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CLARIANT INVESTOR DAY | 2024

## **Investor Day 2024: Clariant well positioned for further growth and profitability improvement**

- **Clariant committed to creating shareholder value as a top quartile specialty chemical company**
- **Differentiated segment steering and adoption of strategic mandates to drive above-market growth**
- **Innovation arenas to deliver ~ 70 % of profitable growth and innovation rate expected to reach ~ 20 % by 2027**
- **Reinforced medium-term financial targets, by 2027 at the latest: compound annual sales growth of 4 – 6 % in local currency, EBITDA margin of 19 – 21 %, and free cash flow conversion of around 40 %**
- **Margin improvement reinforced by new self-help actions totaling ~ CHF 80 million run-rate savings in full by latest 2027**
- **Upgraded 2030 non-financial targets, including increased GHG emission reduction targets in line with SBTi 1.5°C scenario**

“At Clariant, we have built a robust foundation for profitable growth by streamlining our portfolio, implementing a customer-centric operating model and enhancing operational efficiency. Our strategy focuses on innovation-driven growth and geographic expansion, with our newly defined innovation arenas expected to drive around 70 % of our growth by 2027. We are implementing tailored segment strategies across our global businesses. This approach, combined with ongoing performance improvement measures, will boost our growth and profitability, ensuring we meet our medium-term financial targets by 2027 at the latest. We have also strengthened our commitment to sustainability by upgrading our non-financial targets, including an increased reduction in greenhouse gas emissions aligned with a 1.5°C scenario. Clariant is poised for an exciting future as we execute our differentiated purpose-led growth strategy. Our goal is clear: to establish Clariant as a top-quartile specialty chemical company, delivering value for all our stakeholders,” said Conrad Keijzer, Chief Executive Officer of Clariant.

## **MUTTENZ, 4 NOVEMBER 2024**

Clariant, a sustainability-focused specialty chemical company, today hosts an Investor Day in London to provide an update on its purpose-led strategy to deliver profitable growth. The company has introduced differentiated segment steering for its businesses to better align its innovation capabilities with global megatrends that offer strong, above-market growth opportunities. These megatrends are categorized into three innovation arenas: health- and sustainability-conscious consumers and brands, energy transition, and circularity. Together, they are set to deliver ~ 70 % of profitable growth, with the innovation rate expected to reach ~ 20 % by 2027.

## **Clariant's strong platform for the future**

The new approach builds on the strong platform Clariant has created for profitable growth since its last Capital Markets Day (CMD), held in November 2021:

- Clariant has significantly reshaped its portfolio, which is now specialty chemicals focused and has an increased consumer exposure. As of Q3 2024, sales from consumer-facing end markets have increased to around 44 %, compared to 36 % in 2021;
- Clariant has also implemented a new, more effective, and customer-focused operating model. This shift in model has delivered tangible results, with a significant improvement in both customer and employee Net Promoter Score. Additionally, simplified processes resulting from the new model and awareness campaigns have improved Clariant's safety record substantially;
- Clariant has increased its cost savings target by 60 % since the CMD in 2021 and is on track to deliver the CHF 175 million target by 2025. Savings of CHF 162 million, representing > 90 %, have already been realized from efficiency and rightsizing measures, as well as from the implementation of the new operating model.

Through self-help actions, Clariant has therefore been able to demonstrate resilient performance, despite the challenges faced by the chemical industry in recent years. The company now holds a strong position to outperform the market in a stabilizing environment and normalizing trading conditions.

## **Differentiated segment steering across Clariant**

Clariant aims to seize value-creating opportunities from key global megatrends that are impacting both its industry and its customers. These include regional shifts in the global economy; health, wellness, and sustainability; changing demographics; digitalization and automation; and decarbonization. The following examples demonstrate how Clariant is positioning itself to capitalize on these megatrends:

- Clariant has a well-balanced global footprint, with ~ 40 % of sales from APAC and MEA (last twelve months to the end of Q3 2024) and strong platforms for local sales in key growth regions;
- The Lucas Meyer Cosmetics acquisition establishes a leadership position in the highly attractive premium cosmetics ingredients space and is expected to continue to grow at double-digit rates;
- In the Pharma segment, Clariant aims to increase its market share through targeted growth initiatives, expecting high single-digit percentage CAGR sales growth during the period to 2027;
- Clariant has deployed GenAI as a strategic enabler across sales, R&D, and operations, with a customised, in-house AI solution, that is continuously improved;
- The Catalysts business is well placed to play a crucial role in the emerging hydrogen economy with a long-term revenue opportunity of more than CHF 100 million by 2030.

To optimize how Clariant capitalizes on these global megatrends, the company has categorized them into innovation arenas and performed a holistic analysis of how its business segments can serve them. According to this analysis, each segment has been assigned a strategic mandate, as follows: Boost, Outgrow, Grow at Market, Turnaround, or Harvest. For Boost segments Clariant will mobilize resources to rapidly accelerate its market share. For segments with Outgrow potential, Clariant will leverage its strong competitive position or scale in attractive markets to drive growth. For segments which can Grow at Market the company will secure the long-term market position and therefore ensure sustained value contribution to the group portfolio. For under-performing areas, it will Turnaround businesses, aiming to improve profitability across a growth trajectory and / or cost structure. And finally, the Harvest category relates to those areas where Clariant will continue capitalizing on the current asset base, while focusing on cash flow generation. Each of these mandates has a tailored strategy that determines the allocation of resources, reshaping the company-wide innovation process to ensure a systematic approach.

## Boosting innovation capabilities

While the innovation rate for the last twelve months, up to the end of Q3 2024, was 17 % (as a percentage of Group sales from new products in the first five years of commercialization), Clariant is now expecting to increase the innovation rate to ~ 20 % by 2027. The new approach to innovation is leveraging the three innovation arenas:

- **Health- and sustainability-conscious consumers and brands** – shifts in consumer behavior towards sustainability and health-conscious products are a key driver of Clariant's future growth. For example, through Lucas Meyer Cosmetics and Clariant's VitiPure product lines, the company is expanding high-performance, sustainable ingredients in cosmetics, personal care, and pharmaceuticals. Its PFAS-free solutions and sustainable actives also build on this demand for safer, more environmentally friendly products;
- **Energy transition** – Clariant is actively supporting the global energy transition by providing solutions for biodiesel, sustainable aviation fuel (SAF) and the hydrogen economy. It is also developing catalysts for green hydrogen derivatives and other renewable energy applications, which help to decarbonize hard-to-abate industries;
- **Circularity** – as industries increasingly turn to renewable and recycled materials, Clariant sees growth potential in products designed around a circular approach. Clariant offers solutions such as Licocene® for recycling applications and recently launched Hostonox®, a novel natural antioxidant.

Clariant expects that these three innovation arenas will deliver around 70 % of its profitable growth by 2027, providing a tangible roadmap to outgrow the chemicals market by ~ 1.5 % per annum in the medium term.

## Profitable growth with medium-term targets confirmed

For the medium term, Clariant remains committed to its medium-term targets, to be achieved by 2027 at the latest: 4 – 6 % local currency sales growth; 19 – 21 % reported EBITDA margin; and around 40 % free cash flow conversion.

The top-line medium-term target is underpinned by tangible growth levers, assuming a market growth of 2 – 4 %. The three innovation arenas are expected to deliver ~ 1.5 % growth per annum. In addition, the planned APAC and MEA geographic expansion is expected to deliver ~ 0.5 % growth per annum. Executing on these initiatives will therefore add an additional 2 % growth per annum for Clariant, over and above chemical market growth.

Clariant is well-positioned to advance its guided 2024 reported EBITDA margin of around 16 % to a medium-term target range of 19 – 21 % by 2027 at the latest. Top-line growth will drive improved operational leverage on the back of the reduced cost base and will be strengthened by margin-enhancing growth from the innovation arenas. Clariant will also implement incremental cost measures and productivity improvements. This amounts to total self-help actions of ~ CHF 80 million run-rate savings in full by latest 2027 across all three business units. Overall, Clariant therefore expects around two-thirds of the margin improvement over 2024 to 2027 to be driven by growth and around one-third to be driven by self-help measures.

## ESG Leadership

Clariant has become a leader in sustainability within the chemical industry, having upgraded most of its non-financial targets since the 2021 CMD. The company aims to remain in the top quartile in terms of employee safety and to achieve the top quartile in employee engagement (eNPS) by 2030. Clariant also aims to increase female representation in management (> 30 %) and have more leaders of national origin outside of Europe (> 40 %) by 2030.

Since 2019, Clariant has reduced its Scope 1 & 2 carbon footprint by 29 %; and Scope 3.1 by 19 %. The company is currently overdelivering against its previous 2030 GHG emissions reduction targets, assuming a linear trend line. Clariant has therefore upgraded its target to a 46 % reduction in Scope 1 & 2 emissions by 2030 (previously 40 %). Furthermore, it is doubling its Scope 3 emissions reduction target from 14 % to 28 %. Clariant has resubmitted these upgraded targets in line with SBTi 1.5°C short-term scenario.

## Further information

Clariant is holding its Investor Day today, Monday, 4 November 2024. The presentations of the in-person event will be available on the [Clariant website](#) on the day from 11.00 a.m. GMT (12.00 p.m. CET). The event will be recorded and made available on the [Clariant website](#) shortly after its conclusion.

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[www.clariant.com](http://www.clariant.com)

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 2023, Clariant totaled a staff number of 10 481 and recorded sales of CHF 4.377 billion in the fiscal year for its continuing businesses. As of January 2023, the Group conducts its business through the three Business Units Care Chemicals, Catalysts, and Adsorbents & Additives. Clariant is based in Switzerland.