

# First Half Year Results 2020

## 30 JULY 2020

# Disclaimer

This presentation contains certain statements that are neither reported financial results nor other historical information.

This presentation also includes forward-looking statements. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements.

Many of these risks and uncertainties relate to factors that are beyond Clariant's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors such as: the timing and strength of new product offerings; pricing strategies of competitors;

the Company's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; and changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document.

Clariant does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.

# First Half Year & Second Quarter 2020 – Highlights

*H1 2020 vs. H1 2019, figures from continuing operations*

<b>SALES</b>	<b>1 945</b>	<b>- 5 %</b>	
	in CHF m	in LC* y-o-y	
<b>EBITDA</b>	<b>292</b>	<b>+ 186 %</b>	<b>15.0 %</b>
	in CHF m	in CHF y-o-y	margin
<b>EBITDA before exceptional items</b>	<b>309</b>	<b>- 13 %</b>	<b>15.9 %</b>
	in CHF m	in CHF y-o-y	margin
<b>NET RESULT **</b>	<b>90</b>	<b>n. m.</b>	
	in CHF m	in CHF y-o-y	
<b>OPERATING CASH FLOW **</b>	<b>89</b>	<b>- 21 %</b>	
	in CHF m	in CHF y-o-y	

*Q2 2020 vs. Q2 2019, figures from continuing operations*

<b>SALES</b>	<b>926</b>	<b>- 4 %</b>	
	in CHF m	in LC* y-o-y	
<b>EBITDA</b>	<b>135</b>	<b>n. m.</b>	<b>14.6 %</b>
	in CHF m	in CHF y-o-y	margin
<b>EBITDA before exceptional items</b>	<b>146</b>	<b>- 10 %</b>	<b>15.8 %</b>
	in CHF m	in CHF y-o-y	margin

**Higher EBITDA margins at 15.0 % in H1 2020 in a challenging environment with 5 % LC sales decline**

# Sales Development & Mix

*All figures continuing operations*

- **H1 2020 sales declined by 5 % in local currency** and 13 % in Swiss francs due to an unfavorable currency impact of 8 %
- Softer sales development in all Business Areas due to **lower volume demand amid the COVID-19 pandemic** and Q1 effects
- In **Q2 2020, sales weakened by 4 % in local currency**, resulting from **lower volume demand** despite good price and opportunity management
- **Robust growth in Care Chemicals** only partially compensated for **weaker sales in Natural Resources**

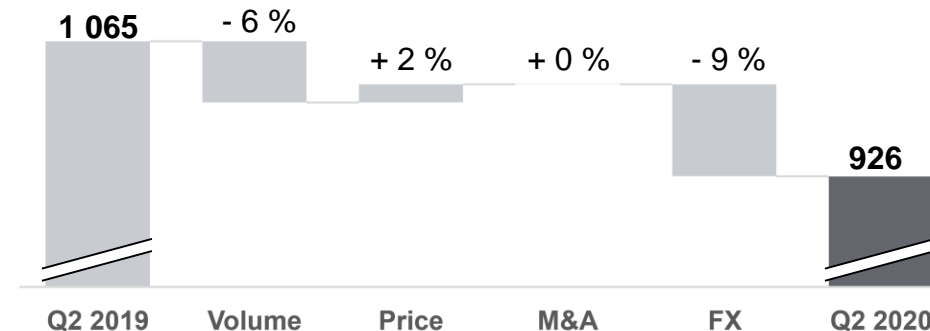
## H1 2020 SALES

in CHF m



## Q2 2020 SALES

in CHF m



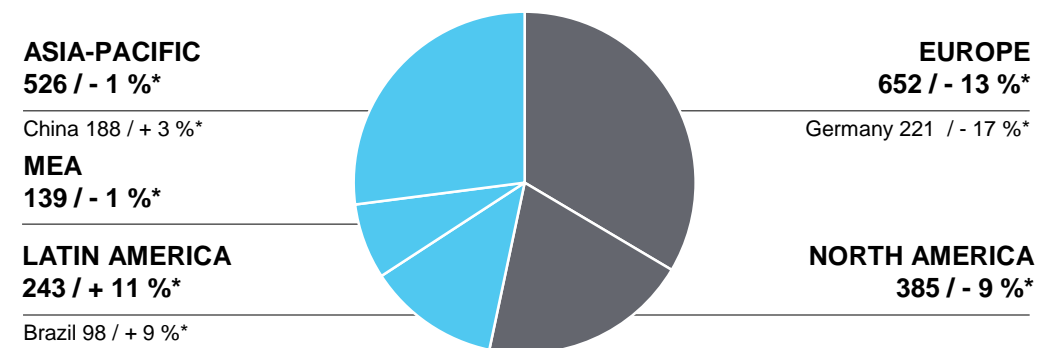
# Sales Distribution by Region

All figures continuing operations

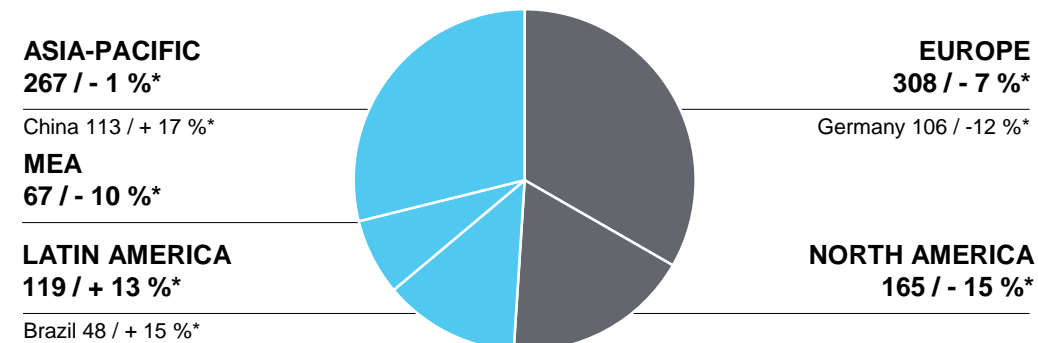
- In **H1 2020**, sales **increased** in local currency in **China and Latin America** while **Middle East & Africa** and **total Asia** remained resilient
- Sales in **North America** decreased in single-digits and **Europe contracted more significantly** due to lower volumes
- In **Q2 2020**, **Asia** nearly reached previous year levels, supported by **strong growth in China**
- **Latin America** reported a **double-digit sales increase in local currency**
- **Europe and Middle East & Africa softened**
- **Decline in North America** attributable to lower demand, especially in Natural Resources

● Emerging markets  
● Mature markets

**H1 2020 SALES CHF 1 945 m**  
in CHF m



**Q2 2020 SALES CHF 926 m**  
in CHF m



\*in local currency



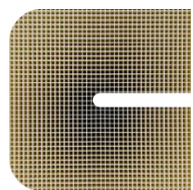
## Care Chemicals

- **H1 2020 sales declined by 6 % in LC,\*** mainly impacted by **weak Aviation in Q1 2020** and **lower demand for Industrial Applications amid COVID-19**, while **Consumer Care sales increased**, especially in Personal Care and Crop Solutions
- **H1 2020 EBITDA margin decreased to 16.3 %** due to the efficiency program provision, **on par with H1 2019 at underlying 18.1 %** excluding provision
- **Q2 2020** Care Chemicals sales **improved by 3 % in LC\*** as a result of **higher demand in Consumer Care**, which compensated for the Industrial Applications decline
- **Q2 2020 EBITDA margin declined to 14.7 %**  
Excluding the efficiency program provision, the **underlying EBITDA margin improved significantly to 18.2 %** due to strong margin and cost management

	H1 2020	H1 2019	% CHF	% LC*
<b>Sales in CHF m</b>	734	850	-14 %	-6 %
<b>EBITDA in CHF m</b>	120	150	-20 %	
<b>EBITDA margin</b>	16.3 %	17.6 %		
EBITDA b.e.i.** in CHF m	133	154	-14 %	
<b>EBITDA b.e.i.** margin</b>	18.1 %	18.1 %		

	Q2 2020	Q2 2019	% CHF	% LC*
<b>Sales in CHF m</b>	347	370	-6 %	3 %
<b>EBITDA in CHF m</b>	51	56	-9 %	
<b>EBITDA margin</b>	14.7 %	15.1 %		
EBITDA b.e.i.** in CHF m	63	60	5 %	
<b>EBITDA b.e.i.** margin</b>	18.2 %	16.2 %		



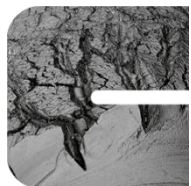


## Catalysis

- **H1 2020 sales declined by 4 % in LC\*** against a **strong comparison base**; **double-digit Petrochemicals growth** could not fully compensate for **weaker Syngas and Specialty Catalysts sales**, which were impacted by muted demand in the chemical industry
- **H1 2020 EBITDA margin decreased to 17.3 %** due to the **efficiency program provision, lower volumes** and the unfavorable product mix in Q1 2020
- **Q2 2020 sales weakened slightly by 2 % in LC\*** compared to a strong previous year, but **improved over Q1**
- **Q2 2020 EBITDA margin increased significantly** due to **strong Petrochemical sales and cost management**

	H1 2020	H1 2019	% CHF	% LC*
<b>Sales in CHF m</b>	392	432	-9 %	-4 %
<b>EBITDA in CHF m</b>	68	84	-19 %	
<b>EBITDA margin</b>	17.3 %	19.4 %		
EBITDA b.e.i.** in CHF m	75	88	-15 %	
<b>EBITDA b.e.i.** margin</b>	19.1 %	20.4 %		

	Q2 2020	Q2 2019	% CHF	% LC*
<b>Sales in CHF m</b>	210	229	-8 %	-2 %
<b>EBITDA in CHF m</b>	44	40	10 %	
<b>EBITDA margin</b>	21.0 %	17.5 %		
EBITDA b.e.i.** in CHF m	50	44	14 %	
<b>EBITDA b.e.i.** margin</b>	23.8 %	19.2 %		



## Natural Resources

- **H1 2020 sales decreased by 5 % in LC\***
- **Sales in Oil & Mining Services (OMS) nearly reached previous year's level** in LC as the result of a strong Q1, but faced declining demand in Q2 2020, especially in oil
- **Functional Minerals sales declined** as a result of weaker foundry business while **Additives sales were lower** due to the weak fibers and automotive sector amid COVID-19
- **H1 2020 EBITDA margin decreased to 14.2 %**  
Excluding the efficiency program provision, the **underlying EBITDA margin improved** due to stringent cost management
- **Q2 2020 sales declined 11 % in LC\*** due to lower demand amid COVID-19 for all three Business Units
- **Q2 2020 EBITDA margin fell to 8.1 %** due to **lower volumes** and the **efficiency program provision**

	H1 2020	H1 2019	% CHF	% LC*
<b>Sales</b> <i>in CHF m</i>	819	947	-14 %	-5 %
<b>EBITDA</b> <i>in CHF m</i>	116	148	-22 %	
<b>EBITDA margin</b>	14.2 %	15.6 %		
EBITDA b.e.i.** <i>in CHF m</i>	138	149	-7 %	
<b>EBITDA b.e.i.** margin</b>	16.8 %	15.7 %		

	Q2 2020	Q2 2019	% CHF	% LC*
<b>Sales</b> <i>in CHF m</i>	369	466	-21 %	-11 %
<b>EBITDA</b> <i>in CHF m</i>	30	73	-59 %	
<b>EBITDA margin</b>	8.1 %	15.7 %		
EBITDA b.e.i.** <i>in CHF m</i>	52	73	-29 %	
<b>EBITDA b.e.i.** margin</b>	14.1 %	15.7 %		

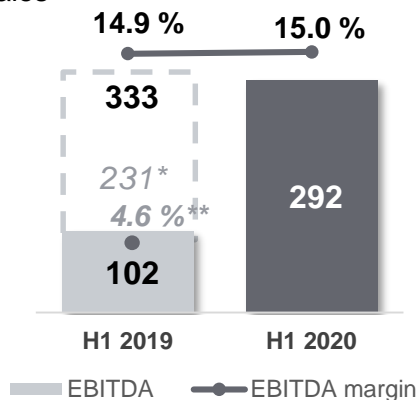


# First Half Year 2020 – EBITDA Development

All figures continuing operations

## H1 EBITDA / margin

in CHF m / in % of sales



## H1 EBITDA by Business Area

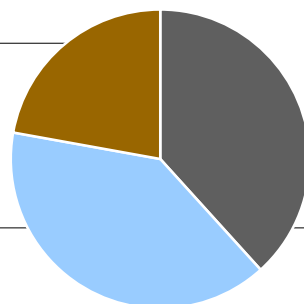
in % of total Business Areas

### CATALYSIS

22 %

### CARE CHEMICALS

40 %



### NATURAL RESOURCES

38 %

- **H1 2020 EBITDA declined to CHF 292 m** compared to an EBITDA of CHF 333 m in 2019, excluding the one-off CHF 231 m provision booked in the second quarter of 2019\*\*\*
- The corresponding **EBITDA margin improved to 15.0% from 14.9 %** in the previous year, including the impact of the provision for the efficiency program and the partial reversal of the provision for the competition law investigation by the European Commission\*\*\*
- **The underlying profitability was resilient despite the COVID-19 pandemic**

\*CHF 231 million provision for a competition law investigation by the European Commission

\*\*including the above-mentioned provision of CHF 231 million

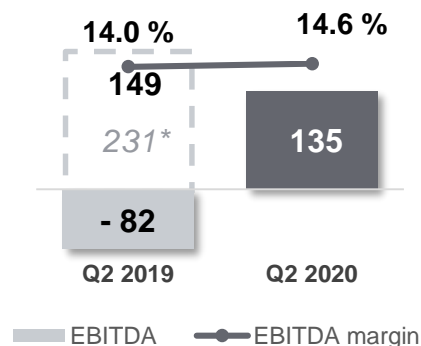
\*\*\*including CHF 55 million reversal for a competition law investigation by the European Commission and CHF 58 million provision for the efficiency program

# Second Quarter 2020 – EBITDA Development

All figures continuing operations

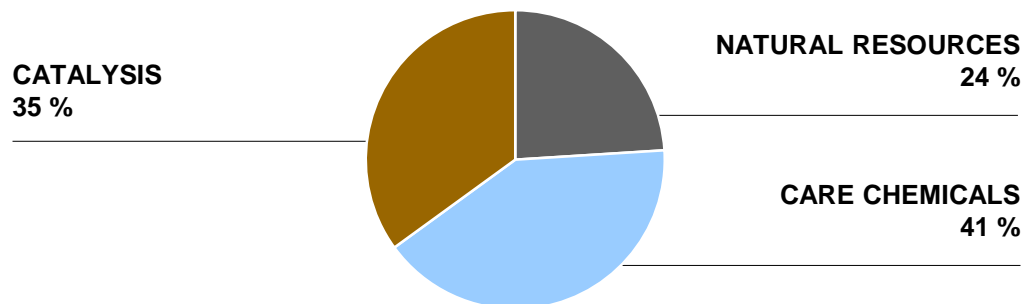
## Q2 EBITDA / margin

in CHF m / in % of sales



## Q2 EBITDA by Business Area

in % of total Business Areas



- **Q2 2020 EBITDA declined to CHF 135 m** from CHF 149 m in the previous year, excluding the CHF 231 m provision booked in the second quarter of 2019\*\*
- The corresponding **EBITDA margin improved to 14.6 % from 14.0 %**, including the impact of the provision for the efficiency program and the partial reversal of the provision for the competition law investigation by the European Commission\*\*
- **Underlying profitability advanced** in both **Catalysis** and **Care Chemicals**

\*CHF 231 million provision for a competition law investigation by the European Commission

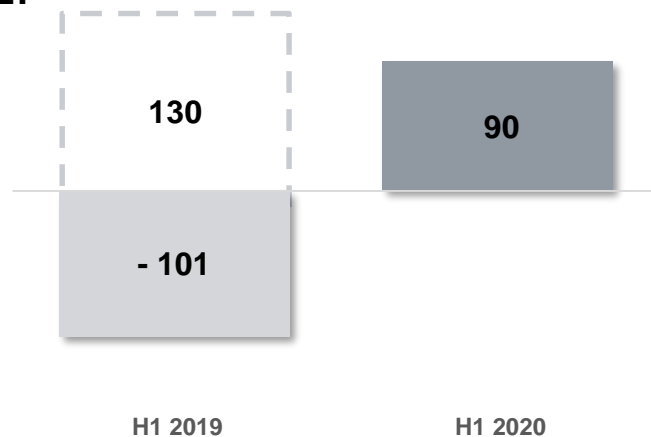
\*\*including CHF 55 million reversal for a competition law investigation by the European Commission and CHF 58 million provision for the efficiency program

# First Half Year 2020 – Net Result

All figures including discontinued operations

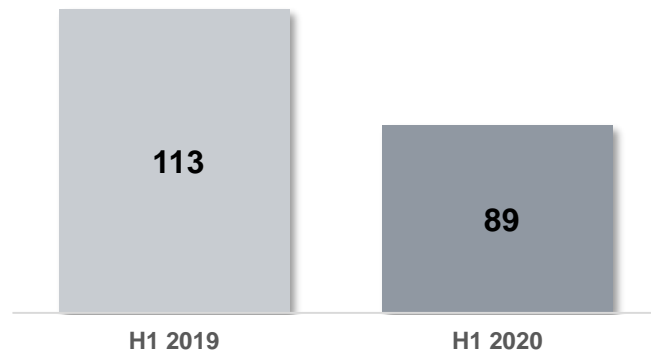
## NET RESULT

in CHF m



## OPERATING CASH FLOW

in CHF m



- **Net result for the Group** increased to **CHF 90 m** versus CHF - 101 m in the first half of 2019
- **Excluding the CHF 231 m provision booked** in the second quarter of 2019, the **H1 2020 net result is lower**, mainly due to
  - volume-driven **weaker absolute profitability**
  - **adverse currency effects**
- **Operating cash flow for the Group** declined to **CHF 89 m** due to
  - **Unfavorable net working capital development**, which is typically lower in the first half of the year
  - **Weak start in Q1, but strong impact in Q2**

# Outlook

# Improved EBITDA margin in challenging markets as COVID-19 impact is mitigated and transformation program execution in motion



- **Sales declined by 5 % in LC\* in H1 2020** and by 4 % in Q2 2020, impacted by the **weaker demand environment amid the COVID-19 pandemic**
- **Improved continuing operations EBITDA margin at 15.0 % in H1 2020** (vs. 14.9 % in H1 2019, excluding CHF 231 m provision) due to **stringent cost and margin management**
- **Operating cash flow at CHF 89 m**, impacted by seasonal net working capital effects
- **Measures to minimize COVID-19 impact fully in place** as the Group continues to ensure people safety first while concurrently running business continuity, cash and cost programs



- **Clariant anticipates Q3 2020 sales and profitability to be more adversely affected by weak demand amid the COVID-19 pandemic**
- **Clariant continues to maintain stringent cost and cash management measures** in addition to resuming its **efficiency program**, which will lead to a cost-base reduction in excess of CHF 50 m. This will demonstrate resilience in 2021 and will underpin Clariant's progress to its mid-term targets
- **Clariant continues its transformation program** following the successful completion of the sale of Masterbatches in July 2020 and is preparing the planned divestment of Pigments



# Back-up Slides



# A More Focused, High Value Specialty Portfolio

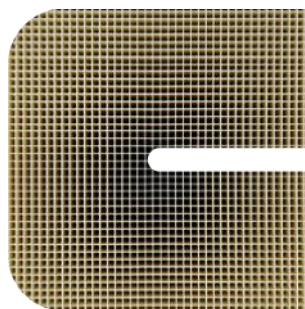
## Continuing Operations:



<b>Sales growth expectation p.a.</b>	<b>5 - 7 %</b>
<b>EBITDA margin ambition</b>	<b>19 - 21 %</b>

### CARE CHEMICALS

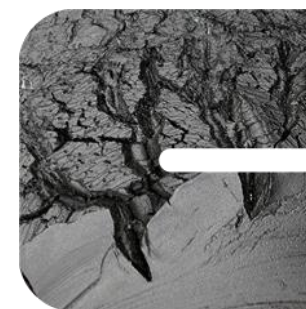
BA Care Chemicals comprises the BU Industrial & Consumer Specialties (ICS), which includes Consumer Care, Industrial Applications, Base Products, Food Ingredients and Encapsulation Technologies. These businesses demonstrate a clear focus on highly attractive, high-margin, and low-cyclicality segments. The BA follows a lifestyle-driven megatrend and strengthens Clariant's position as a supplier of green and sustainable products.



<b>Sales growth expectation p.a.</b>	<b>6 - 9 %</b>
<b>EBITDA margin ambition</b>	<b>26 - 30 %</b>

### CATALYSIS

BA Catalysis comprises the BU Catalysts and the Business Line Biofuels & Derivatives. It develops, manufactures, and sells a wide range of catalyst products for the chemical and fuel industries, which contribute significantly to value creation in our customers' operations, ensuring that finite raw materials and energy are used efficiently. In addition, Catalysis is at the forefront of new market developments such as the commercialization and licensing of cellulosic ethanol technology.



<b>Sales growth expectation p.a.</b>	<b>5 - 7 %</b>
<b>EBITDA margin ambition</b>	<b>18 - 20 %</b>

### NATURAL RESOURCES

BA Natural Resources comprises the BUs Oil and Mining Services, Functional Minerals and since July 2019, also Additives. It is characterized by high growth and low cyclicality as well as a strong megatrend orientation. Main drivers are the rising demand for high value-added specialty chemicals used in the oil, mining, food and packaging industries and the increased consumption of oil, gas and base metals, driven by the fast-growing economies. Additives provides highly customized products, technologies and applications mainly for the plastic and polymer as well as the electronics industries.



## Discontinued Operations (Masterbatches and Pigments)

- In **H1 2020**, sales decreased by **9 % in LC\*** and 15 % in Swiss francs
- **On a like-for-like basis** (excl. Healthcare Packaging in H1 2019), **H1 2020 sales weakened only a slight 3 % in LC\***
- **Q2 2020 like-for-like sales declined by 4 % in LC\*** resulting from the weak economic environment
- In **H1 2020** and in **Q2 2020**, the **EBITDA decreased in absolute value** partly due to the sale of the Healthcare Packaging business and one-off costs for the efficiency program in Pigments as well as for the carve-out of the discontinued operations
- Nevertheless, the **underlying operational performance in both businesses improved** due to continued, effective cost management

	H1 2020	H1 2019	% CHF	% LC*
<b>Sales in CHF m</b>	941	1 109	-15 %	-9 %
<b>EBITDA in CHF m</b>	67	91	-26 %	
<b>EBITDA margin</b>	7.1 %	8.2 %		
EBITDA b.e.i.** in CHF m	117	117	0 %	
<b>EBITDA b.e.i.** margin</b>	12.4 %	10.6 %		

	Q2 2020	Q2 2019	% CHF	% LC*
<b>Sales in CHF m</b>	456	558	-18 %	-11 %
<b>EBITDA in CHF m</b>	33	38	-13 %	
<b>EBITDA margin</b>	7.2 %	6.8 %		
EBITDA b.e.i.** in CHF m	48	56	-14 %	
<b>EBITDA b.e.i.** margin</b>	10.5 %	10.0 %		

# First Half Year 2020 – Sales and EBITDA by Business Area

First Half Year	Sales to 3rd parties			EBITDA			
	<i>in CHF m</i>	2020	2019	% LC*	2020***	2019	% CHF
<b>Care Chemicals</b>		<b>734</b>	<b>850</b>	- 6 %	<b>120</b>	<b>150</b>	- 20 %
	<i>margin</i>				16.3 %	17.6 %	
<b>Catalysis</b>		<b>392</b>	<b>432</b>	- 4 %	<b>68</b>	<b>84</b>	- 19 %
	<i>margin</i>				17.3 %	19.4 %	
<b>Natural Resources</b>		<b>819</b>	<b>947</b>	- 5 %	<b>116</b>	<b>148</b>	- 22 %
	<i>margin</i>				14.2 %	15.6 %	
<b>Business Areas Total</b>		<b>1 945</b>	<b>2 229</b>	- 5 %	<b>304</b>	<b>382</b>	
Corporate		–	–		- 12	- 49	
<b>Total Continuing Operations</b>		<b>1 945</b>	<b>2 229</b>	- 5 %	<b>292</b>	<b>333</b>	- 12 %
	<i>margin</i>				<b>15.0 %</b>	<b>14.9 %</b>	
Provision**						- 231	
<b>Total Continuing</b>		<b>1 945</b>	<b>2 229</b>		<b>292</b>	<b>102</b>	
	<i>margin</i>				<b>15.0 %</b>	<b>4.6 %</b>	
Discontinued		<b>941</b>	<b>1 109</b>	- 9 %	<b>67</b>	<b>91</b>	- 26 %
<b>Total Group</b>		<b>2 886</b>	<b>3 338</b>	- 6 %	<b>359</b>	<b>193</b>	86 %

\*in local currency \*\*CHF 231 million provision for a competition law investigation by the European Commission (EC) \*\*\*2020 EBITDA figures include a total of CHF 55 million reversal for a competition law investigation by the EC (in Corporate) and CHF 58 million provision for the efficiency program (CHF 13 million to Care Chemicals, CHF 5 million to Catalysis, CHF 21 million to Natural Resources and CHF 19 million to Corporate)

## Full Year 2019 – Sales and EBITDA by Business Area

Full Year	Sales to 3rd parties			EBITDA			
	<i>in CHF m</i>	2019	2018	% LC*	2019	2018	% CHF
<b>Care Chemicals</b>		<b>1 600</b>	<b>1 665</b>	- 1 %	<b>282</b>	<b>314</b>	- 10 %
<i>margin</i>					17.6 %	18.9 %	
<b>Catalysis</b>		<b>925</b>	<b>861</b>	+ 9 %	<b>212</b>	<b>185</b>	+ 15 %
<i>margin</i>					22.9 %	21.5 %	
<b>Natural Resources</b>		<b>1 874</b>	<b>1 878</b>	+ 4 %	<b>305</b>	<b>271</b>	+ 13 %
<i>margin</i>					16.3 %	14.4 %	
<b>Business Areas Total</b>		<b>4 399</b>	<b>4 404</b>	+ 3 %	<b>799</b>	<b>770</b>	
Corporate		–	–		- 107	- 163	
<b>Total Continuing Operations</b>					<b>692</b>	<b>607</b>	+ 14 %
<i>margin</i>					15.7 %	13.8 %	
Provision**					- 231		
<b>Total Continuing</b>		<b>4 399</b>	<b>4 404</b>	+ 3 %	<b>461</b>	<b>607</b>	- 24 %
<i>margin</i>					10.5 %	13.8 %	
Discontinued		<b>2 127</b>	<b>2 219</b>	- 2 %	<b>158</b>	<b>264</b>	- 40 %
<b>Total Group</b>		<b>6 526</b>	<b>6 623</b>	+ 1 %	<b>619</b>	<b>871</b>	- 29 %

\*in local currency \*\*CHF 231 million provision for a competition law investigation by the European Commission

# First Half Year 2020 – Key Financials

	2020		2019	
<i>Continuing operations</i>	CHF m	% of sales	CHF m	% of sales
Sales	1 945	100.0 %	2 229	100.0 %
Local currency growth	- 5 %		4 %	
<i>Organic growth*</i>	- 5 %		4 %	
<i>Acquisitions / divestitures</i>	0 %		0 %	
Currencies	- 8 %		- 4 %	
Gross profit	624	32.1 %	696	31.2 %
EBITDA after exceptional items	292	15.0 %	102	4.6 %
EBITDA before exceptional items	309	15.9 %	355	15.9 %
EBIT after exceptional items	154	7.9 %	- 47	
EBIT before exceptional items	172	8.8 %	206	9.2 %
Net result**	90		- 101	
Operating cash flow**	89		113	
<i>Sales from discontinued operations</i>	941	100 %	1 109	100 %
<i>Net income from discontinued operations</i>	15		32	

\*organic growth: volume and price effects excluding the impact of changes in foreign currency exchange rates and acquisitions / divestments \*\* including discontinued operations

# First Half Year 2020 – Consolidated Statements of Cash Flows

*All figures including discontinued operations*

<i>CHF m</i>	<b>2020</b>	<b>2019</b>
Net result	90	- 101
Depreciation, amortization and impairment	138	184
Payments for restructuring	- 11	- 16
Other	141	115
<b>Cash flow before changes in working capital</b>	<b>358</b>	<b>182</b>
Changes in working capital and provisions	- 221	- 2
Income taxes paid	- 48	- 67
<b>Operating cash flow</b>	<b>89</b>	<b>113</b>
<b>Cash flow from investing activities</b>	<b>199</b>	<b>- 108</b>
<i>thereof: property, plant and equipment</i>	- 96	- 87
<i>thereof: changes in current financial assets and short-term deposits</i>	293	- 35
<i>thereof: acquisitions, disposals and other</i>	2	14
<b>Cash flow before financing</b>	<b>288</b>	<b>5</b>

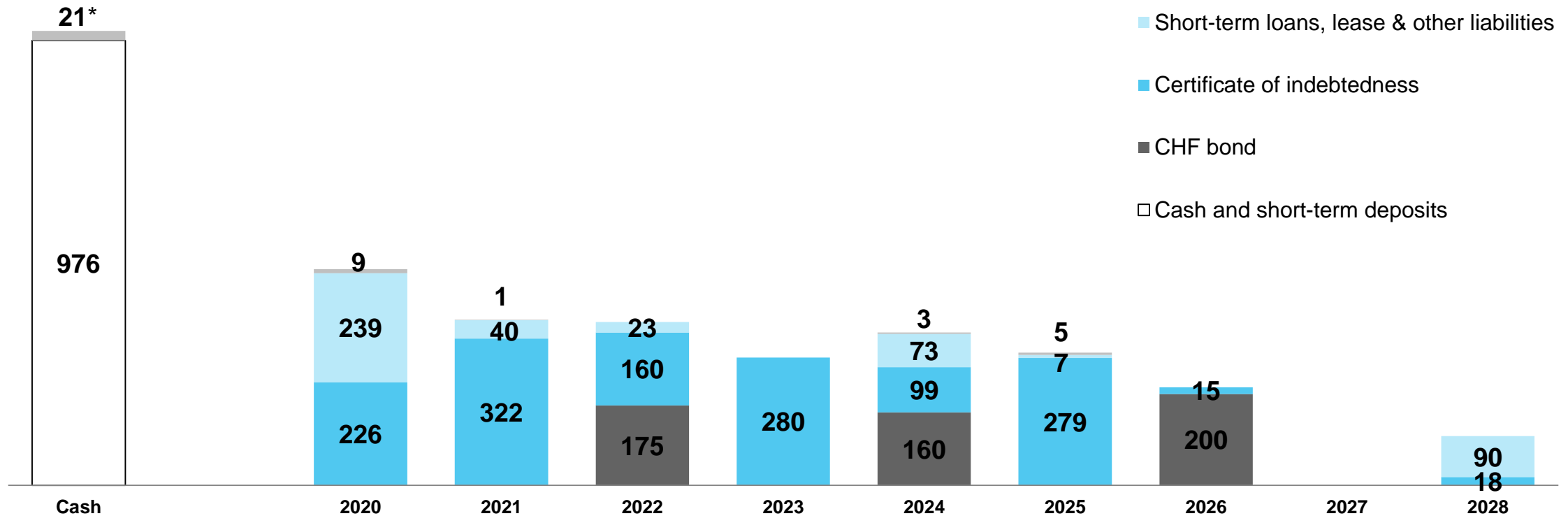


# Debt Maturity Profile as of 30 June 2020

## LIQUIDITY in CHF m

## FINANCIAL DEBT MATURITIES in CHF m

- Derivatives
- Short-term loans, lease & other liabilities
- Certificate of indebtedness
- CHF bond
- Cash and short-term deposits



\*financial derivatives with positive fair values reported under other current assets

# Update on COVID-19 mitigation measures

- **Employee safety** – cases of infection kept low as a result of social distancing, home office arrangements and travel bans governed by Clariant's GEM organization
- **Support for communities and stakeholders** – distribution of face masks to all employees, production of 2 million liters of disinfectants in Gendorf, Germany
- **Preservation of business continuity** – only minimal disruption caused by temporary production site closures while closely collaborating with customers and key suppliers
- **Performance improvement** – centrally run programs to optimize cash and reduce cost
  - Capex cut of non-strategic and non-safety-related projects
  - Working Capital reduction, especially inventory and close credit control
  - Spend avoidance, travel reduction and operational flexibilization

**Resuming efficiency program** – reduction of c. 600 positions for c. CHF 50 m savings in continuing operations

Based on a **strong balance sheet and financial flexibility**

# Calendar of Upcoming Corporate Events

29 October 2020

Nine Months 2020 Reporting

11 February 2021

Full Year 2020 Reporting

07 April 2021

Annual General Meeting

# IR Contacts

**Maria Ivek**

Senior Investor Relations Officer

**Alexander Kamb**

Investor Relations Officer

Phone: +41 61 469 63 73

Email: [investor-relations@clariant.com](mailto:investor-relations@clariant.com)