHF 2.6 billion in 2014; the reported EBITDA margin before exceptional items was 14.0 %.

Outlook 2015 confirmed – Further progress in sales, profitability and cash

Clariant expects the challenging environment characterized by an increased volatility in commodity prices and currencies, to continue.

In emerging markets, the economic environment is expected to remain favorable, but at a lower level and with increased volatility. Moderate growth should continue in the United States. However, growth in Europe is expected to remain weak.

The combined effect of the appreciation of the Swiss franc with the weakening of the euro will impact Clariant's sales and profitability in absolute terms, but it will continue to be fairly neutral in terms of relative margins.

In 2015, Clariant is continuing to improve its operational efficiency by implementing a lean service organization; it is further improving its marketing excellence and continues to launch innovations that generate value for its customers.

For 2015, Clariant expects low to mid-single digit sales growth in local currencies. The company will further increase its EBITDA margin before exceptional items above full-year 2014 and increase cash flow generation.

Clariant confirms its mid-term target to achieve 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.

Business Discussion Second Quarter

Care Chemicals Business Area

	Second quarter				First half-year			
in CHF million	**2015**	**2014**	**% CHF**	**% LC**	**2015**	**2014**	**%CHF**	**%LC**
Sales	336	359	-6	3	727	775	-6	1
EBITDA before exceptional items	68	55	24	33	138	122	13	23
- margin	20.2 %	15.3 %			19.0 %	15.7 %		
EBIT before exceptional items	57	44	30	41	115	99	16	27
- margin	17.0 %	12.3 %			15.8 %	12.8 %		
EBIT	55	44	25	39	113	99	14	25

In the second quarter of 2015, sales in the Care Chemicals Business Area increased by 3 % in local currencies and decreased by 6 % in Swiss francs compared to the second quarter of 2014. Underlying sales growth, accounting for the reduction of exposure to the low-margin base products, was 9 % in local currencies.

Like-for-like Care Chemicals grew in most businesses with growth being most pronounced in Personal Care, Crop Solutions and Home Care.

The EBITDA margin before exceptional items increased to 20.2 % from 15.3 % in the previous year. A positive mix-effect is attributable to higher contributions from Personal Care, Crop Solutions and the revaluation of inventories.

For the second half of 2015, Care Chemicals expects continued solid sales growth. Growth will be driven by new innovative products in the Personal Care, Crop Solutions and Home Care businesses, such as Plantasens® Serum, a ready-made lipidic blend with a high concentration of nutrients for a healthy-looking skin. Care Chemicals will also continue to expand in growth markets, including the Glucamide production investment and the Industrial Home Care expansion in Clear Lake, Texas (USA).

Catalysis Business Area

	Second quarter				First half-year			
in CHF million	**2015**	**2014**	**% CHF**	**% LC**	**2015**	**2014**	**%CHF**	**%LC**
Sales	163	195	-16	-9	301	315	-4	4
EBITDA before exceptional items	39	55	-29	-24	64	79	-19	-11
- margin	23.9 %	28.2 %			21.3 %	25.1 %		
EBIT before exceptional items	27	40	-33	-28	39	50	-22	-13
- margin	16.6 %	20.5 %			13.0 %	15.9 %		
EBIT	27	39	-31	-26	47	49	-4	7

Sales in the Catalysis Business Area decreased by 9 % in local currencies in the second quarter of 2015 and by 16 % in Swiss francs compared to the same period in 2014. This was due to an exceptional high second quarter in the previous year, as well as a shift of two substantial orders from the second to the first quarter of 2015.

In the second quarter of 2015, Specialty Catalysts and Syngas recorded growth, while Petrochemical catalysts declined in local currencies due to the mentioned shift of orders. Nevertheless, North America recorded a solid development in all three business lines in the quarter compared to last year.

Sales growth was slightly impacted by the missing sales from the Energy Storage business, which was sold to UK-based Johnson Matthey. The transaction closed on 28 February 2015.

The EBITDA margin before exceptional items of Catalysis decreased to 23.9 % in the second quarter of 2015 from 28.2 % in the same period of the previous year. The decline was due to a different product mix stemming from lower contribution of Petrochemical sales.

The underlying demand pattern for Catalysis remains favorable and the order book visibility gives confidence that the targeted mid-single digit local currency growth will be achieved. The business also expects to meet its targeted profitability in 2015.

Progress in 2015 will continue to be driven by demand for Petrochemicals as well as several new projects in the United States, including the propane dehydrogenation (PDH) units and gas-based steam crackers.

Natural Resources Business Area

	Second quarter				First half-year			
in CHF million	2015	2014	% CHF	% LC	2015	2014	%CHF	%LC
Sales	280	307	-9	1	597	621	-4	5
EBITDA before exceptional items	39	39	0	7	90	86	5	12
- margin	13.9 %	12.7 %			15.1 %	13.8 %		
EBIT before exceptional items	31	30	3	9	73	67	9	15
- margin	11.1 %	9.8 %			12.2 %	10.8 %		
EBIT	32	33	-3	5	75	-20	-	-

Sales in the Natural Resources Business Area grew by 1 % in local currencies and declined by 9 % in Swiss francs compared to the second quarter of 2014. Taking the divestment of the Water Treatment business into account, the underlying sales growth in Natural Resources was 6 % in local currencies.

The Oil & Mining Services business achieved solid high single-digit sales growth in local currencies on a year-on-year basis. Growth was driven by strong demand in Latin America, the US and Europe. Oil Services, Mining Solutions and Refinery all contributed to growth.

Sales in Functional Minerals adjusted for the divestment of the Water Treatment business were solid. Growth was driven by new products like GEKO® LE and ECOSIL® LE for superior quality in precision castings. These unique eco-friendly technologies, drastically reduce emissions and help foundries comply with highly demanding environmental regulations and standards.

As usual the EBITDA margin before exceptional items of Natural Resources experienced its yearly seasonal low in the second quarter, but compared to the same period of the previous year the margin increased to 13.9 % from 12.7 %. The increase was due to a better mix effect.

For 2015 and beyond, Natural Resources anticipates continued growth. Functional Minerals will focus on emerging markets with selective investments, such as the acquisition of Companhia Brasileira de Bentonita (CBB) to secure its raw material supply and better serve the increasing regional demand. Oil & Mining Services expects continued sales growth in local currencies for the remainder of the year driven by its innovation capabilities.

Plastics & Coatings Business Area

	Second quarter				First half-year			
in CHF million	2015	2014	% CHF	% LC	2015	2014	%CHF	%LC
Sales	627	670	-6	0	1 246	1 312	-5	1
EBITDA before exceptional items	92	94	-2	5	176	191	-8	-1
- margin	14.7 %	14.0 %			14.1 %	14.6 %		
EBIT before exceptional items	72	73	-1	6	137	150	-9	-2
- margin	11.5 %	10.9 %			11.0 %	11.4 %		
EBIT	71	73	-3	4	135	150	-10	-4

Sales in the Plastics & Coatings Business Area were flat in local currencies and decreased by 6 % in Swiss francs compared to the previous year. Demand was particularly strong in Latin America. Europe was slightly positive in local currencies, while demand in Asia/Pacific, North America and Middle East/Africa was below the level of the previous year.

In Pigments, sales in Coatings and Printings were below the same period of last year, whereas Plastics & Special Applications experienced growth. There was continued weakness in the mature markets. North America was below last year. Europe was on the same level as last year, but improved towards the end of the quarter. Latin America experienced a solid sales growth with particular strength in Coatings. Asia had negative growth, but was mixed with good demand in Southeast Asia and Japan, while China still demonstrated weakness.

Sales demand in Masterbatches was stable in the second quarter with a certain pick-up in June. Sales grew in Packaging and Medical Masterbatches. Regional expansion was most pronounced in Latin America and Asia with strong high single-digit sales growth driven by China, India and Southeast Asia. European sales were slightly up, while North America experienced a slight sales decline in local currencies.

Additives recorded a slight sales decline in the second quarter compared to the year before. Waxes experienced improved demand, while Flame Retardants and Polymer Additives were below the level of last year.

The EBITDA margin before exceptional items improved to 14.7 % from 14.0 % in the previous year. All three businesses contributed to increased profitability.

For 2015, Plastics & Coatings expects a mixed development across businesses and regions. Overall, continual GDP-linked growth is expected. Clariant presented a whole range of sustainable and innovative value-creating solutions at this year's Chinaplas convention, the largest plastics and rubber trade fair in Asia. One highlight included the Medical Masterbatches EQ-PAK® sorbents line. EQ-PAK balances both excessive humidity and overly dry conditions, which can pose stability problems for pharmaceutical products ranging from gelatin capsules to drug powders.

CORPORATE MEDIA RELATIONS

CARSTEN SEUM

Phone +41 61 469 63 63
carsten.seum@clariant.com

STEFANIE NEHLSEN

Phone +41 61 469 63 63
stefanie.nehlsen@clariant.com

INVESTOR RELATIONS

SIEGFRIED SCHWIRZER

Phone +41 61 469 67 49
siegfried.schwirzer@clariant.com

MARCO FERRARO

Phone +41 61 469 64 11
marco.ferraro@clariant.com

www.clariant.com

Clariant is a globally leading specialty chemicals company, based in Muttenz near Basel/Switzerland. On 31 December 2014 the company employed a total workforce of 17'003. In the financial year 2014, Clariant recorded sales of CHF 6.116 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: increase profitability, reposition portfolio, add value with sustainability, foster innovation and R&D, and intensify growth.