

## PRESS RELEASE

RIYADH, September 18, 2018

# SABIC SIGNS MOU WITH CLARIANT OUTLINING INTENDED TRANSACTION

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SABIC, the world's third largest diversified petrochemicals company, announced today that it is taking steps to establish certain elements of its Specialties business as a stand-alone business. The strategic purpose of this is to prepare the Specialties business to participate in further organic and inorganic growth, including a transaction under discussion with Clariant AG ("Clariant"), for which today both companies have signed a Memorandum of Understanding (MOU). The MOU would enable Clariant to create a new, "High Performance Materials" specialty chemicals business as an exceptional global platform for growth.

The process to create SABIC's stand-alone Specialties business is anticipated to take until the end of 2019. Then, if the transaction with Clariant proceeds, parts of SABIC's Specialties business – comprising its unique ULTEM™ and NORYL™ resins, and its families of LNP™ compounds and copolymers – would be merged with Clariant's additives and high value masterbatch offerings, as part of the Clariant group, making Clariant a uniquely positioned and competitively advantaged provider of customer-specific high performance materials and solutions in the specialty chemicals industry, headquartered in Switzerland and listed on the SIX Swiss Exchange.

Yousef Al-Benyan, Vice Chairman and CEO, said, "The establishment of SABIC Specialties as a stand-alone business, together with the MOU with Clariant, represent part of SABIC's long-term growth and diversification strategy. SABIC has a long and strong track record of growing businesses through joint ventures and co-investment in both listed and private companies. Uncoupling the Specialties business will allow the unit to achieve accelerated organic and inorganic growth as aligned with our broader corporate strategy of creating a sizeable, world class Specialties company while creating additional value for our shareholders, customers and talented employees."

Al-Benyan continued, "For many years, SABIC and Clariant have created value for our respective shareholders from our close commercial ties. We will now seek to further develop this strategic relationship at the highest levels of both companies to create a leading provider of tailored specialty materials and technologies for the benefit of both companies' stakeholders and the advancement of the specialties industry."

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“Clariant and SABIC's existing Specialties business are complementary, and the investment in Clariant, together with the intended combination of portions of our respective specialty businesses, is well aligned with SABIC's strategy to open new growth opportunities in specialty chemicals,” Al-Benyan noted.

This announcement follows the recent regulatory approvals of SABIC’s acquisition of its 24.99% interest in Clariant, making SABIC the Swiss specialty chemicals company’s largest shareholder. SABIC currently has no plans to launch or otherwise effect a full takeover of Clariant AG.

Following completion of the intended transaction, Clariant would form a new “High Performance Materials” business area as an exceptional global platform for growth. This platform, together with anticipated cost synergies and operating efficiencies, aims to increase value for both companies’ stakeholders. The intended transaction would unlock the value of both companies’ specialties offerings. The intended transaction is envisaged to be signed during 2019 and to close at the beginning of 2020, subject to regulatory approvals.

SABIC’s Specialties materials can be found in applications for smart electronics, healthcare, aerospace, automotive, robotics, additive manufacturing, and e-mobility. Each area of focus demands adherence to stringent customer specifications in demanding thermo-electro-mechanical environments, as well as the ability to meet regulatory requirements, which can only be fulfilled with unique technologies and formulation know-how.

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## ABOUT SABIC

SABIC is a global leader in diversified chemicals headquartered in Riyadh, Saudi Arabia. We manufacture on a global scale in the Americas, Europe, Middle East and Asia Pacific, making distinctly different kinds of products: chemicals, commodity and high performance plastics, agri-nutrients and metals.

We support our customers by identifying and developing opportunities in key end markets such as construction, medical devices, packaging, agri-nutrients, electrical and electronics, transportation and clean energy.

SABIC recorded a net profit of SR 18.4 billion (US\$ 4.9 billion) in 2017. Sales revenues for 2017 totaled SR 149.8 billion (US\$ 39.9 billion). Total assets stood at SR 322.5 billion (US\$ 86 billion) at the end of 2017. Production in 2017 stood at 71.2 million metric tons.

SABIC has more than 34,000 employees worldwide and operates in more than 50 countries. Fostering innovation and a spirit of ingenuity, we have 11,534 global patent filings, and have significant research resources with innovation hubs in five key geographies – USA, Europe, Middle East, South Asia and North Asia.

The Saudi Arabian government owns 70 percent of SABIC shares with the remaining 30 percent publicly traded on the Saudi stock exchange.

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