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Media Release

Clariant achieves 8 % sales growth in a softening economic environment

- **Sales from continuing operations rose 8 % in local currencies. In Swiss francs, sales increased 4 % to CHF 1.51 billion from CHF 1.44 billion in the third quarter of 2013**
- **Strong volume growth and higher sales prices overcompensated a still unfavorable currency effect**
- **EBITDA before exceptional items up 8 % in local currencies, margin at 14.0 % compared to 14.1 %**
- **Net result from continuing operations at CHF 58 million compared to CHF 129 million, due to higher taxes and a favorable one-time item in 2013**
- **Outlook: For full-year 2014, Clariant expects around mid-single-digit sales growth in local currencies and an EBITDA margin before exceptional items above full-year 2013**

"In the first nine months Clariant's well-balanced, growth-oriented portfolio achieved above-market growth in a softening global economic environment," said CEO Hariolf Kottmann. "Volumes were strong and prices firm despite uneven developments in industries, end-markets and regions. While we expect those challenges to persist in the fourth quarter, we are confident of reaching our targets for 2014, including substantial cash flow generation in the remainder of the year."

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Key Financial Data

Continuing operations:	**Third quarter**				**Nine months**			
in CHF million	**2014**	**2013**	**% CHF**	**% LC**	**2014**	**2013**	**% CHF**	**% LC**
Sales	1 507	1 443	4	8	4 530	4 513	0	6
EBITDA before exceptional items	211	203	4	8	635	623	2	9
- margin	14.0 %	14.1 %			14.0 %	13.8 %		
EBIT before exceptional items	141	132	7	12	426	417	2	10
- margin	9.4 %	9.1 %			9.4 %	9.2 %		
EBIT	122	147	-17	-13	291	377	-23	-13
Net result from continuing operations	58	129			102	238		
Net income[1]	59	-204			85	-75		
Operating cash flow[1]	126	153			13	40		
Number of employees[1]					16 936	18 099*		
Discontinued operations								
Sales	0	443			98	1 315		
Net result from discontinued operations	1	-333			-17	-313		

[1] Total Group including discontinued operations
* As of 31 December 2013

Third quarter 2014 – strong sales growth on higher volumes

Muttenz, 30 October 2014 - Clariant, a world leader in specialty chemicals, today announced third quarter 2014 sales of CHF 1.507 billion compared to CHF 1.443 billion in the third quarter of 2013. This corresponds to sales growth of 8 % in local currencies, driven by 7 % higher volumes and average sales price increases of 1 %. Growth in Swiss francs was 4 % as currency developments still had an adverse, albeit weaker, negative impact. Important trading currencies – predominantly the US dollar – strengthened against the Swiss franc during the reporting period, leading to a less pronounced effect of –4 percentage points on sales compared to – 7 percentage points in the first half-year of 2014.

Clariant achieved double-digit local currency sales growth in the emerging markets, led by Latin America with a 23 % sales increase followed by Asia/Pacific with 13 %. In Latin America, Brazil reported single-digit growth while sales in most of the other economies in the region grew double-digit. In Asia/Pacific strong sales growth was achieved in China with 12 % and in India with 38 % higher sales. In the mature markets, North America reached 3 % higher sales, outpacing Europe Middle East & Africa (EMEA), which grew 2 %. As in the first six months, the driver for growth in EMEA was the Middle East & Africa region which achieved growth of 15 %, in-line with other emerging markets. In contrast, growth was uneven across countries in Europe with good growth in the Nordic countries and in Eastern Europe, resulting in 0 % sales growth in the region.

With the exception of Care Chemicals, all Business Areas achieved mid single-digit to double-digit sales growth in local currencies in the third quarter. Care Chemicals reported 1 % lower sales resulting from a reduction of the exposure to lower margin products. Excluding this impact, Care Chemicals grew 5 % in local currencies, reflecting robust growth in Consumer Care, predominantly in Crop Solutions and Personal Care while Industrial Applications grew at a slower pace. Catalysis & Energy achieved 20 % higher sales, driven by a continuing strong growth in the Catalysts business but also due to a substantial improvement in sales in the start-up business Energy Storage. In Natural Resources, both the Oil & Mining Services and Functional Minerals businesses contributed to a 14 % sales increase. Plastics & Coatings sales grew 7 % on the back of a good sales performance of all three businesses: Additives, Masterbatches and Pigments.

At 28.8 %, the gross margin improved from the 28.1 % recorded in the prior-year period. Improved capacity utilization and slightly higher sales prices more than offset a negative currency impact.

EBITDA before exceptional items from continuing operations rose 8 % in local currencies, reaching CHF 211 million in Swiss francs compared to CHF 203 million in the third quarter of 2013. This was entirely due to higher volumes that more than compensated for the positive one-time effect from the acquisition of the deep-water assets in the Gulf of Mexico one-year ago. This one-time item together with higher volumes but an unfavorable mix and a still adverse currency impact resulted in a slightly lower EBITDA margin before exceptional items of 14.0 % versus 14.1 % in the year-ago period. The unfavorable mix was mainly due to the Plastics & Coatings Business Area in which Clariant has selectively put more emphasis on volumes and cash generation.

Exceptional items including restructuring, impairment, and transaction-related costs increased to CHF 17 million from CHF 4 million one year ago. Those items were primarily related to measures to streamline operations within the Group.

Net income from continuing operations of CHF 58 million was recorded, compared to CHF 129 million in the previous year. The decrease was entirely caused by higher tax charges compared to the year-ago period and a one-time gain from the joint venture transaction with Wilmar in the previous year.

Following the normal seasonal pattern, operating cash flow turned positive in the third quarter and reached CHF 126 million compared to CHF 153 million in the third quarter of 2013. After nine months, cash flow stood at CHF 13 million compared to CHF 40 million one year ago. A strong cash generation is expected in the fourth quarter.

Net debt stood at CHF 1.608 billion and was therefore higher than the CHF 1.500 billion recorded at year-end 2013. Gearing, reflecting net financial debt in relation to equity, rose to 60 % from 54 % at the end of 2013. Compared to the end of the first half-year of 2014, net debt and gearing were slightly lower at the end of the quarter.

Outlook 2014 – Focus on performance, growth and innovation

In the last few months the optimism in the market concerning the further path of the global economy has deteriorated, mainly with regard to the outlook for Europe.

Clariant expects the business environment to remain challenging with heterogeneous global economic developments and volatile currency markets. While the general economic environment in the emerging markets is expected to remain mixed but overall favorable, moderate growth should continue in the United States. In contrast, Europe is expected to remain flat at best. Hence, Clariant will focus on profitably growing the four Business Areas, cost efficiency and strengthening innovation.

For the full-year 2014, Clariant expects around mid single-digit sales growth in local currencies and an EBITDA margin before exceptional items above full-year 2013.

Clariant confirms its mid-term target of achieving 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 in 2015 and beyond.

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Business Discussion Third Quarter

Care Chemicals Business Area

	Third quarter				Nine months			
in CHF million	**2014**	**2013**	**%CHF**	**%LC**	**2014**	**2013**	**%CHF**	**%LC**
Sales	343	357	-4	-1	1 118	1 168	-4	1
EBITDA before exceptional items	57	54	6	7	179	192	-7	-2
- margin	16.6 %	15.1 %			16.0 %	16.4 %		
EBIT before exceptional items	45	44	2	5	144	159	-9	-4
- margin	13.1 %	12.3 %			12.9 %	13.6 %		
EBIT	43	63	-32	-30	142	175	-19	-14

In the third quarter of 2014, sales in the Care Chemicals Business Area decreased by 1 % in local currencies and 4 % in Swiss francs compared to the third quarter of 2013. The decrease was exclusively due to a reduction of the exposure to lower margin products. Excluding this effect, underlying sales growth was 5 % in local currencies. Latin America, North America and Middle East & Africa achieved robust growth while Asia/Pacific was slightly below last year's level. Sales in Europe were substantially lower due to the aforementioned effect. Without this effect sales growth in Europe was in the mid single-digit range.

Both the Consumer Care and Industrial Applications businesses achieved solid growth. As in the previous quarters, Consumer Care was driven by double-digit growth in the Crop Solutions segment and high single-digit growth in Personal Care. The Aviation business had the usual seasonal low in summer with basically no impact on top-line and profitability.

The EBITDA margin before exceptional items increased to 16.6 % from 15.1 % one year ago. The adverse currency effect was more than compensated mainly by a positive mix effect attributable to a higher contribution from the more profitable Personal Care and Crop Solutions businesses.

Care Chemicals expects continued solid sales growth in Personal Care, Crop Solutions and Home Care that will be driven by new innovative products and sustainable solutions. In August 2014, Clariant underlined its commitment to sustainability with the launch of its EcoTain® concept for the personal care sector. More than 25 cosmetic ingredients in six categories — emollients, emulsifiers, mild surfactants, pearlizers, actives, preservatives & boosters — have already been awarded the EcoTain® label, which promises sustainable excellence at every step.

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Catalysis & Energy Business Area

	Third quarter				Nine months			
in CHF million	**2014**	**2013**	**%CHF**	**%LC**	**2014**	**2013**	**%CHF**	**%LC**
Sales	176	152	16	20	491	468	5	10
EBITDA before exceptional items	33	28	18	18	112	98	14	21
- margin	18.8 %	18.4 %			22.8 %	20.9 %		
EBIT before exceptional items	18	10	80	78	68	47	45	57
- margin	10.2 %	6.6 %			13.8 %	10.0 %		
EBIT	19	11	73	85	68	48	42	56

Sales in the Catalysis & Energy Business Area increased 20 % in local currencies and 16 % in Swiss francs in the third quarter. Although growth rates varied substantially from region to region due to timing and size of shipments, the fundamental demand pattern remains stable.

Strong double-digit sales growth has been achieved in Syngas catalysts. As in the previous quarter the Petrochemicals business captured the opportunities from a beneficial refill cycle. Specialty Catalysts experienced solid although slower growth in comparison to Syngas and Petrochemicals.

Sales in Energy Storage were significantly above the prior-year level, bringing the start-up business closer to break-even at the EBITDA level.

The EBITDA margin of the Business Area slightly increased to 18.8 % in the third quarter of 2014 from 18.4 % in the year-ago period. An unfavorable but not unusual product mix effect i.e. a higher contribution from lower margin businesses compared to last year was offset by a reduced dilution from the Energy Storage business.

For the full year 2014, Catalysis & Energy targets sales growth in local currencies in the mid single-digit range. Beyond 2014, the business expects sales growth that will contribute to achieve the business' 6–7 % growth target over the cycle. Growth will be driven by feedstock and new process developments, and by contributions from new strategic alliances. Such partnerships include the CB&I's Lummus Novolen Technology for polypropylene catalysts and the cooperation with Siemens Fuel Gasification Technology on sour gas shift (SGS) catalysts for chemicals and fuel production from coal. Additionally, the business will introduce innovative and sustainable solutions like the ShiftMax 120 HCF, an enhanced high temperature shift (HTS) catalyst that avoids health and safety risks in ammonia and hydrogen production as it contains essentially no harmful hexavalent chromium (Cr^{6+}). For the mid-to-long term the business expects above-market growth mainly from the US and China, driven by shale gas, coal-to-chemicals and fuel production, where Clariant is well-positioned to capture growth.

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Natural Resources Business Area

	Third quarter				Nine months			
in CHF million	**2014**	**2013**	**%CHF**	**%LC**	**2014**	**2013**	**%CHF**	**%LC**
Sales	330	303	9	14	951	937	1	10
EBITDA before exceptional items	52	52	0	6	138	123	12	23
- margin	15.8 %	17.2 %			14.5 %	13.1 %		
EBIT before exceptional items	42	40	5	11	109	91	20	34
- margin	12.7 %	13.2 %			11.5 %	9.7 %		
EBIT	40	33	21	23	20	82	-76	-57

Sales in the Natural Resources Business Area grew 14 % in local currencies and 9 % in Swiss francs in the third quarter.

Similar to the first half-year, the Oil & Mining Services business achieved double-digit sales growth on a year-on-year basis. In all regions with the exception of Asia/Pacific the business managed to grow double-digit. Asia/Pacific was slightly negative. Oil Services benefitted from strong growth in North America. Mining Services continued to report good double-digit sales growth driven mainly by Latin America.

Sales growth in Functional Minerals was impacted by the divestment of parts of the Water Treatment business. Therefore sales remained flat at previous year's level. However, underlying growth continued to be good in most geographical regions with particular strength in Latin America and Asia/Pacific. Especially strong growth was recorded in the Purification business while Foundry Additives' growth dynamics declined during the third quarter.

The EBITDA margin before exceptional items of Natural Resources decreased to 15.8 % from 17.2 %. The decline was due to a base effect, as last year's EBITDA benefitted from a one-time book gain related to the acquisition of the Gulf of Mexico deep-water assets. Excluding this one-time effect, underlying profitability significantly increased, driven by higher volumes and sales prices, a lower cost base resulting from efficiency measures and a better product mix, offsetting the still significant currency impact.

For the fourth quarter of 2014, Natural Resources expects a sustained good demand. For 2015 and beyond Natural Resources anticipates continuing growth. Functional Minerals will focus on accompanying growth in emerging markets with selective investments in emerging regions. Oil & Mining Services will continue to offer best-in-class services and will benefit from the launch of innovations such as its new H2S (hydrogen sulfide) management and its sequestration removal technology for off-shore operations, which was presented at the 2014 Rio Oil & Gas Expo and Conference in September 2014.

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Plastics & Coatings Business Area

	Third quarter				Nine months			
in CHF million	**2014**	**2013**	**%CHF**	**%LC**	**2014**	**2013**	**%CHF**	**%LC**
Sales	658	631	4	7	1 970	1 940	2	7
EBITDA before exceptional items	92	92	0	4	283	283	0	5
- margin	14.0 %	14.6 %			14.4 %	14.6 %		
EBIT before exceptional items	70	71	-1	2	220	222	-1	5
- margin	10.6 %	11.3 %			11.2 %	11.4 %		
EBIT	69	75	-8	-3	219	204	7	14

Sales in the Plastics & Coatings Business Area increased 7 % in local currencies and 4 % in Swiss francs compared to the prior-year period. All three businesses Pigments, Masterbatches, and Additives and all geographical regions contributed to growth in local currencies. There was particularly strong demand in Asia/Pacific and Latin America.

In the Pigments business all segments contributed to growth. The Printing business showcased a strong double-digit growth. This was attributable to a recovery in Japan for non-impact printing products and by the decision to opportunistically capture more volumes in lower margin product groups to increase capacity utilization. Both Coatings and Plastics repeatedly delivered high single-digit growth rates in local currencies.

Masterbatches realized good sales growth with particularly strong demand in September. Sales grew in all major segments Packaging, Consumer Goods, Auto and Medical Specialties. In September 2014 the business announced to acquire VitaPac, an innovative, technology-driven Chinese specialist for healthcare packaging with a focus on active sorbents. VitaPac manufactures a full range of high-quality protective packaging solutions for the pharmaceutical, nutraceutical and food industries, as well as for the logistics and the electronics sectors.

Additives achieved strong sales growth in Flame Retardants. Waxes were unchanged while Polymer Additives were slightly below last year's level. Demand for halogen-free flame retardants for electrical applications and electronics continued to recover. Demand in other applications is expected to rise upon more stringent environmental regulations/recommendations. Recently, the U.S. Environmental Protection Agency (EPA) identified Clariant's Exolit® OP 560 as a safer alternative to pentabromo diphenylether used for fire protection in polyurethane foam for the upholstery industry.

The EBITDA margin before exceptional items of 14.0 % for Plastics & Coatings was below previous year's 14.6 %. Higher volumes could not compensate for an unfavorable mix effect linked to the opportunistic production of more low-margin products to increase capacity utilization levels. Additionally, profitability was impacted by still unfavorable currency developments. Going forward, Plastics & Coatings expects continued robust demand in most regions although the economic environment in Europe seems to develop unfavorably. Therefore, capacities will continue to be shifted to high-growth regions and markets.

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

ULRICH STEINER

Phone +41 61 469 67 45
ulrich.steiner@clariant.com

SIEGFRIED SCHWIRZER

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

www.clariant.com

Clariant is a globally leading specialty chemicals company, based in Muttenz near Basel/Switzerland. On 31 December 2013 the company employed a total workforce of 18 099. In the financial year 2013, Clariant recorded sales of CHF 6.076 billion for its continuing businesses. The company reports in four business areas: Care Chemicals, Catalysis & Energy, 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.