AD HOC ANNOUNCEMENT PURSUANT TO ART. 53 LR
THIRD QUARTER/NINE MONTHS | 2023

Clariant delivered strong Catalysts performance and stabilization in Care Chemicals in a continued challenging market environment

- **Q3 2023 sales decreased by 8 % organically vs. Q3 2022 (13 % including scope) in local currency to CHF 1.031 billion; organic sales vs. Q2 2023 showed 2 % volume improvement in challenging markets**
- **Catalysts achieved volume growth and positive pricing; Care Chemicals showed stabilization; Additives business faced continuing weaker demand for durable goods**
- **Q3 2023 reported EBITDA margin decreased to 15.4 % vs. 16.8 % in Q3 2022; underlying improvement of 340 basis points vs. Q2 2023, driven by proactive cost measures and operational improvements**
- **9M 2023 sales decreased by 7 % in local currency to CHF 3.315 billion**
- **9M 2023 reported EBITDA margin decreased to 15.1 % vs. 16.9 % in 9M 2022**
- **Full Year 2023 outlook confirmed**

“Our performance is improving, despite continued uncertainties and risks related to the geopolitical and economic environment. On a Group basis Clariant has delivered an underlying sequential quarterly increase of 21% in EBITDA. Organic Group volumes increased slightly compared to the previous quarter, although weak demand for durable goods persisted, which primarily affected our Additives business. Our proactive measures to adjust our cost base are improving profitability with over CHF 120 million of savings achieved to date out of our CHF 170 million commitment. This, together with our underlying performance improvement, underpinned our strong cash generation in the third quarter. In addition, we continue to see strong Catalysts performance, both in volume and pricing. Despite a continued soft recessionary environment and currency headwinds, we expect to land in our guidance range for 2023. Our focused specialty chemicals portfolio and our highly committed people leave us well-positioned for profitable growth as end markets recover”, said Conrad Keijzer, Chief Executive Officer of Clariant.

Business Summary

	Third Quarter				Nine Months			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**	**2023**	**2022**	**% CHF**	**% LC**
Sales	1 031	1 312	- 21	- 13	3 315	3 875	- 14	- 7
EBITDA	159	220	- 28		501	656	- 24	
- margin	15.4 %	16.8 %			15.1 %	16.9 %		
EBITDA before exceptional items	164	242	- 32		483	690	- 30	
- margin	15.9 %	18.4 %			14.6 %	17.8 %		

CLARIANT

Third Quarter 2023 Group Discussion

MUTTENZ, 30 OCTOBER 2023

Clariant, a sustainability-focused specialty chemical company, today announced third quarter 2023 sales of CHF 1.031 billion, down 8 % organically, 13 % in local currency and 21 % in Swiss francs. Pricing decreased by 3 % year-on-year and volumes by 5 %. Scope had a net negative impact of 5 % as the acquisition of the US Attapulgite business was more than offset by the divestments of the North America Land Oil and Quats businesses.

Care Chemicals sales decreased by 18 % in local currency. While Oil Services recorded strong organic volume growth, sales in the other segments were lower against a very strong Q3 2022 comparable base. Catalysts sales increased by 8 % in local currency, driven by the Propylene and Syngas & Fuels segments, continuing the positive project execution observed in recent quarters. Adsorbents & Additives sales decreased by 19 % in local currency against a strong comparable base. In Additives, demand in key end markets remained challenging with continued destocking.

In Europe, Middle East, and Africa, local currency sales were down 21 %. Strong sales growth in Catalysts in the Middle East only partially offset lower sales in Care Chemicals (partly attributable to the divestment of the Quats business) and Adsorbents & Additives. In the Americas, sales declined by 5 % as lower Care Chemicals and Adsorbents & Additives sales offset growth in Catalysts. Sales in Asia-Pacific declined by 12 %, with China down 2 %.

Group EBITDA decreased by 28 % to CHF 159 million versus Q3 2022, with an EBITDA margin of 15.4 %. Currency translation negatively impacted EBITDA by 14 % while lower volumes affected production utilization in Care Chemicals and Additives. The net negative operational impact from sunliquid® was CHF 11 million (an improvement of CHF 2 million year-on-year). However, cost savings from performance programs of CHF 14 million addressed remnant costs from divested businesses and contributed positively to offset inflation. Raw material costs also eased by 16 % year-on-year.

On a sequential basis, sales of CHF 1.031 billion in the third quarter of 2023 were 5 % below the second quarter of 2023 due to currency and scope impacts. Volumes slightly improved organically at a Group level, compensating lower pricing. Underlying profitability, as reflected by EBITDA before exceptional items, increased sequentially by 21 % to CHF 164 million, representing a margin increase of 340 basis points to 15.9 %. This significant improvement was a result of the proactive measures to align the cost base to a low volume environment, as well as strong operational performance in Catalysts and a slight organic volume increase in Care Chemicals.

Nine Months 2023 Group Discussion

In the first nine months of 2023, sales decreased by 7 % to CHF 3.315 billion (– 5 % organic) in local currency and by 14 % in Swiss francs. Scope effects (arising from divestments partly offset by an acquisition) were – 2 %. Volumes were down 6 %, however pricing increased by 1 %.

Local currency sales in Care Chemicals decreased by 12 %. Strong organic growth (both in volume and price) in Oil Services did not offset declines in other segments, particularly Crop Solutions. Catalysts sales grew 18 % with particularly strong growth in Propylene and Syngas & Fuels. Adsorbents & Additives sales decreased by 12 % in local currency due to the continued weak demand for durable goods impacting Additives volumes.

Local currency sales decreased in all geographic regions. The most pronounced decline was in Europe, Middle East, and Africa, with sales down by 10 % year-on-year. Local currency sales in Asia-Pacific and the Americas declined by 5 % and 4 %, respectively.

Group EBITDA decreased by 24 % to CHF 501 million, with a corresponding margin of 15.1 %. Profitability was impacted by lower volumes and currency translation, a CHF 18 million net impact from sunliquid® (including CHF 7 million restructuring charges in the second quarter), the CHF 11 million fair value adjustment of the Heubach Group participation in the first quarter, as well as inventory devaluation. Positive profitability impacts included a preliminary CHF 62 million gain on the disposal of the Quats business in Care Chemicals, declining raw material costs of 9 %, and cost savings of CHF 36 million in the period due to the execution of performance improvement programs.

ESG Update – Leading in Sustainability

Clariant's Scope 1 and 2 total greenhouse gas emissions fell to 0.58 million tons in the last twelve months (September 2022 to September 2023), a decline of 6 % from 0.62 million tons in the full year 2022. The total indirect greenhouse gas emissions for purchased goods and services (Scope 3) also decreased by 13 %, from 2.58 million tons in the full year 2022 to 2.25 million tons in the last twelve months. These results are to an extent attributable to the lower sales volumes in the first nine months of 2023 as well as improvements at Clariant's own sites and in its supplier engagement (Scope 3). This demonstrates Clariant's continued progress toward reaching the Group's 2030 emissions reduction targets.

Outlook – Full Year 2023

Clariant expects to see an easing inflationary environment, but no economic recovery in the final three months of 2023, with macroeconomic uncertainties and risks remaining. Despite this backdrop, Clariant confirms its sales guidance for the full year 2023 of CHF 4.55 – 4.65 billion. This includes a net divestments/acquisition impact of around CHF – 150 million relating to the Quats, North American Land Oil, and Attapulgite transactions as well as an FX translation impact currently expected at the upper end of the previously published negative 5 – 10 % range. Clariant also confirms its reported EBITDA guidance for the full year 2023 of CHF 650 – 700 million (14.3 % – 15.1 % reported EBITDA margin), including a preliminary CHF 62 million gain from the Quats divestment and approximately CHF 30 million in restructuring charges. Clariant expects an increased negative annualized sunliquid® impact to be counterbalanced by savings benefits from the restructuring programs.

Clariant is on track to deliver its sustainability targets. The Group has become a true specialty chemical company and remains committed toward its 2025 ambition to deliver profitable sales growth (4 – 6 % CAGR), a Group EBITDA margin between 19 – 21 %, and a free cash flow conversion of around 40 %.

Business Discussion
Business Unit Care Chemicals

	Third Quarter				Nine Months			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**	**2023**	**2022**	**% CHF**	**% LC**
Sales	525	725	- 28	- 18	1 771	2 223	- 20	- 12
EBITDA	91	144	- 37		352	435	- 19	
- margin	17.3 %	19.9 %			19.9 %	19.6 %		
EBITDA before exceptional items	92	144	- 36		299	435	- 31	
- margin	17.5 %	19.9 %			16.9 %	19.6 %		

Sales

In the third quarter of 2023, sales in the Business Unit Care Chemicals decreased by 18 % in local currency, 8 % of which was organic, and by 28 % in Swiss francs.

The decrease in pricing during the quarter was mainly due to adjustments in index-based pricing. Sequentially, prices went down 3 % compared to the previous quarter, again primarily driven by index-based pricing, as Clariant continued to focus on defending value pricing. Volumes for the quarter were down by a single-digit percentage rate, excluding the impact of the divestments of the North American Land Oil and Quats businesses. Although Crop Solutions continued to face challenges due to ongoing destocking, organic sales across the other segments improved sequentially. Overall, organic volumes increased sequentially, offsetting index-based pricing adjustments.

Care Chemicals sales in Europe, Middle East, and Africa decreased at a high-twenties percentage rate in the quarter due to the strong performance in the previous year and the Quats business divestment. In the Americas, sales were down at a mid-teen percentage rate largely due to the impact of the sale of the North American Land Oil business. Sales in Asia-Pacific grew organically at a high single-digit percentage rate, supported by growth in China at similar levels in all segments.

In the first nine months of 2023, sales in the Business Unit Care Chemicals decreased by 12 % in local currency, 7 % of which was organic, and by 20 % in Swiss francs. Volumes were down by a mid- to high single-digit percentage rate, excluding the divestment impact, while pricing was flat.

EBITDA Margin

In the third quarter, the EBITDA margin decreased to 17.3 % versus 19.9 % in the same period last year as profitability was negatively impacted by lower volumes and currency impacts. Sequentially, the EBITDA before exceptional items of CHF 92 million was significantly above the CHF 77 million realized in the second quarter of 2023, supported by the organic increase in volumes.

In the first nine months, the Care Chemicals EBITDA margin increased to 19.9 % from 19.6 %, positively impacted by the gain from the Quats disposal.

Care Chemicals Insight

With PHASETREAT™ WET, Clariant provides a more efficient and sustainable solution for the challenges inherent in traditional oil production processes – most notably, that of meeting stricter environmental requirements for oil and water separation. By increasing the active level of the product and employing nanoemulsion technology, PHASETREAT™ WET reduces demulsifier dosages by up to 75 % compared to current solutions. This enables offshore and onshore operators to reduce freight, inventory, and process safety challenges, not only helping them reduce operational costs, simplify logistics, and mitigate safety risks, but also enabling them to provide critical natural resources with reduced Scope 3 emissions.

Business Unit Catalysts

	Third Quarter				Nine Months			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**	**2023**	**2022**	**% CHF**	**% LC**
Sales	260	262	- 1	8	742	679	9	18
EBITDA	58	30	93		113	57	98	
- margin	22.3 %	11.5 %			15.2 %	8.4 %		
EBITDA before exceptional items	58	31	87		122	59	107	
- margin	22.3 %	11.8 %			16.4 %	8.7 %		

Sales

In the third quarter of 2023, sales in the Business Unit Catalysts rose 8 % in local currency and declined 1 % in Swiss francs. Volume growth was supported by continued positive pricing. Sales growth was strongest in Propylene as well as Syngas & Fuels, both up by more than 40 %. Due to the project nature of the businesses, Specialties declined at a low-teens percentage rate, while the decrease in Ethylene was more pronounced.

Catalysts sales grew in the Americas and Europe, Middle East, and Africa regions, driven by positive project trends in the US and the Middle East. In Asia-Pacific, the largest geographic market, sales declined at a low-teens percentage rate. In China, sales grew at a mid-single-digit percentage rate, supported by the continued strong CATOFIN® (propane dehydrogenation) catalyst demand, which is being served from the new CATOFIN® production site in Jiaxing.

In the first nine months of 2023, sales in the Business Unit Catalysts increased by 18 % in local currency and by 9 % in Swiss francs. Growth was a result of both positive pricing and mid-teens percentage volume growth, while on a segment basis, the performance was particularly strong in Propylene and Syngas & Fuels.

EBITDA Margin

In the third quarter, the EBITDA margin increased to 22.3 % from 11.5 % year-on-year due to continued positive pricing, improved operating leverage due to higher volumes, and a positive business mix. When excluding the CHF – 11 million impact of sunliquid®, the EBITDA margin was 26.5 % in the third quarter, compared to 16.4 % on a like-for-like basis in the previous year. Sequentially, the EBITDA before exceptional items of CHF 58 million was above the CHF 51 million realized in the second quarter of 2023.

On sunliquid®, its impact of CHF – 11 million on EBITDA in the third quarter was a CHF 2 million improvement from the prior year. The Clariant team has continued its efforts to address the mechanical, bio-chemical, and operational challenges involved in the ramp-up of this first-of-a-kind technology. Clariant is actively evaluating strategic options for sunliquid® and will provide an update by the end of 2023.

In the first nine months, Catalysts EBITDA margin increased to 15.2 % from 8.4 %, driven by positive pricing, higher volumes, and positive business mix effects.

Catalysts Insight

Clariant's MegaMax® catalyst was chosen by European Energy for the world's largest e-methanol plant, with an annual capacity of 32 000 tons. Located in Kasso, Denmark, the facility is scheduled to start operations by the end of 2023. MegaMax® was chosen because it is proven to deliver high activity and stability under the challenging conditions of CO_2-to-methanol conversion. MegaMax® is also very well suited to pure CO_2 conditions because it delivers high conversion rates when combined with green hydrogen feed. The catalyst's superior selectivity also prevents the formation of by-products in the yield, which greatly improves the sustainability and economics of green methanol synthesis. A large portion of the plant's annual yield has already been allocated to the shipping and logistics company Maersk for powering its first-ever carbon-neutral fleet. The remaining green methanol will be supplied to the Lego Group and Novo Nordisk.

Business Unit Adsorbents & Additives

	Third Quarter				Nine Months			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**	**2023**	**2022**	**% CHF**	**% LC**
Sales	246	325	- 24	- 19	802	973	- 18	- 12
EBITDA	30	79	- 62		102	241	- 58	
- margin	12.2 %	24.3 %			12.7 %	24.8 %		
EBITDA before exceptional items	30	79	- 62		110	242	- 55	
- margin	12.2 %	24.3 %			13.7 %	24.9 %		

Sales

In the third quarter of 2023, sales in the Business Unit Adsorbents & Additives decreased by 19 % in local currency and by 24 % in Swiss francs. The acquisition of the US-based Attapulgite business assets contributed 2 % to sales growth in local currency. Weak demand in key Additives end markets continued to impact volumes and pricing in the Additives business, which declined in the low-thirties percentage range and mid-single-digit percentage range, respectively. In Adsorbents, sales grew due to scope effects and positive pricing.

Sales declined in all geographic regions. This includes a high twenties percentage rate drop in Asia-Pacific as volumes declined in both Additives and Adsorbents. China declined by a high-teens percentage rate, as slightly positive pricing was offset by low volumes in Additives. In Europe, Middle East, and Africa, the largest region, as well as the Americas, growth in Adsorbents through pricing did not offset lower sales in Additives.

In the first nine months of 2023, sales in the Business Unit Adsorbents & Additives decreased by 12 % in local currency, with a 14 % organic decrease, and by 18 % in Swiss francs. While volumes were negative due to the weakness in Additives, pricing remained positive.

EBITDA Margin

In the third quarter, the EBITDA margin decreased to 12.2 % from a high 24.3 % in the same period of the previous year. Profitability levels were impacted by substantially lower volumes in Additives in particular, which resulted in lower operating leverage and fixed cost absorption, while the relatively strong Adsorbents performance led to a less favorable business mix. Sequentially, the EBITDA before exceptional items of CHF 30 million was above the CHF 25 million realized in the second quarter of 2023.

In the first nine months, Adsorbents & Additives EBITDA margin decreased to 12.7 % from 24.8 % due to similar factors that influenced the last quarter.

Adsorbents & Additives Insight

Clariant’s Ceridust® 8330 is a unique additive. Made from a renewable resource, it is a real breakthrough for all kinds of printing inks. It combines its bio-based origin with superior rub resistance properties, easy dispersion in both water and solvent-based ink systems, and a dosage reduction potential that enables more efficient ink usage. This makes it the kind of high-performance solution that the printing industry is looking for as it switches away from traditional Polytetrafluorethylene (PTFE)-based additives. Sustainability challenges and the regulatory landscape are driving the demand for environmentally friendly alternatives and with products like Ceridust® 8330, Clariant helps drive the ever-evolving world of sustainable printing inks.

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Clariant is a focused specialty chemical company led by the overarching purpose of 'Greater chemistry – between people and planet'. By connecting customer focus, innovation, and people the company creates solutions to foster sustainability in different industries. On 31 December 2022, Clariant totaled a staff number of 11 148 and recorded sales of CHF 5.198 billion in the fiscal year for its continuing businesses. As of January 2023, the Group conducts its business through the three newly formed Business Units Care Chemicals, Catalysts, and Adsorbents & Additives. Clariant is based in Switzerland.