

# **The Octavian Seminar 2021**

15 January 2021

# 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.

# Who We Are

# Clariant is a globally leading company in specialty chemicals

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**4 399**

Sales 2019 (CHF m)  
from continuing operations

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**692**

EBITDA<sup>1</sup> 2019 (CHF m)  
from continuing operations

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**3**

Core Business Areas

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**17 223**

Employees 2019  
of total Group including  
discontinued operations

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**38**

Net result 2019 (CHF m)  
of total Group including  
discontinued operations

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**15.7%**

EBITDA margin<sup>1</sup> 2019  
from continuing operations

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**118**

Production sites worldwide  
of total Group including  
discontinued operations

<sup>1</sup> excluding a CHF 231 million provision for an ongoing competition law investigation by the European Commission



# Care Chemicals



## BUSINESS AREA PROFILE

### CONSUMER CARE

(~50% Care Chemicals sales)

**PERSONAL CARE Ingredients** incl. Naturals and premium **cosmetic formulations** to support hair & skin care globally, as well as solutions for specific applications (i.e. men's care, cosmetics, hair styling, and sun protection)

#### HOME CARE

Sustainable ingredients and solutions ranging from **soil release polymers** that protect fibers to **silver biocides**, from special **amine oxides** to **low foaming surfactants**

#### CROP PROTECTION

Includes the improvement of **emulsifiers** and **dispersing agents** as well as the development of **adjuvants** leading to enhanced pesticide performance

### INDUSTRIAL APPLICATIONS

(~50% Care Chemicals sales)

#### PAINTS & COATINGS

Solutions that conform to the latest regulatory and ecolabel requirements with a complete range of multifunctional additives such as wetting and dispersing agents, stabilizers and neutralizers

#### AVIATION

Runway and aircraft de-icing solutions with new recycling options

#### CONSTRUCTION CHEMICALS

Selected range of polyglycols for **superplasticizers** and **concrete additives** for the concrete admixture market

#### INDUSTRIAL LUBRICANTS

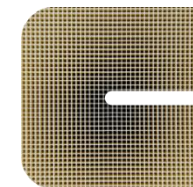
Broad product portfolio including **synthetic base fluids**, **low foaming emulsifiers**, **components** and **lubricant additives**



#### MID-TERM TARGETS:

Sales growth expectation p.a.	5–7%
EBITDA margin ambition	19–21%

# Catalysis



## BUSINESS AREA PROFILE

### PETROCHEMICALS & REFINING CATALYSTS

Tailor-made solutions for main petrochemical building blocks, such as **ethylene, propylene** (incl. Propane Dehydrogenation and methanol-to-propylene), **butadiene** and **styrene**

### SYNGAS CATALYSTS

Utilized globally for cost- and energy-efficient production of **ammonia, methanol** and **hydrogen** as well as for **fuel cells, gas processing** and various gas-to-liquid, coal-to-liquid and biomass-to-liquid processes

### CHEMICAL CATALYSTS

For decades Clariant has developed catalysts and catalyst technology for **selective oxidation and hydrogenation processes**. These processes are key methods for the production of intermediates and specialty chemicals (i.e. the production of fatty alcohols, formaldehyde, maleic anhydride, phthalic anhydride and sulfuric acid)

### BIOFUELS & DERIVATIVES

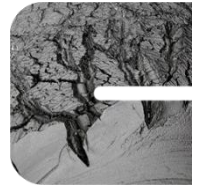
Includes sunliquid® technology which is at the forefront of the **commercialization and licensing of cellulosic ethanol technology** for the production of second generation biofuel



#### MID-TERM TARGETS:

Sales growth expectation p.a.	6–9%
EBITDA margin ambition	26–30%

# Natural Resources



## BUSINESS AREA PROFILE

### OIL AND MINING SOLUTIONS

A leading provider of tailor-made solutions within **oil production, mining, and refinery** with hydrocarbon know-how for oilfield production incl. offshore and deep water, chemical management, crude and fuel transportation, the optimization of fuel blending in refineries and upgrading fuels by applying tailored additives, which is also applied to improving recovery and grade in mining operations

### FUNCTIONAL MINERALS

A leading provider of **specialty products based on bentonite** including oil purification, foundry additives and cargo & device protection applications covering the entire value chain from exploration / mining

### ADDITIVES

A major supplier of **flame retardants, performance additives and advanced surface solutions** for functional effects in plastics, coatings, inks and consumer applications addressing also e-mobility, digitalization and recycling needs



#### MID-TERM TARGETS:

Sales growth expectation p.a.	5–7%
EBITDA margin ambition	18–20%

# Our Priorities



# Clariant, a Focused, Sustainable and Innovative Specialty Chemical Company is ...

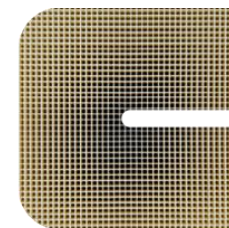
– **Developing the core** Business Areas by performance improvement towards its midterm targets

- Resilience amid Covid-19
- Progressing towards mid-term targets



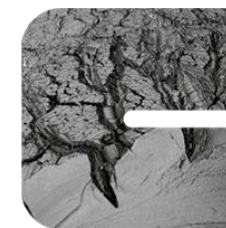
Sales growth expectation p.a.	5 - 7 %
EBITDA margin ambition	19 - 21 %

CARE CHEMICALS



Sales growth expectation p.a.	6 - 9 %
EBITDA margin ambition	26 - 30 %

CATALYSIS



Sales growth expectation p.a.	5 - 7 %
EBITDA margin ambition	18 - 20 %

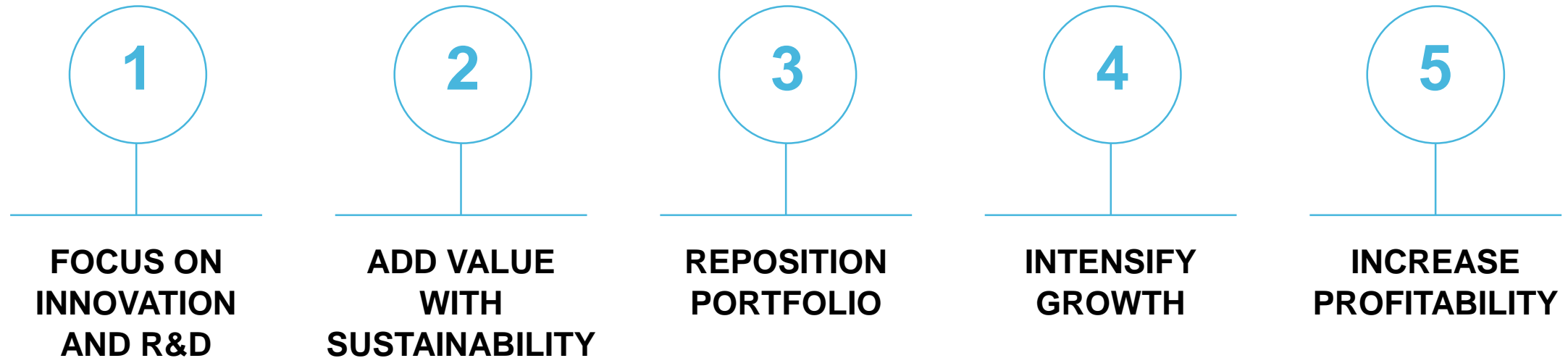
NATURAL RESOURCES

– **Transforming the portfolio** towards a higher specialty value

– **Executing the Clariant strategy** to differentiate via innovation, sustainability, portfolio, growth and performance

# Executing The Strategy

- by focusing on the five-pillars: **innovation**, adding value with **sustainability**, repositioning the **portfolio**, intensifying **growth** – particularly in Asia and **China** – and improving **performance**



PEOPLE EXCELLENCE

# Our Commitment to Innovation

## INNOVATION FIGURES FOR END OF 2019

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**173**

R&D  
in CHF m<sup>1</sup>

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**3.9%**

R&D  
in % of sales<sup>1</sup>

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**> 3.5%**

Growth through innovation<sup>1,3</sup>

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**5 400**

Patents<sup>1</sup>

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**8**

R&D  
Centers<sup>2</sup>

**> 50**

Technical  
Application  
Centers<sup>2</sup>

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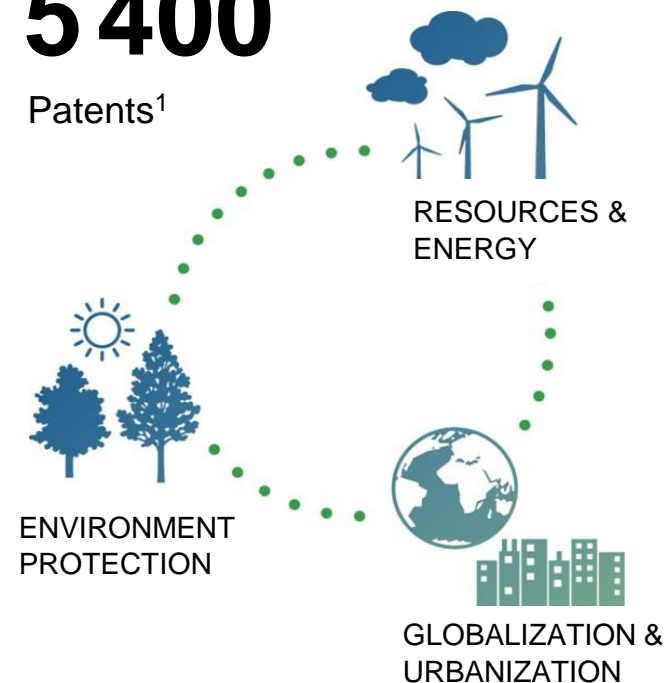
**> 1 050**

People in R&D<sup>2</sup>

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**> 125**

Scientific collaborations<sup>2</sup>



<sup>1</sup>continuing operations <sup>2</sup> total group

<sup>3</sup> contains the contribution to growth of the innovation portfolio from both Top Line Innovation and Life Cycle Innovation. Potential cannibalization of existing sales by Life Cycle Innovation has not been excluded.

# Our Commitment to Sustainability

## 2025 ENVIRONMENTAL TARGETS<sup>1</sup>



**-30 %**

Electricity



**-30 %**

Direct CO<sub>2</sub>



**-35 %**

Water use



**-40 %**

Waste water



**-35 %**

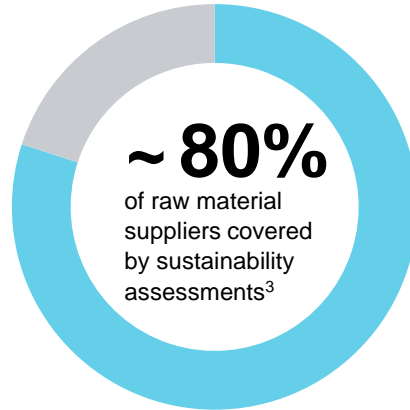
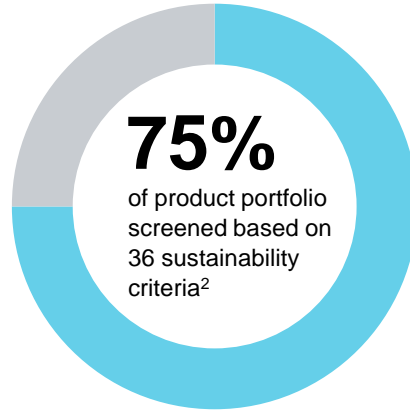
Greenhouse gases



**-35 %**

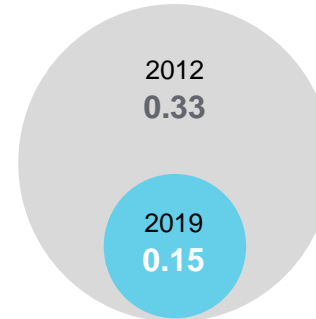
Waste

## FACTS AND FIGURES



ECOTAIN<sup>®</sup>

**> 200**  
products excelled with the EcoTain<sup>®</sup> label<sup>2</sup>



Low Lost Time  
Accident Rate

## ACKNOWLEDGEMENTS



Clariant International Ltd

<sup>1</sup>based on 2013 values (in % t produced goods); <sup>2</sup>for continuing operations; <sup>3</sup>including discontinued operations



# Reposition the Portfolio

## DIVESTMENT OF DISCONTINUED OPERATIONS

### DISCONTINUED OPERATIONS

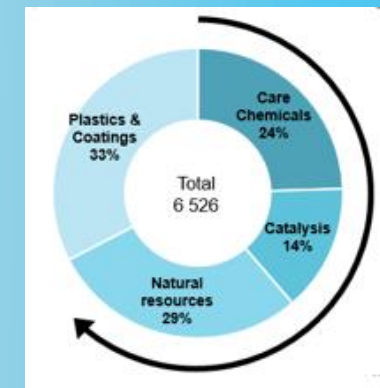
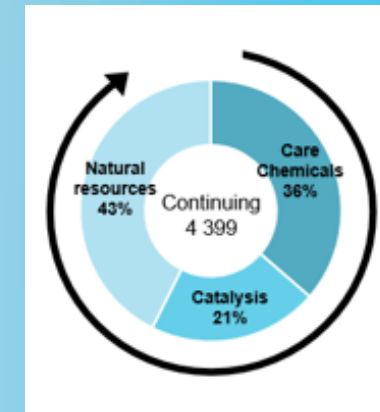
Healthcare Packaging	✓
Masterbatches	✓
Pigments	In progress

- ✓ Returned capital to shareholders
- Strengthen balance sheet
- Invest in innovation, sustainability, performance

- Clariant's **successful step by step transformation** toward a stronger portfolio has gained **investor confidence**
- Clariant's **refocus and simplification** of its organization (Clariant 2021) while **right sizing to avoid any remnant cost**
- Clariant's continuous assessment of market developments for **value creating inorganic growth opportunities**

## FOCUS ON SPECIALTY BUSINESSES

Sales share of Specialty portfolio as of 2019



Specialty portfolio with

- Intensified growth
- Enhanced earnings quality
- Maximized cash generation

# Current Performance

# Update on COVID-19 Mitigation Measures

## SAFETY OF OUR EMPLOYEES

Resurgence of COVID-19 triggered Clariant's GEM organization to return to stricter rules on social distancing, home office arrangements / corporate functions split into 2 teams and travel bans similar to Q2 2020

## SUPPORT TO COMMUNITIES AND OUR STAKEHOLDERS

Distribution of face masks to all employees, production of disinfectants in Gendorf, Germany

## BUSINESS CONTINUITY TO OUR CUSTOMERS

Only minimal disruption caused by temporary production site closures while maintaining a close collaboration with customers and key suppliers

## PERFORMANCE IMPROVEMENT - Ongoing centrally run programs to optimize cash and reduce cost

- Working capital optimization, especially inventory and close credit control
- Spend avoidance, travel reduction and operational flexibilization
- Capex reduction of non-strategic and non-safety-related projects

## RESUMPTION OF EFFICIENCY PROGRAMS

Reduction of c. 600 positions for c. CHF 50 m savings in continuing operations over next two years; Rightsizing with reduction or transfer of c.1,000 positions to avoid remnant cost subsequent to the divestments

## BASED ON A STRONG BALANCE SHEET AND FINANCIAL FLEXIBILITY



# First Nine Months & Third Quarter 2020 – Highlights

9M 2020 vs. 9M 2019, figures from continuing operations

<b>SALES</b>	<b>2 838</b>	<b>-6%</b>	
	in CHF m	in LC* y-o-y	
<b>EBITDA</b>	<b>419</b>	<b>+66%**</b>	<b>14.8%</b>
	in CHF m	in CHF y-o-y	margin
<b>EBITDA before exceptional items</b>	<b>446</b>	<b>-15%</b>	<b>15.7%</b>
	in CHF m	in CHF y-o-y	margin

Q3 2020 vs. Q3 2019, figures from continuing operations

<b>SALES</b>	<b>893</b>	<b>-7%</b>	
	in CHF m	in LC* y-o-y	
<b>EBITDA</b>	<b>127</b>	<b>-16%</b>	<b>14.2%</b>
	in CHF m	in CHF y-o-y	margin
<b>EBITDA before exceptional items</b>	<b>137</b>	<b>-19%</b>	<b>15.3%</b>
	in CHF m	in CHF y-o-y	margin

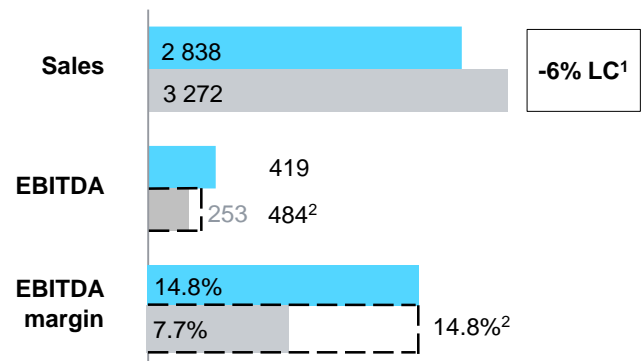
**Profitability preserved with EBITDA margin at 14.8 % in 2020 at 2019 levels (7.7 % reported incl. CHF 231m provision) after 9 months despite 6 % LC\* sales decline in a difficult economic environment**



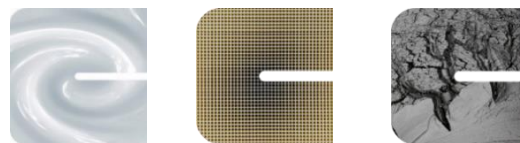
# Resilient performance based on specialty portfolio and mitigations

## CONTINUING OPERATIONS PERFORMANCE

9M 2020 in CHF m



## RESILIENT DEVELOPMENT OF SPECIALTY PORTFOLIO

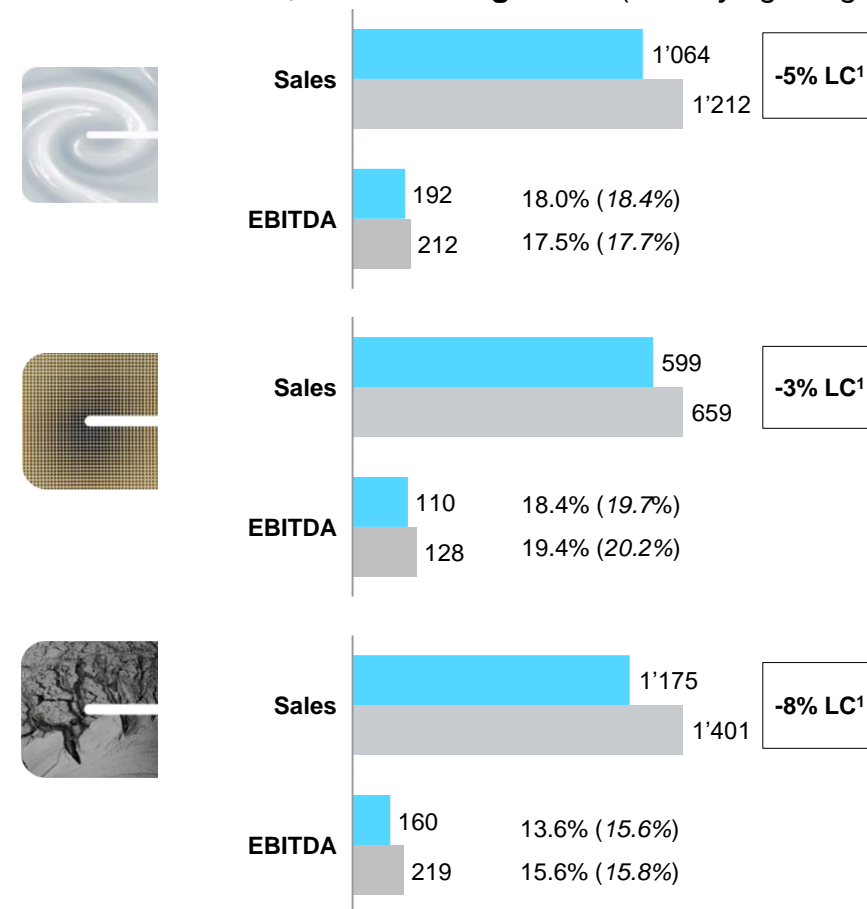


EBITDA Margin **9M 2020** 14.8%

Preserved EBITDA margin in 9M 2020 at 14.8% vs. 14.8%<sup>2</sup> in a difficult environment with 6% LC<sup>1</sup> sales decline

## BUSINESS AREA PERFORMANCE

9M 2020 in CHF m, EBITDA margin in % (underlying margin)



<sup>1</sup>in local currency <sup>2</sup>excluding CHF 231 million provision for a competition law investigation by the European Commission in Q2 2019

# Outlook

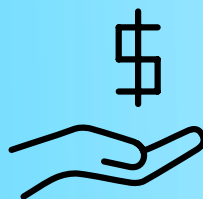
# Focus on resilient performance amid COVID-19 pandemic and on continued transformation; Mid-term guidance confirmed



In Q4 2020, Clariant anticipates a continued, but **slightly less negative impact** on sales and profitability from the COVID-19 pandemic versus Q3 2020



Although the current challenging environment will have a negative impact on the 2020 results, in the mid-term Clariant expects its continuing businesses to achieve above-market growth, higher profitability and stronger cash generation in the mid-term based on its focused, high value specialty portfolio



Clariant continues to maintain stringent cost and cash management measures in addition to its **efficiency program**, which will lead to a cost-base reduction in excess of CHF 50 m and its **rightsizing program**. This will demonstrate resilience and will underpin Clariant's progress to its mid-term targets



Clariant continues to execute its strategy and transformation program following the successful completion of the sale of Masterbatches in July 2020 and Healthcare Packaging in October 2019 and has relaunched the divestment of Pigments

# The Executive Committee



**CONRAD KEIJZER**  
Chief Executive Officer

**Responsibilities:**

Group Auditing (together with Chairman of Audit Committee), Group Communications, Group Compliance, Group Human Resources, and Group Legal



**HANS BOHNEN**  
Executive Vice President &  
Chief Operating Officer

**Responsibilities:**

Business Line Biofuels & Derivatives, Business Units Catalysts and Industrial & Consumer Specialties, Group Operational Excellence, Group Procurement Services, and the regions Latin America and North America



**BERND HOEGEMANN**  
Executive Vice President &  
Chief Transformation Officer

**Responsibilities:**

Business Units Additives, Functional Minerals, Oil and Mining Services and Pigments, Corporate Planning & Strategy, Group Innovation & Sustainability, Project Clariant 2021, and the region China and Asia Pacific



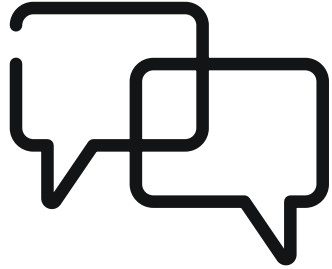
**STEPHAN LYNEN**  
Executive Vice President &  
Chief Financial Officer

**Responsibilities:**

Corporate Accounting, Corporate Controlling, Corporate Mergers & Acquisitions, Corporate Tax, Corporate Treasury, Global Business Services, Group Finance Services, Group Investor Relations, Group Information Technology, and the region Europe, Middle East & Africa



# Investor Relations contacts



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