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Clariant
The way forward

Half-year Results 2004

Conference Call
August 5, 2004

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The way forward

Half-year Results 2004

Agenda

- Key factors
- Financial review
- Transformation Program update
- Summary & Outlook

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The way forward

Half-year Results 2004

Roland Lösner, CEO

Half-year 2004

Solid performance - strong financial base

- Sales increased 7% in Swiss Franc terms, to CHF 4.419 bn
- Volume growth +9%
- Net income rose sharply to CHF 126 mn, from a loss of CHF 49 mn
- Net debt down to CHF 1.840 bn, from CHF 3.686 bn
- Strong financial base re-established
- Operating cash flow surged to CHF 320 mn, from CHF -53 mn
- Growth strong across all regions except for Europe
- Transformation Program making good progress

Solid growth in Half-year 2004

The way forward

Key Factors HY 2004

Financial Review

Transformation
Program update

Summary & Outlook

- **Asset sales**
 - Agreements to sell Electronic Materials & Lancaster Synthesis
 - Full commitment to sell other businesses to refocus portfolio
- **Performance measures progressing well**
 - Significant job cuts achieved
 - Streamlining of internal organization and processes on track
- **Capital increase accelerating performance improvements**

Transformation Program well on track

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The way forward

Half-year Results 2004

François Note, CFO

Key financial group figures Half-year 2004

Key Factors HY 2004

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Summary & Outlook

Half-year in mn CHF	2004	% of Sales	2003* like-for-like	% of Sales	Change in % CHF	LC
Sales	4,419		4,118		+7	+6
Gross profit	1,459	33.0%	1,362	33.1%	+7	+6
EBITDA	501	11.3%	482	11.7%	+4	+4
EBITDA before exceptional items	545	12.3%	518	12.6%	+5	+5
Operating income before exceptional items and amortization of goodwill	387	8.7%	345	8.4%	+12	+12
Operating income	317	7.2%	188	4.6%	+69	+69
Net income (loss)	126		-74			

as per	June 04	Dec 03	June 03
Net debt	1,840	2,905	3,686
Equity	2,128	1,176	1,061

* The numbers for 2003 were like-for-like to account for the sales of business activities in 2003. Sales in 2003: Cellulose Ethers of the Division Functional Chemicals and AP Chemicals, UK, of the Division Life Science & Electronic Chemicals. All activities were sold effective as per the end of 2003.

Positive volume development in Half-year 2004

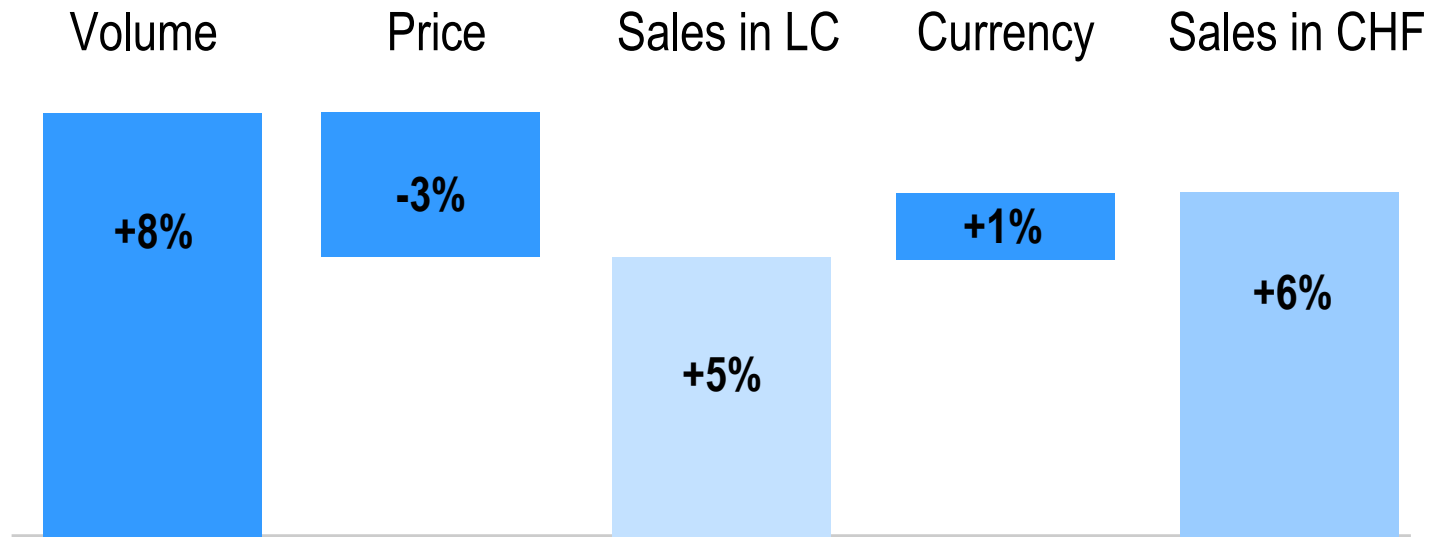
Key Factors HY 2004

Financial Review

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Summary & Outlook

Half-year 2004 versus Half-year 2003, continuing*



* Continuing Operations: On August 5, 2003, Clariant announced that the Business Unit Electronic Materials pertaining to the Division LSE would be sold. As a consequence, Electronic Materials is now disclosed as Discontinuing Operations for both 2004 and 2003. In 2003, the Business Unit Cellulose Ethers pertaining to the Division FUN was sold.

Cash flow significantly improved

Key Factors HY 2004

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Summary & Outlook

in mn CHF	HY 2004	HY 2003
Net result	126	-49
Depreciation & amortization	184	300
Other	83	68
Operating cash flow before working capital	393	319
Change in working capital	-73	-372
Operating cash flow	320	-53
Capital expenditure	-111	-128
Other	39	27
Cash flow before financing	248	-154

Divisional sales and margins

*Half-year 2004 vs. 2003, continuing**

Key Factors HY 2004

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Summary & Outlook

Half-year in mn CHF	HY 2004 Sales	Change 2004 vs 2003 LC in %	EBITDA Margin in %**	
			2004	2003
Textile, Leather & Paper Chemicals	1,123	+3	11.0	11.6
Pigments & Additives	956	+5	16.6	16.1
Masterbatches	570	+7	12.8	11.6
Functional Chemicals	988	+13	13.1	12.2
Life Science & Electronic Chemicals	528	-7	7.9	7.2
Total continuing operations	4,165	+5	12.7	12.2

* Continuing Operations: On August 5, 2003, Clariant announced that the Business Unit Electronic Materials pertaining to the Division LSE would be sold. As a consequence, Electronic Materials is now disclosed as Discontinuing Operations for both 2004 and 2003. In 2003, the Business Unit Cellulose Ethers pertaining to the Division FUN was sold.

** EBITDA before restructuring and disposals, the numbers for 2003 were like-for-like to account for the disposals of business activities in 2003. Disposals in 2003: Cellulose Ethers of Division Functional Chemicals and AP Chemicals, UK, of Division Life Science & Electronic Chemicals. All activities were sold effective as per the end of 2003.

Divisional sales overview

Key Factors HY 2004

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Summary & Outlook

■ **Textile, Leather & Paper Chemicals**

- Healthy volume growth offset price pressure
- Strong textile chemical business offset ongoing commoditizing pressures in textile dyes
- Positive EBIT development due to better sales, but margin affected by restructuring measures
- Operating margins dragged down by textile dyes business

■ **Pigments & Additives**

- Good volume development, trend of less price pressure in 2nd Quarter
- Coatings and plastics recovering
- Margin improved mainly due to better capacity utilization

■ **Masterbatches**

- Strong growth above market rates
- Robust regional growth in core regions Asia Pacific, as well as continued positive results from U.S. markets
- Margins improved mainly to stronger volumes

Divisional sales overview

Key Factors HY 2004

Financial Review

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Summary & Outlook

■ **Functional Chemicals**

- Strongest volume growth in the group across all business segments
- Improving economic conditions in the Americas
- Margins increased due to healthy volume growth and good capacity utilization

■ **Life Science & Electronic Chemicals**

- Ongoing difficult market conditions with weak sales across all businesses
- Price pressure easing in Custom Synthesis
- Pharma facing continued pressure
- Largely steady performance in Specialty Fine Chemicals

EBITDA analysis Half-year 2004

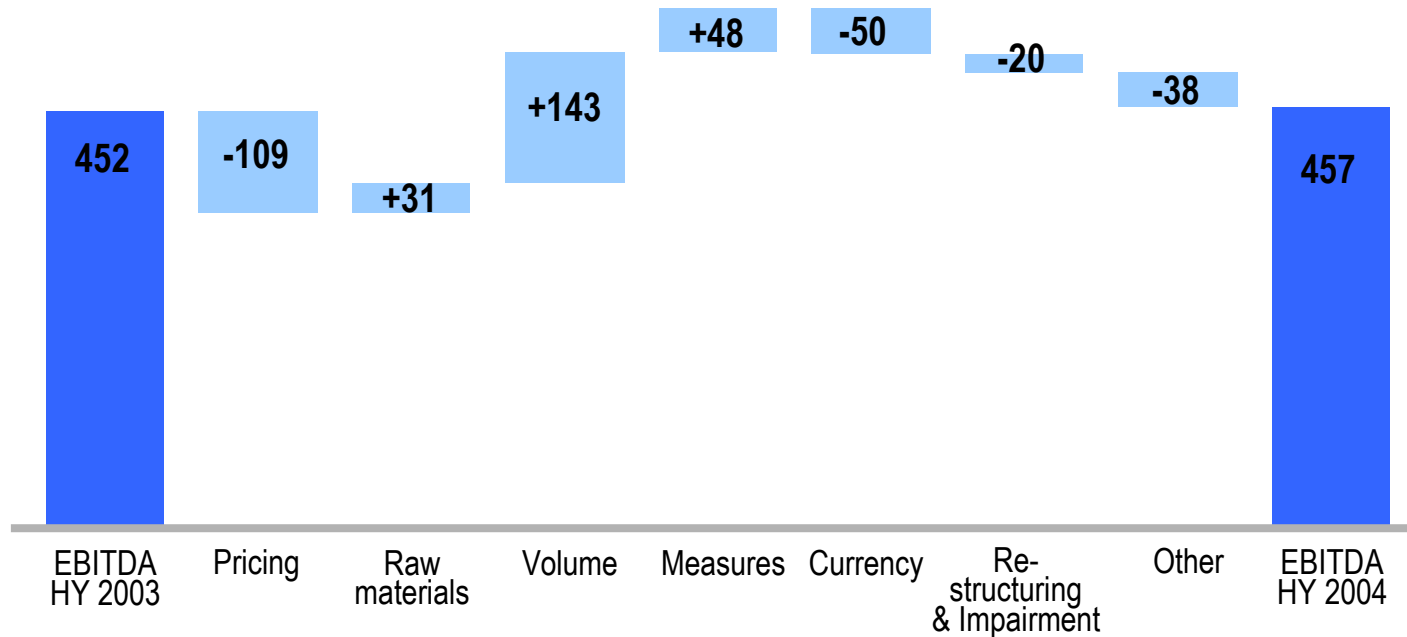
Key Factors HY 2004

Financial Review

Transformation Program update

Summary & Outlook

Half-year 2004 versus Half-year 2003 – continuing*



in mn CHF

* Continuing Operations: On August 5, 2003, Clariant announced that the Business Unit Electronic Materials pertaining to the Division LSE would be sold. As a consequence, Electronic Materials is now disclosed as Discontinuing Operations for both 2004 and 2003. In 2003, the Business Unit Cellulose Ethers pertaining to the Division FUN was sold.

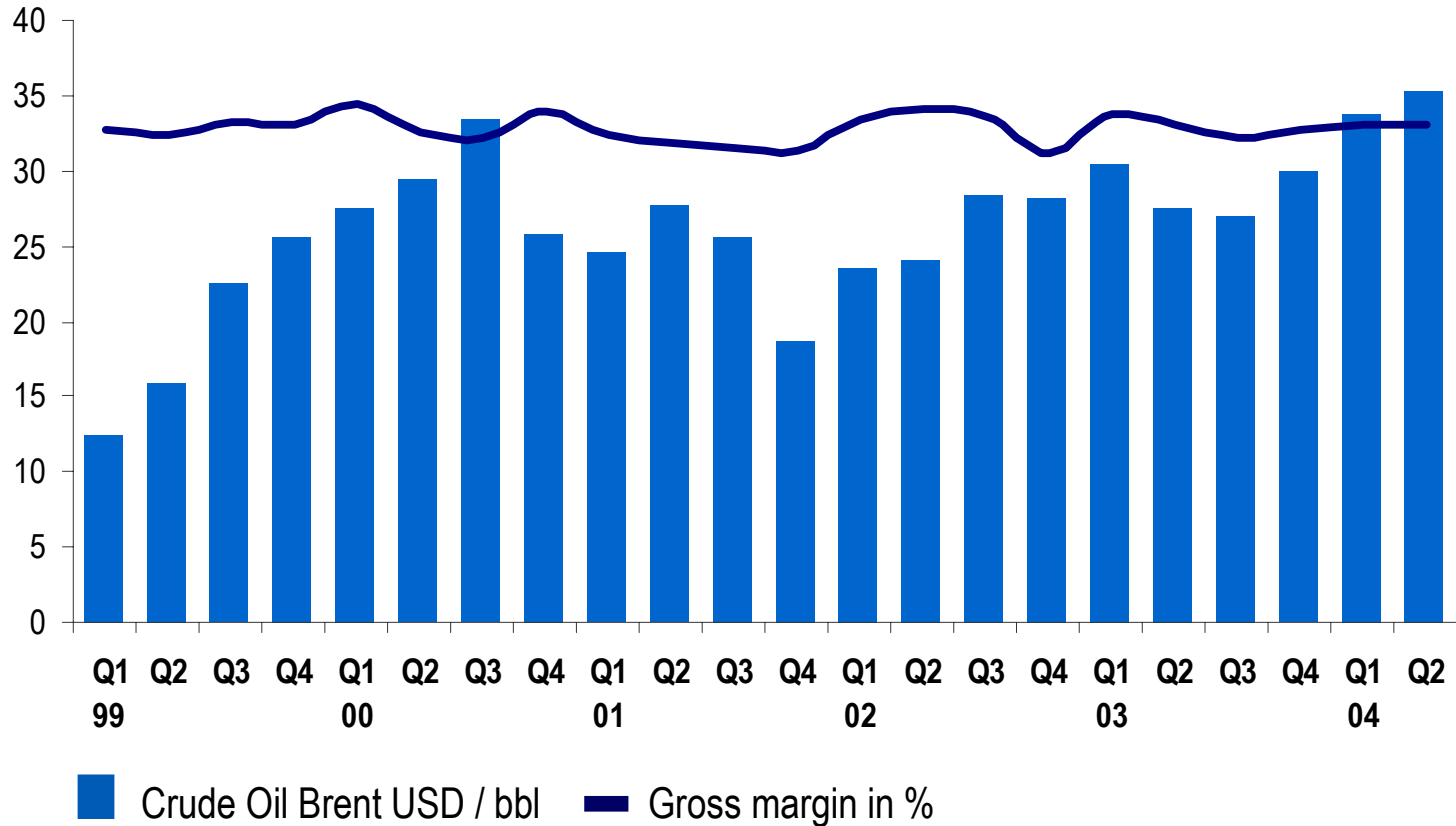
Stable gross margin even at high oil prices

Key Factors HY 2004

Financial Review

Transformation
Program update

Summary & Outlook



No correlation of crude oil price and raw material costs on operational performance

Raw material dependency reduced

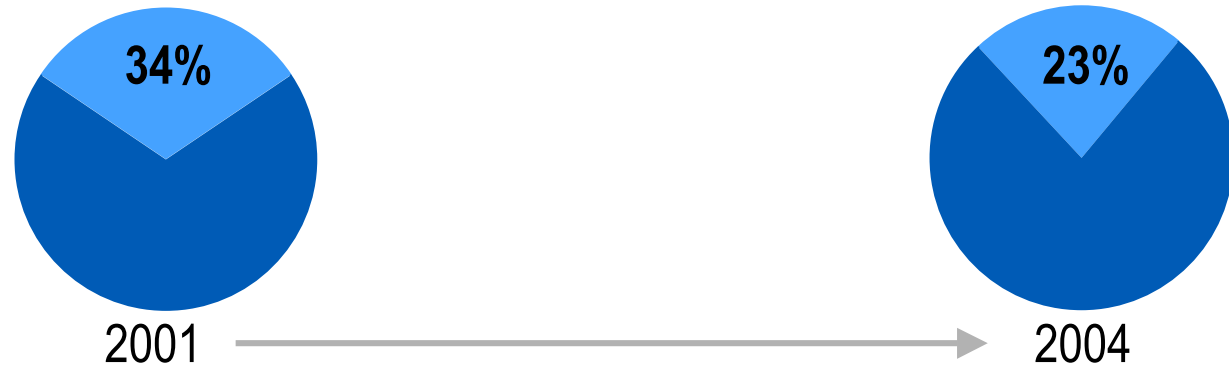
Key Factors HY 2004

Financial Review

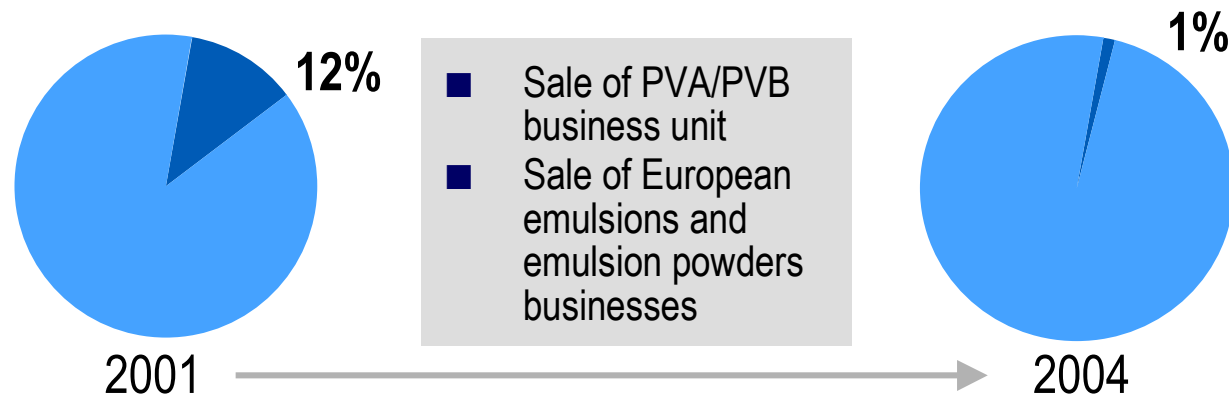
Transformation Program update

Summary & Outlook

Percent of top 10 raw materials of total costs



Percent of VAM¹ of raw materials of total costs



¹ Vinylacetate monomer

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Half-year Results 2004

Roland Lösner, CEO

The way forward

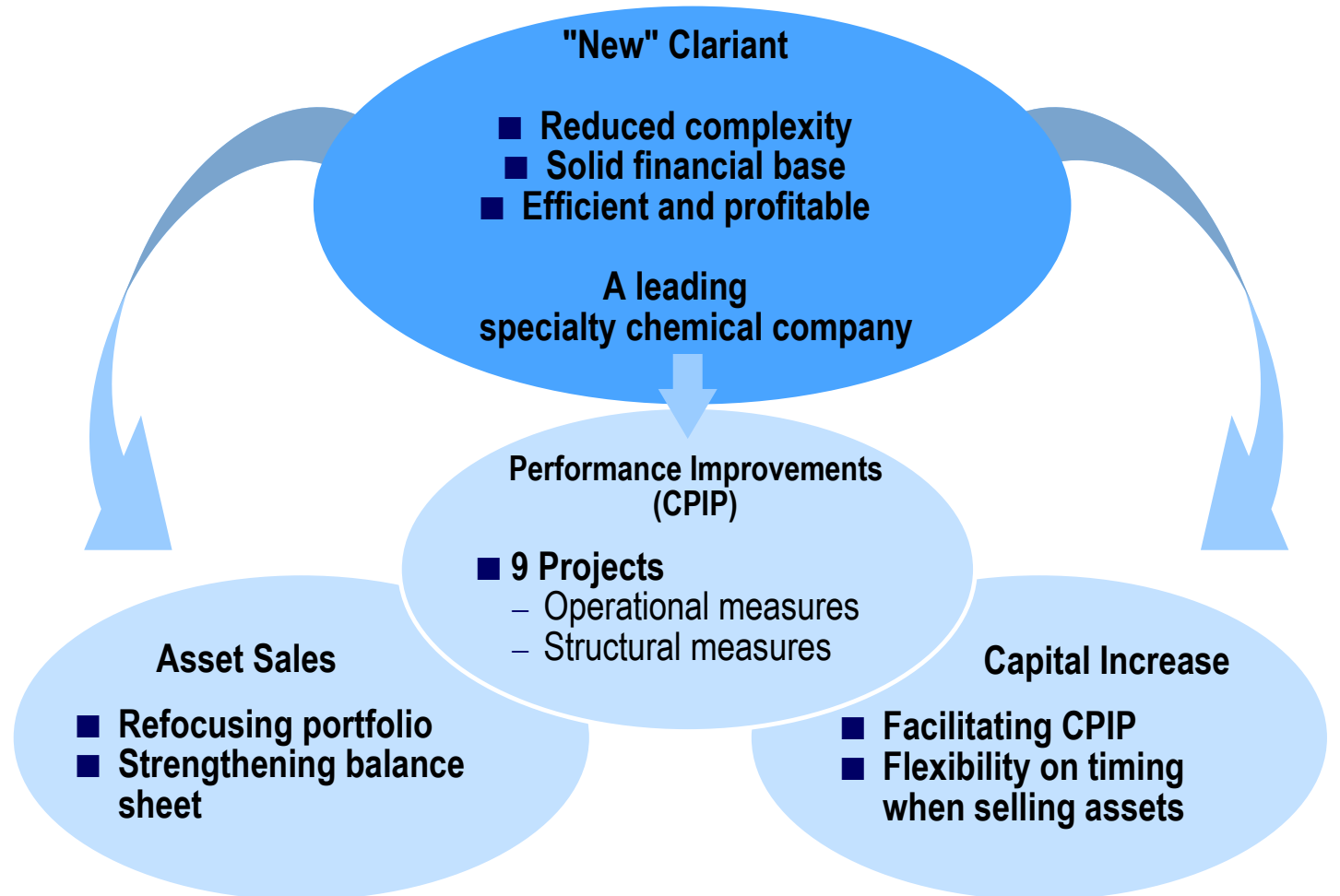
Key Factors HY 2004

Financial Review

Transformation Program update

Summary & Outlook

Transformation Program wide-reaching series of actions



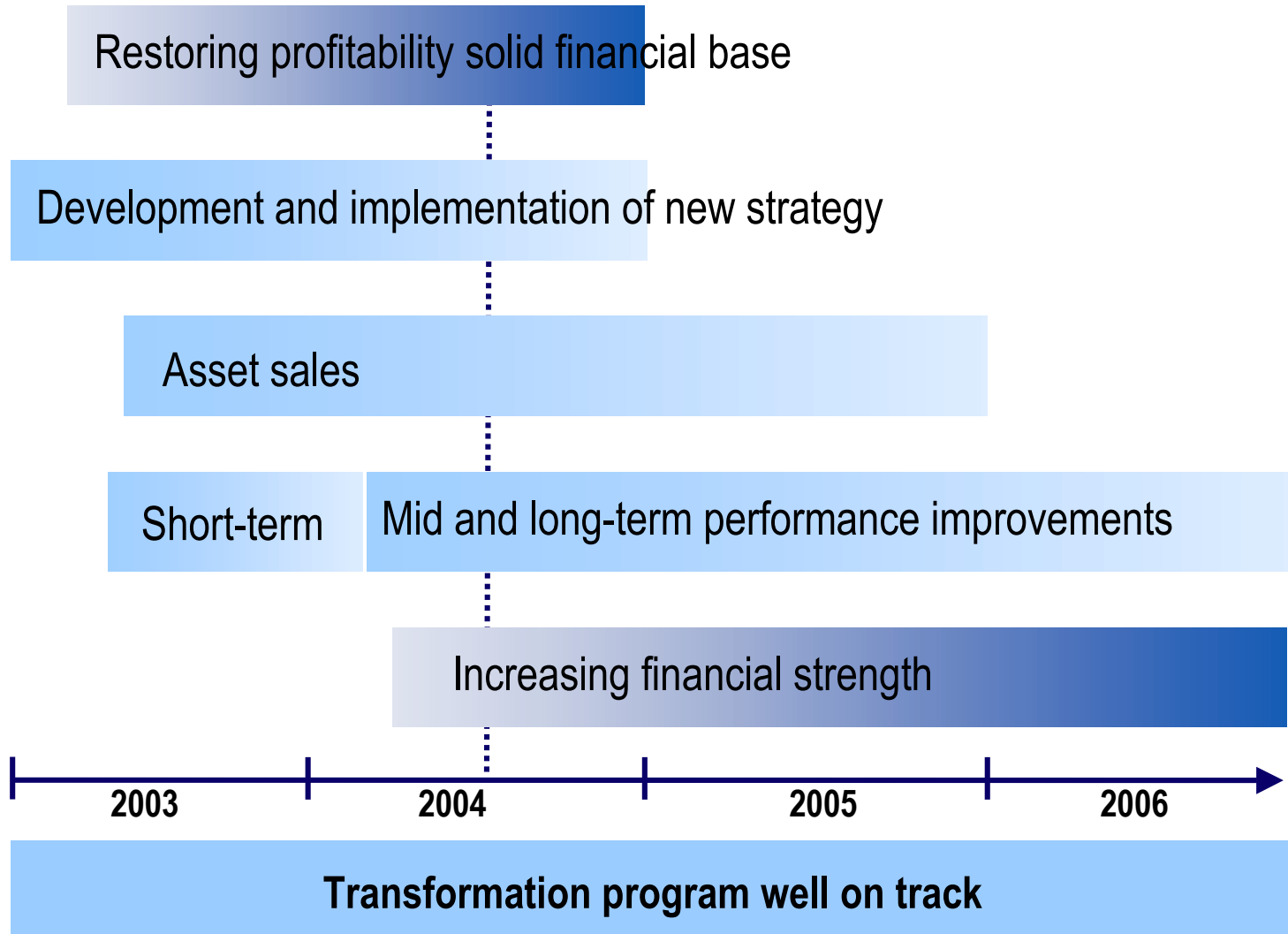
The way forward

Key Factors HY 2004

Financial Review

Transformation
Program update

Summary & Outlook



Strong financial base re-established

Key Factors HY 2004

Financial Review

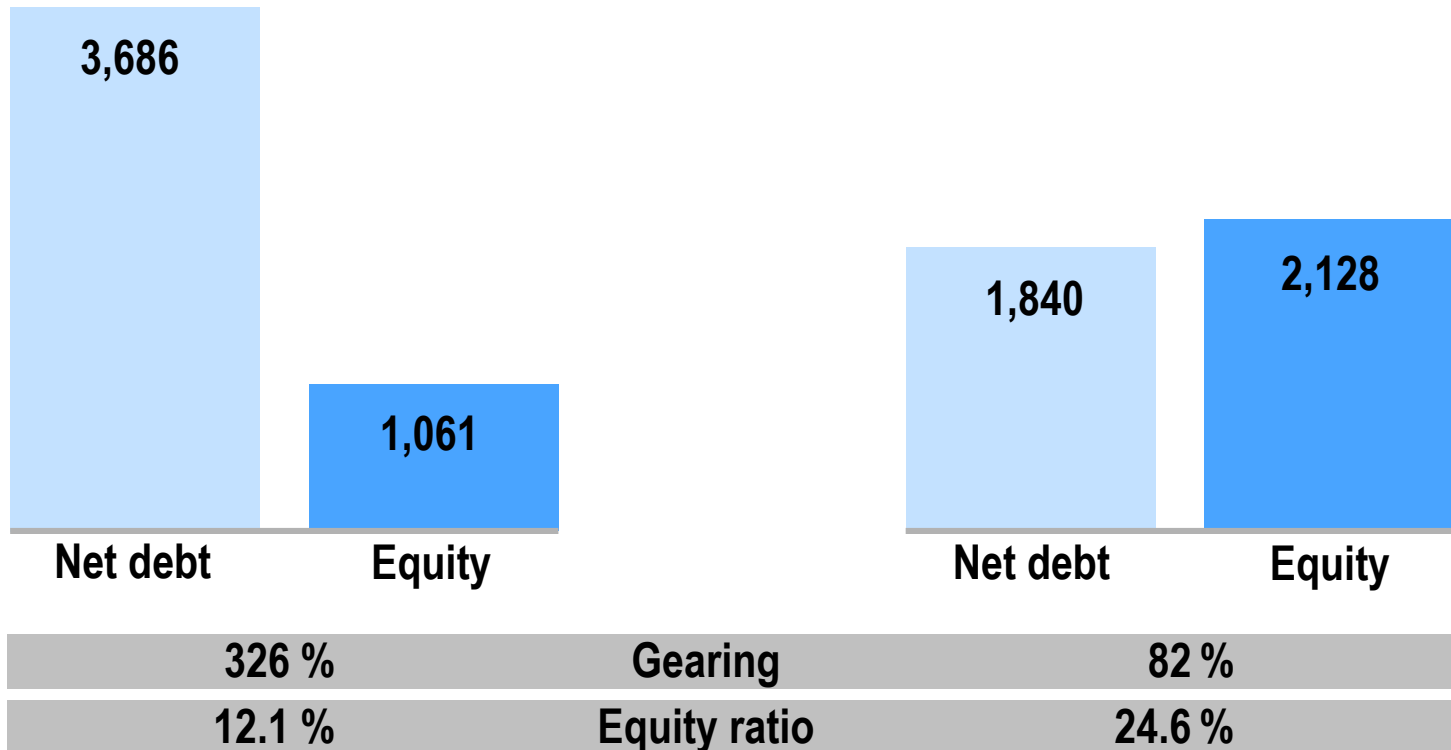
Transformation
Program update

Summary & Outlook

in mn CHF

June 30, 2003

June 30, 2004



Performance improvements proceeding well

Key Factors HY 2004

Financial Review

Transformation
Program update

Summary & Outlook

- CPIP on track with respect to timing and results
- All projects progressing against targets:
 - purchasing: over 35% of total spend covered
 - logistics: 30% of all warehouses in Europe closed > 60% of European business now handled by new logistics partners
 - manufacturing: > 30% of controllable costs saved in production sites covered
- Net reduction of approx. 830 jobs in HY 2004
- CHF 40 mn EBIT impact achieved
- Over CHF 200 mn of CHF 600 mn net working capital already achieved (CHF 400 mn on a comparable base)

Significant reduction in net working capital

Key Factors HY 2004

Financial Review

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Summary & Outlook

in mn CHF	HY 2004	HY 2003
Operating cash flow before working capital	393	319
Changes in inventory	-23	-123
Changes in trade receivables	-94	-51
Changes in trade payables	4	-117
Operating cash flow	320	-53

Tight net working capital management

Performance improvement measures over time

Key Factors HY 2004

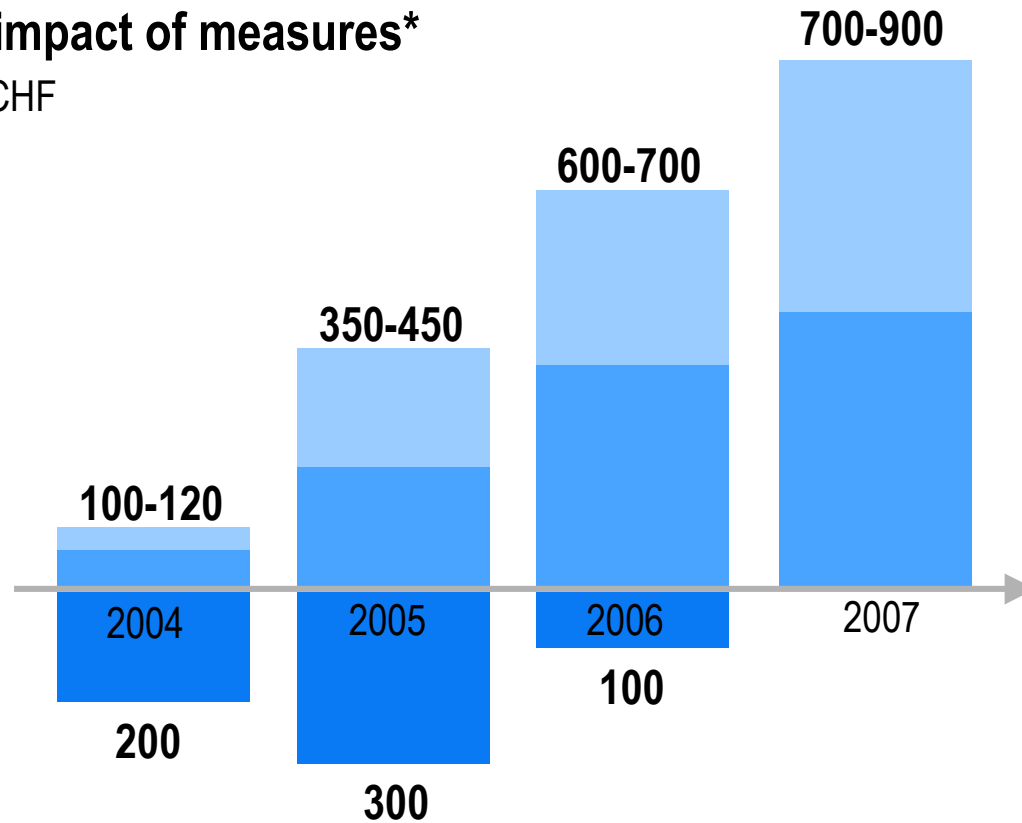
Financial Review

Transformation Program update

Summary & Outlook

EBIT impact of measures*

in mm CHF



■ performance improvement costs

■ operational measures

■ structural measures

*before business risks & price erosion

Two-thirds of asset sales program accomplished

Units that:

**... do not focus on service, and/or
... require high investments, and/or
... cannot achieve leading market positions**

- Cellulose Ethers sale completed
- Agreements to sell Electronic Materials & Lancaster Synthesis
- Priority on maximizing value from disposals before speed
- Full commitment to sell other businesses to refocus portfolio
- Remaining one-third to be finished around year-end 2005

Asset sale equivalent to 15 - 20% of total turnover

The way forward - refocussing portfolio

Key Factors HY 2004

Financial Review

Transformation Program update

Summary & Outlook

Clariant portfolio	% of Sales*	Market attractiveness	Competitive position	Examples	Clariant strategy
Service-driven businesses	60 - 70%	High	Strong	<ul style="list-style-type: none"> ▪ Masterbatches ▪ Performance and Process Chemicals ▪ Textile Chem. ▪ Coatings 	Expand
Technology-driven / niche businesses	10%	High but volatile	Strong in certain areas	<ul style="list-style-type: none"> ▪ Pharma ▪ Specialty Fine Chemicals 	Selectively develop
Cost-driven businesses	20 - 30%	Low	Weak to Medium	<ul style="list-style-type: none"> ▪ Custom Synthesis ▪ Textile Dyes 	Restructure

Outlook

Key Factors HY 2004

Financial Review

Transformation
Program update

Summary & Outlook

- Cautiously positive outlook for 2004
- Improved operating margin, ex performance improvement costs
- Clariant targets confirmed
 - Net debt below CHF 1.5 bn by end 2004
 - 4,000 job cuts by end 2005
 - Cost base reduction of CHF 700-900 mn by end 2007
 - Net working capital reduction of CHF 600 mn by end 2007
 - CHF 400 mn EBIT improvement by end 2007

2004 – Increased profitability

Clariant
The way forward

Q&A



Calendar of upcoming corporate events

November 9, 2004	9 Months 2004 Results
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March 8, 2005	Full-year 2004 Results
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April 7, 2005	Annual General Meeting
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April 12, 2005	Ex Dividend Date
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May 10, 2005	1 st Quarter 2005 Results
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August 4, 2005	Half-year 2005 Results
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Your Investor Relations contacts

Holger Schimanke
Head Investor
Relations



holger.schimanke@clariant.com

Phone +41 61 469 67 45

Mobile +41 79 343 59 83

Daniel Leuthardt



daniel.leuthardt@clariant.com

Phone +41 61 469 67 49

Mobile +41 79 763 93 80

To be added to the mailing list of Clariant and
for other administrative matters, please contact

Karine Huttenschmitt

karine.huttenschmitt@clariant.com

Phone +41 61 469 67 48

Fax +41 61 469 67 67

Mobile +41 79 456 63 48

Clariant International Ltd

Rothausstrasse 61

4132 Muttenz

Switzerland

investor-relations@clariant.com

Clariant
The way forward

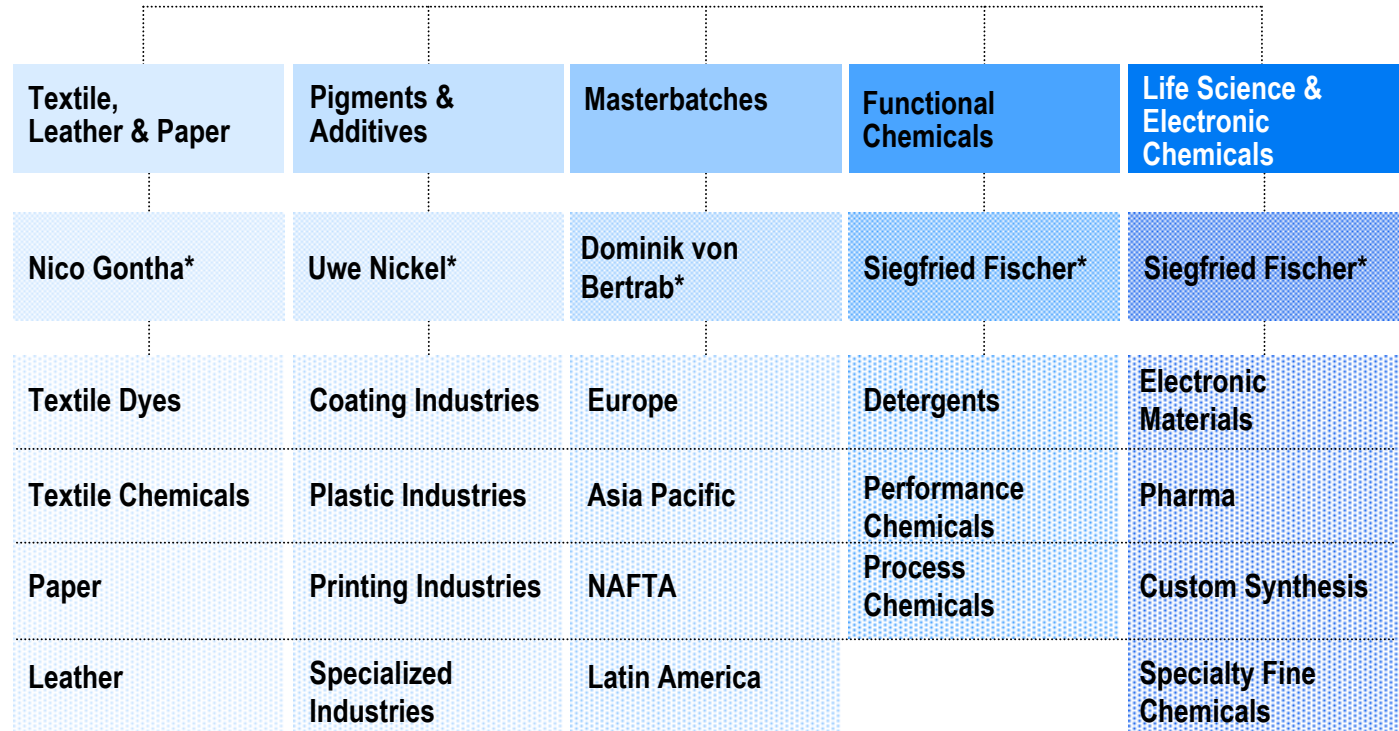
Backup Information

Group & Strategy

Clariant Performance
Improvement Program

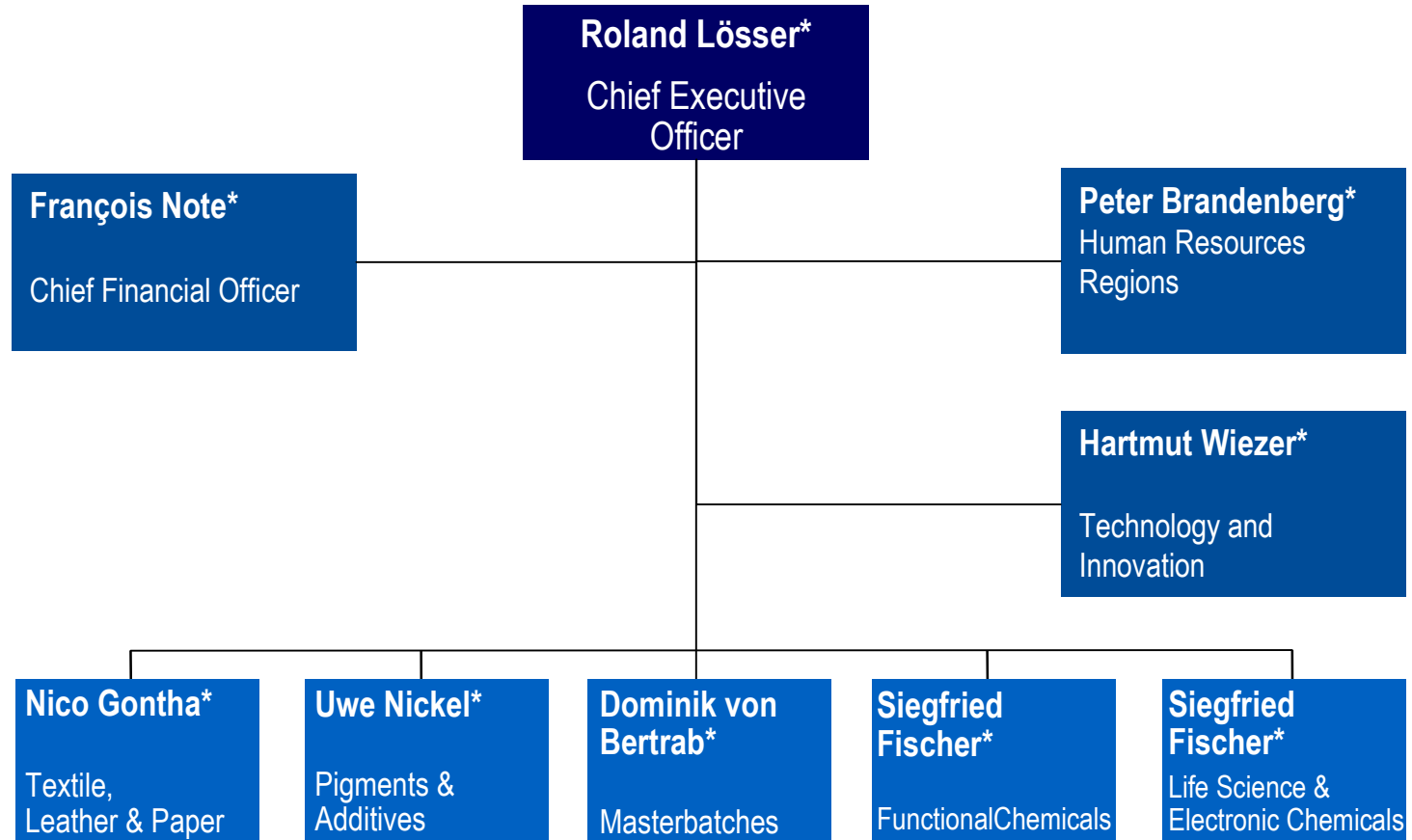
Business

Current business structure



*Member of the Board of Management

Strengthened management team



The way forward

Strategic focus

- Recognized as a service-driven specialty chemicals Group
 - World-class customer service skills
 - Superior innovation and applications capabilities
 - Leading-edge technologies in synthesis, color and surface effects
- Defend and further improve leading market positions
- Focus on profitability and cash flow generation

Clariant
The way forward

Backup Information

Group & Strategy

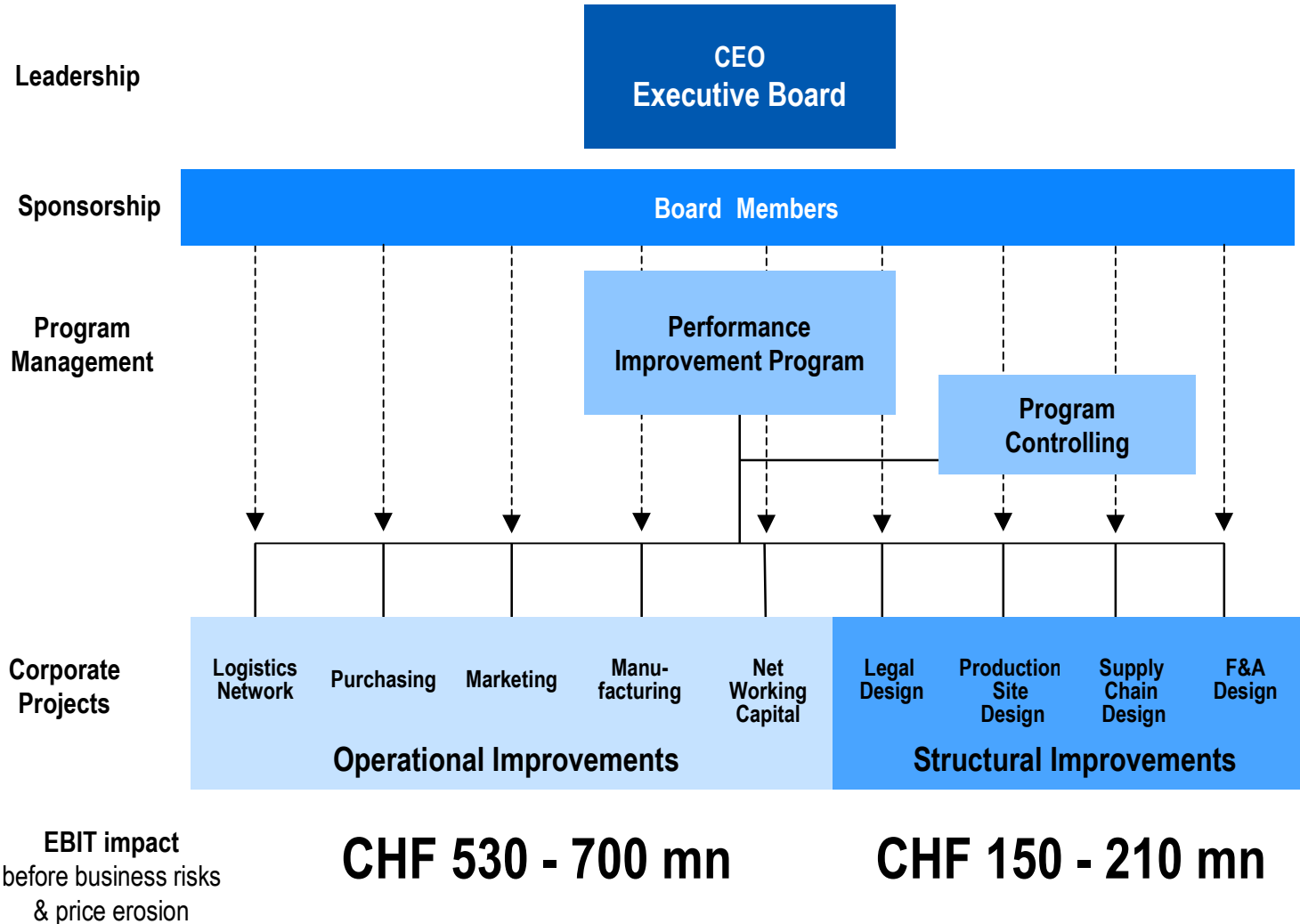
**Clariant Performance
Improvement Program**

Business

Implementation of CPIP

- Program overseen directly by CEO
- Managed by dedicated senior executive with relevant experience
- Teams of “internal champions” and external consultants with one senior project sponsor (Executive Board Member) directly responsible
- Program controlling reports to management on a monthly basis
- Strict controlling of all projects via Lotus Notes® based information system

Performance improvement program



CPIP Progress to date

Operational Projects

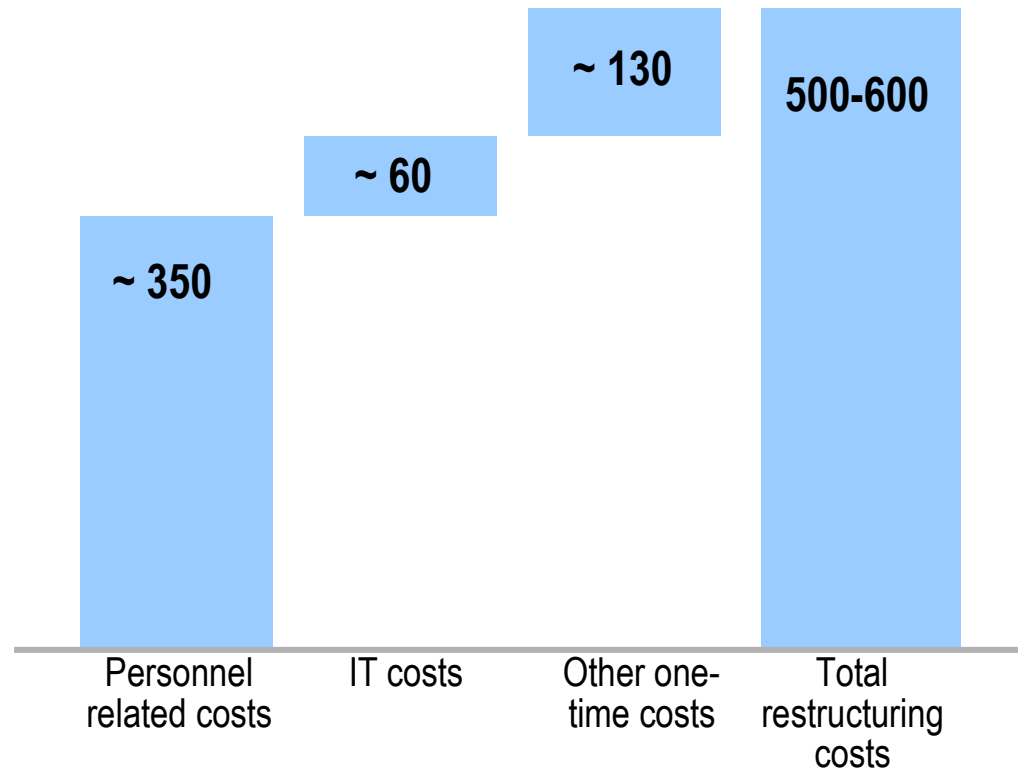
- Detailed Group-wide plan established
- 1st phase of projects completed, expected improvements confirmed
- 2nd phase of projects underway

Structural Projects

- Detailed human resource map
- Design phase completed, targets confirmed
- Specialist teams of “internal champions” and external consultants to start implementation immediately

Break-down of CPIP costs








in mn CHF



Expected timing

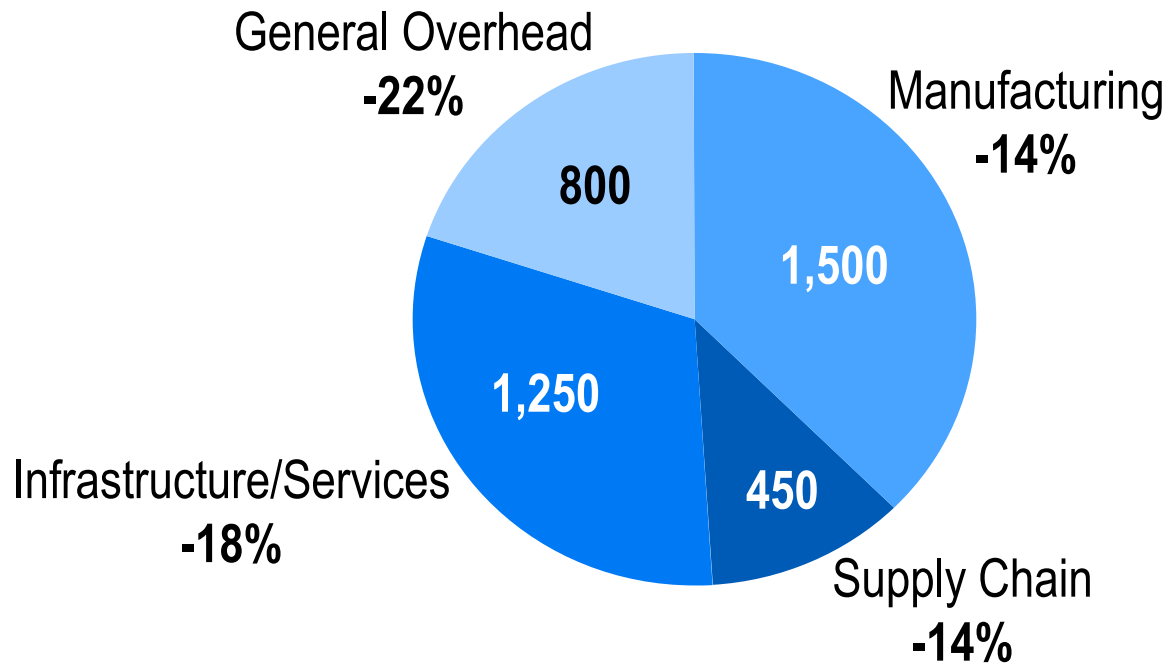
- ~ CHF 200 mn in 2004
- ~ CHF 300 mn in 2005
- Rest in 2006

Breakdown of performance improvement measures

Projects	<u>EBIT impact of measures*</u>	
	in mn CHF	
Purchasing 	200 - 250	-4 to 5% of total purchasing costs
Marketing 	120 - 170	+1.5 to 2% of sales
Logistics 	40 - 60	-4 to 6% of logistics costs
Manufacturing 	170 - 220	-4 to 5% of manufacturing costs
General Overhead 	150 - 210	-15 to 20% of overhead costs
Infrastructure/Services 		
Supply Chain 		
	680 - 910	

*before business risks & price erosion

Substantial job cuts to sharply reduce costs



Total job cuts: 4,000 by the end of 2005

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The way forward

Backup Information

Group & Strategy

Clariant Performance
Improvement Program

Business

Key financial group figures 2nd Quarter 2004

2 nd Quarter in mn CHF	2004	% of Sales	2003* like-for-like	% of Sales	Change in % CHF	LC
Sales	2,213		2,083		+6	+7
Gross profit	729	32.9%	671	32.2%	+9	+9
EBITDA	238	10.8%	284	13.6%	-16	-16
EBITDA before exceptional items	265	12.0%	320	15.4%	-17	-17
Operating income before exceptional items and amortization of goodwill	188	8.5%	234	11.2%	-20	-20
Operating income	150	6.8%	85	4.1%	+76	+76
Net income (loss)	54		-66			

* The numbers for 2003 were like-for-like to account for the disposals of business activities in 2003. Disposals in 2003: Cellulose Ethers of the Division Functional Chemicals and AP Chemicals, UK, of the Division Life Science & Electronic Chemicals. All activities were sold effective as per the end of 2003.

*Divisional sales and margins 2nd Quarter 2004 vs. 2003, continuing**

2 nd Quarter in mn CHF	2004 Sales	Change 2004 vs 2003 LC in %	EBITDA Margin in %**	
			2004	2003
Textile, Leather & Paper Chemicals	570	+3	10.7	13.5
Pigments & Additives	482	+7	17.2	17.1
Masterbatches	284	+9	12.7	11.1
Functional Chemicals	468	+13	12.0	13.1
Life Science & Electronic Chemicals	275	-6	9.1	7.5
Total continuing operations	2,079	+4	12.6	13.1

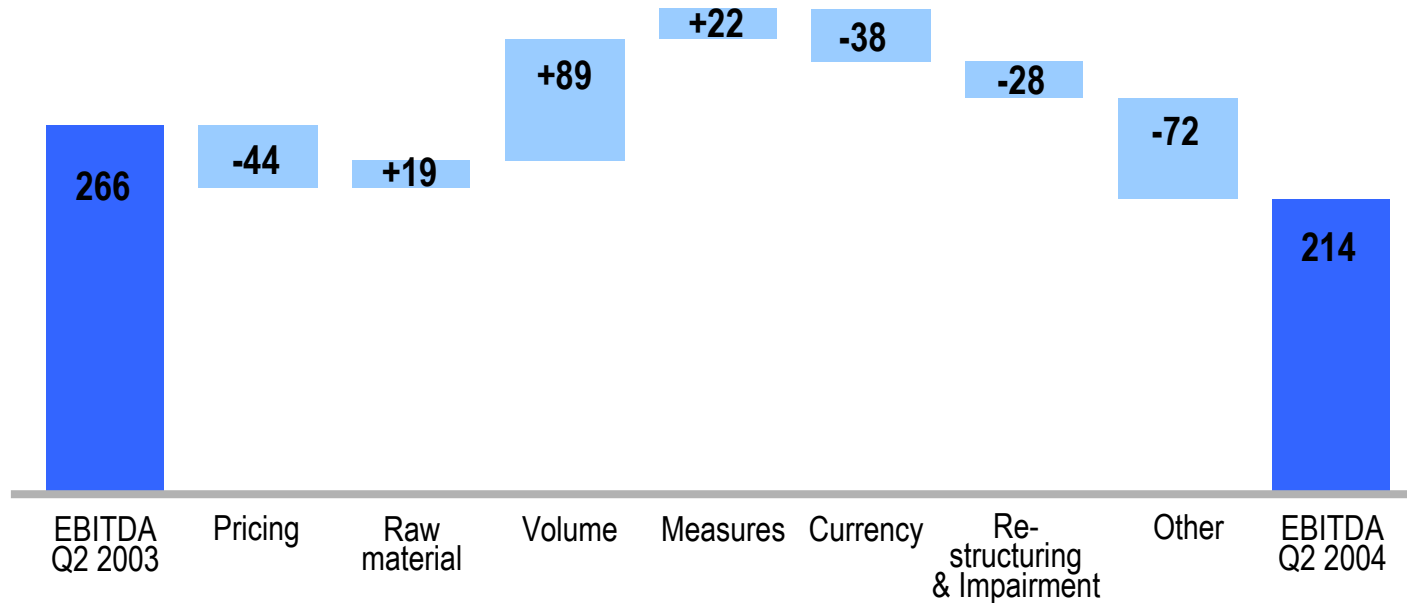
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** EBITDA before restructuring and disposals, the numbers for 2003 were like-for-like to account for the disposals of business activities in 2003. Disposals in 2003: Cellulose Ethers of Division Functional Chemical and AP Chemicals, UK, of Division Life Science & Electronic Chemicals. All activities were sold effective as per the end of 2003.

***Including provision of CHF 38 mn for the delay of a large-scale bleach activator plant in the U.S.

EBITDA analysis 2nd Quarter 2004

2nd Quarter 2004 versus 2nd Quarter 2003 – continuing*

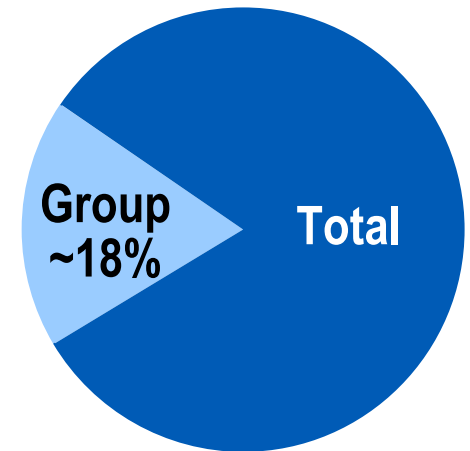


in mn CHF

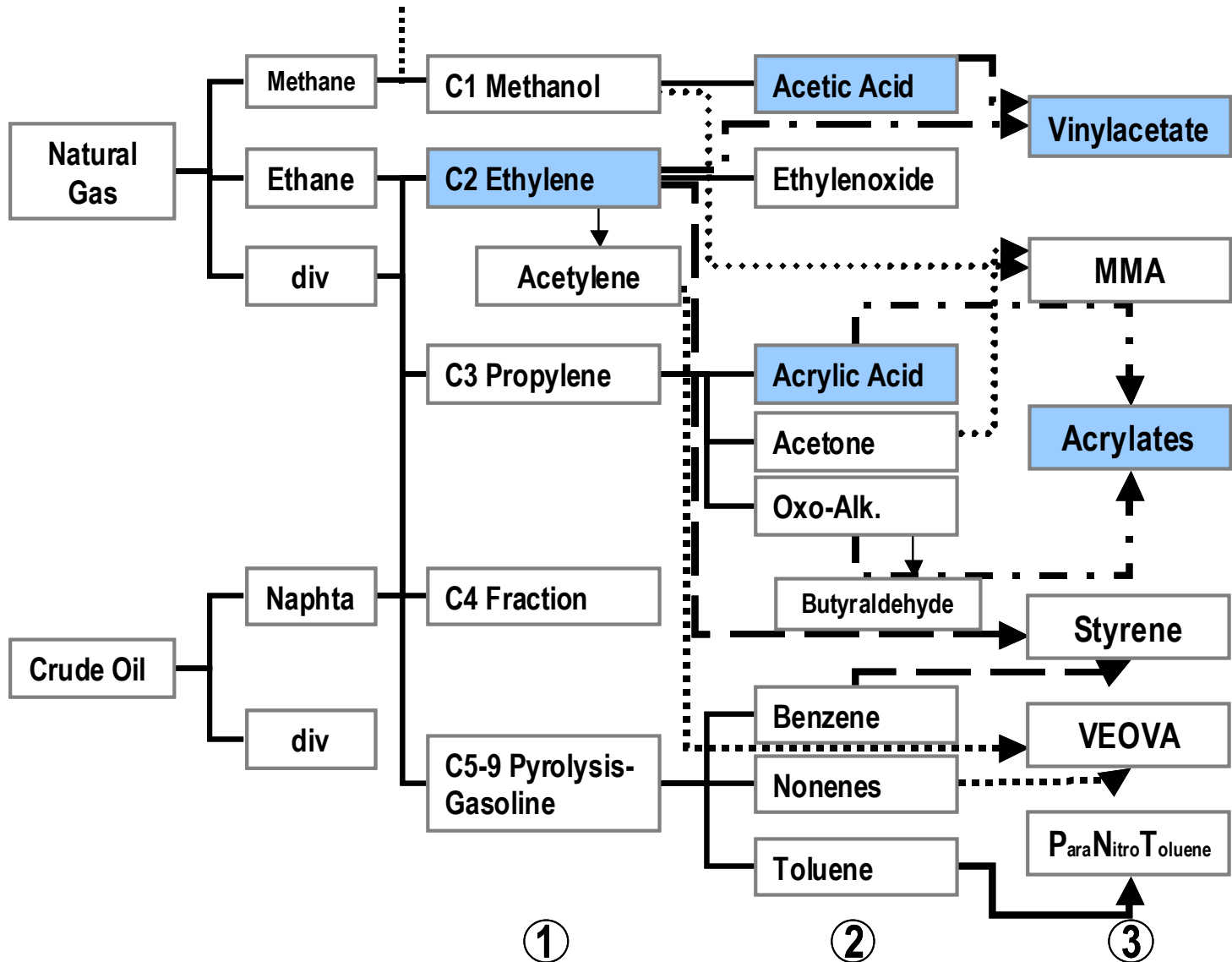
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Top 5 products in percentage of total raw material costs

Ranking	Product
1	Ethylene
2	Acetic Acid
3	Acrylates
4	Acetic Anhydride
5	Vinylacetate



Top 5 products - Petrochemical flow chart

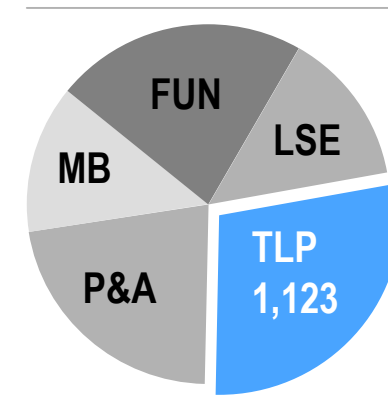


Textile, Leather & Paper Chemicals (continuing operations)

■ Clariant is worldwide

- No. 1 in textile and leather chemicals
- No. 2 in paper dyes
- No. 3 in textile dyes

■ Strong customer services through global tailor-made solutions



Half-year in mn CHF	2004		2003		Change in %	
	2004	% of Sales	2003	% of Sales	CHF	LC
Sales	1,123		1,082		+4	+3
EBITDA before exceptional items	124	11.0	126	11.6	-2	-1
Operating income before exceptional items and amortisation of goodwill	90	8.0	100	9.2	-10	-10
Operating income	50	4.5	88	8.1	-43	-43
Systematic depreciation on tangible fixed assets	34	3.0	26	2.4	+31	+30

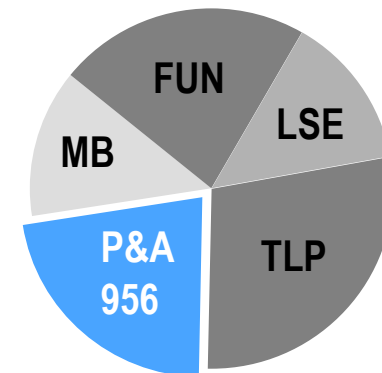
Pigments & Additives

(continuing operations)

■ Clariant is

- Worldwide No.1 in organic pigments
- No. 1 in coating pigments
- No. 2 in printing industries
- No. 3 in plastic industries

■ Leading edge surface technology

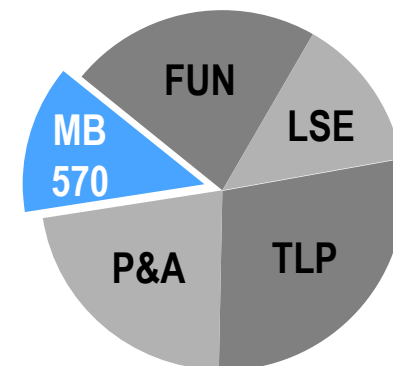


Half-year in mn CHF	2004		2003		Change in %	
	Value	% of Sales	Value	% of Sales	CHF	LC
Sales	956		900		+6	+5
EBITDA before exceptional items	159	16.6	145	16.1	+10	+9
Operating income before exceptional items and amortisation of goodwill	123	12.9	112	12.4	+10	+9
Operating income	91	9.5	110	12.2	-17	-16
Systematic depreciation on tangible fixed assets	36	3.8	33	3.7	+9	+9

Masterbatches

(continuing operations)

- No. 1 global supplier of color masterbatches
- Well-positioned key player in markets for additive preparations
- Strong customer services combined with leading color technology

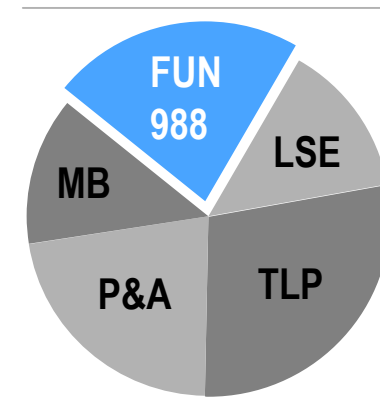


Half-year in mn CHF	2004		2003		Change in %	
	2004	% of Sales	2003	% of Sales	CHF	LC
Sales	570		525		+9	+7
EBITDA before exceptional items	73	12.8	61	11.6	+20	+18
Operating income before exceptional items and amortisation of goodwill	59	10.4	49	9.3	+20	+19
Operating income	54	9.5	47	9.0	+15	+14
Systematic depreciation on tangible fixed assets	13	2.3	13	2.5	-	-

Functional Chemicals

(continuing operations)

- No. 2 for innovative detergent ingredients worldwide
- Leading partner with specialty chemicals for oil and gas production and the refining industry, personal care, de-icing, crop protection and biocide applications

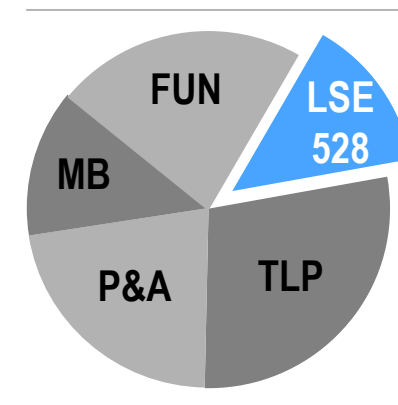


Half-year in mn CHF	2004	% of Sales	2003	% of Sales	Change in %	
			restated*		CHF	LC
Sales	988		866		+14	+13
EBITDA before exceptional items	129	13.1	106	12.2	+22	+20
Operating income before exceptional items and amortisation of goodwill	104	10.5	82	9.5	+27	+24
Operating income	116	11.7	-60	-	-	-
Systematic depreciation on tangible fixed assets	25	2.5	24	2.8	+4	+4

* In 2003, the Business Unit Cellulose Ethers pertaining to the Division FUN was sold.

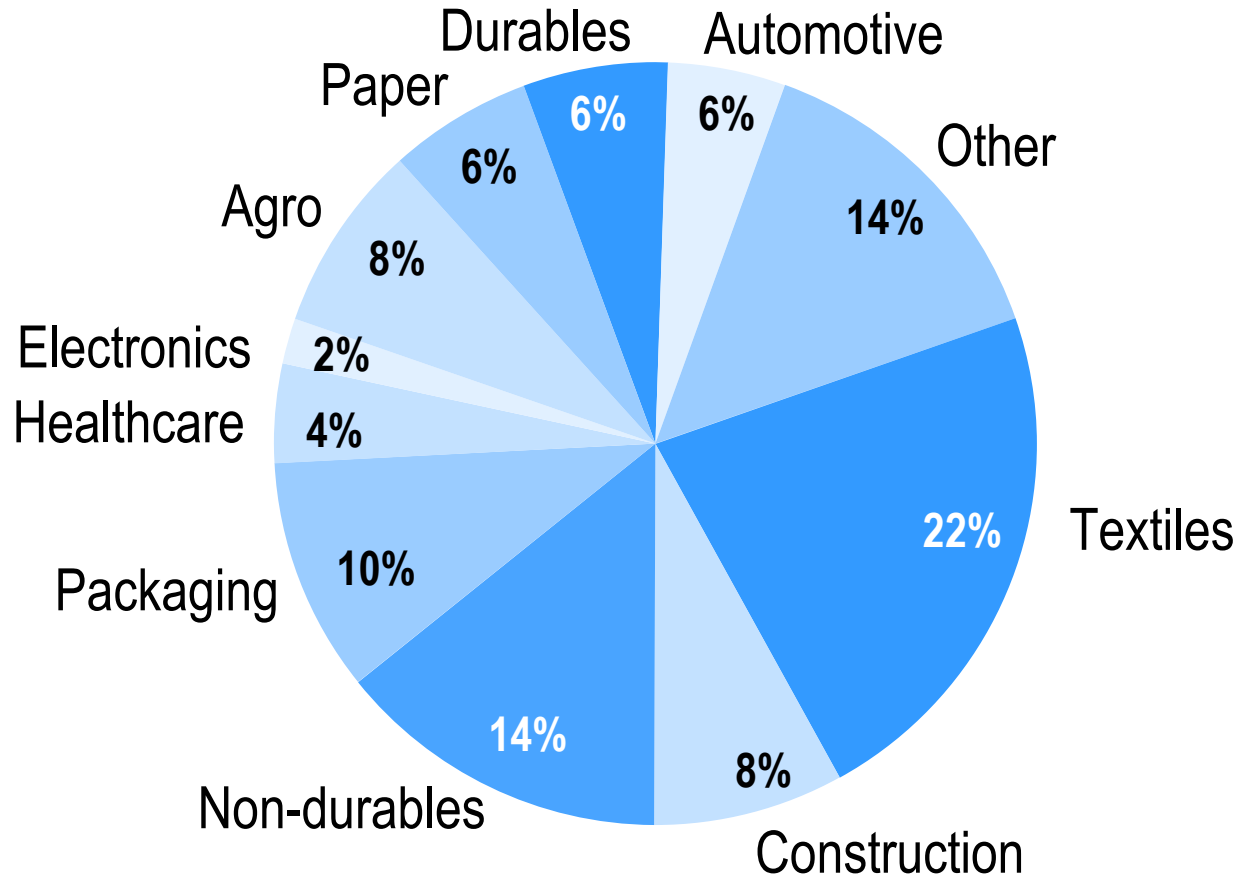
Life Science & Electronic Chemicals (continuing operations)

- Among top 5 pharma suppliers
- No. 1 in Agro business (Custom Synthesis)
- No. 1 in specific Specialty Fine Chemicals areas



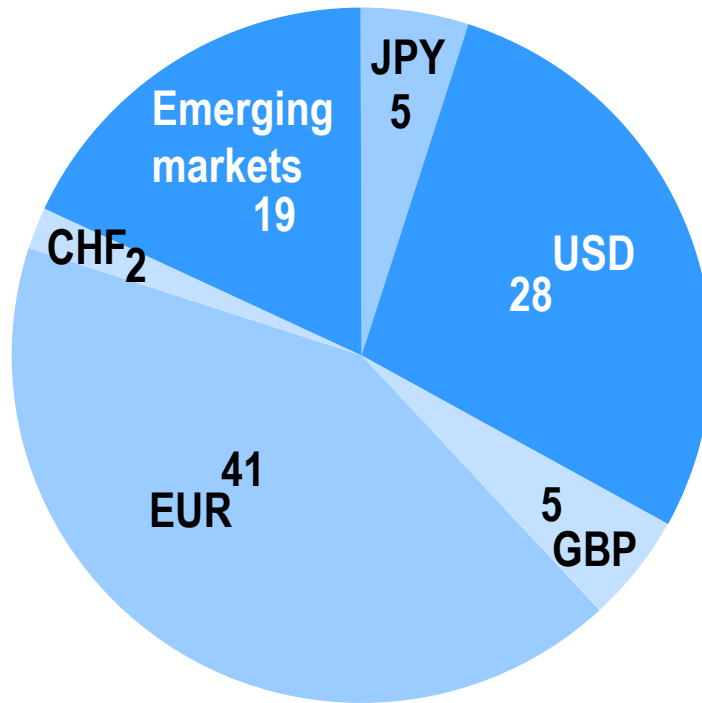
Half-year in mn CHF	2004		2003		Change in %	
	2004	% of Sales	2003	% of Sales	CHF	LC
Sales	528		554		-5	-7
EBITDA before exceptional items	42	7.9	40	7.2	+5	+4
Operating income before exceptional items and amortisation of goodwill	18	3.4	3	0.5	-	-
Operating income	20	3.8	3	0.5	-	-
Systematic depreciation on tangible fixed assets	24	4.5	37	6.7	-35	-35

*Divisional sales Full-year 2003 in end-user markets**

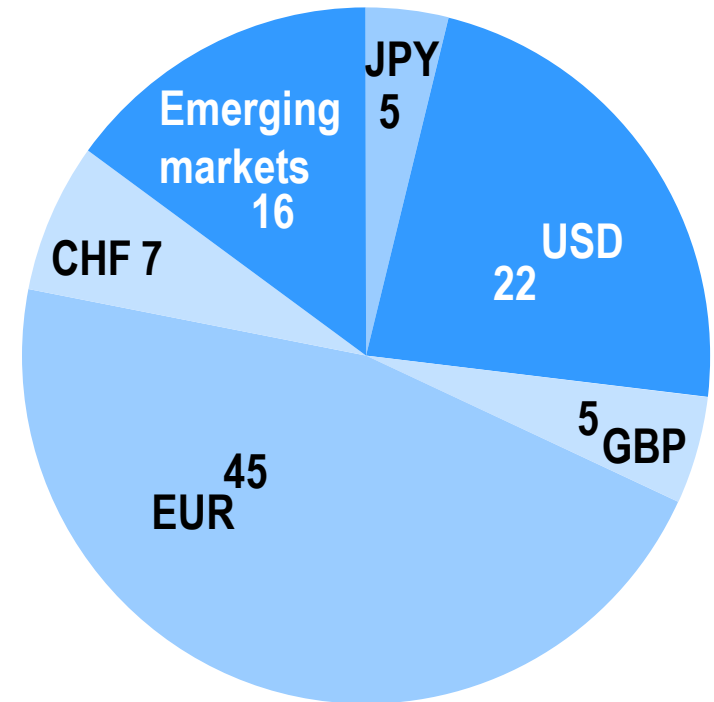


Sales and cost structure Half-year 2004

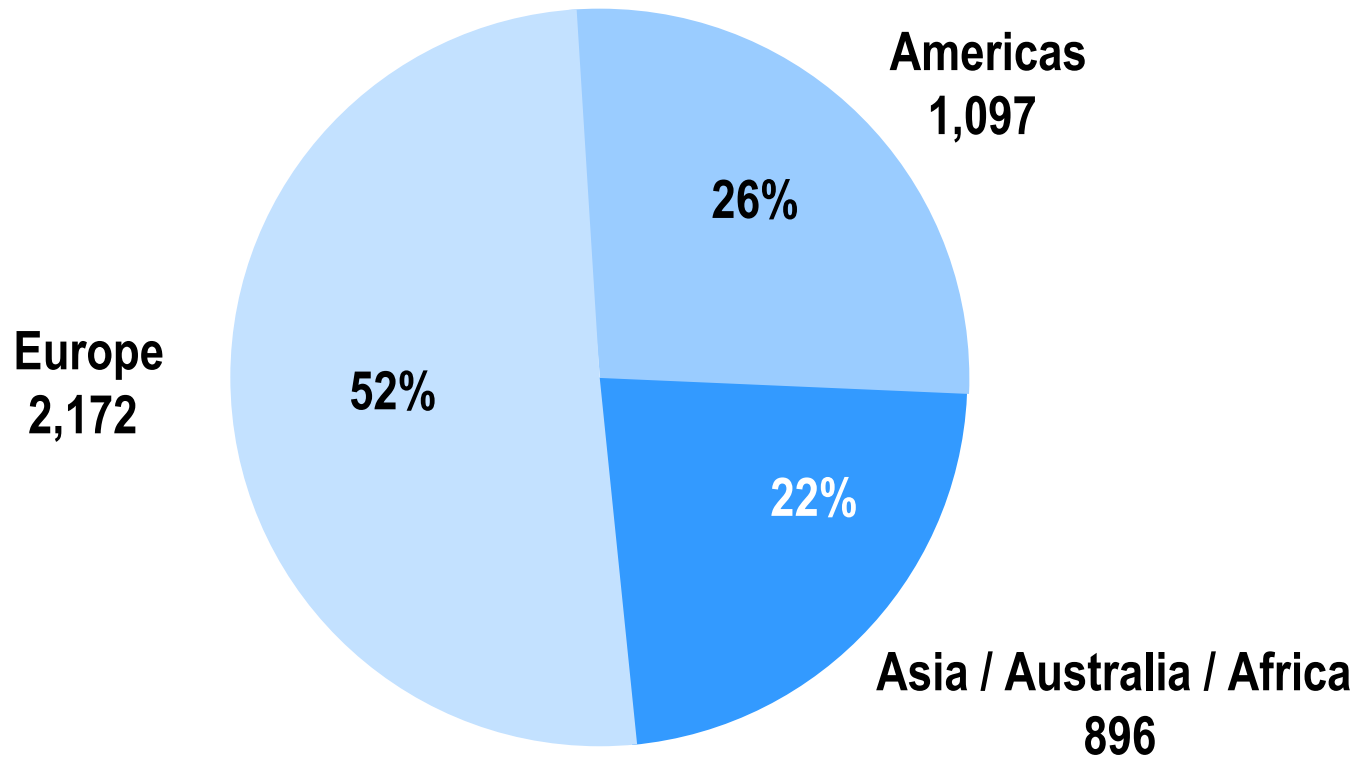
Global sales distribution in %



Global cost distribution in %

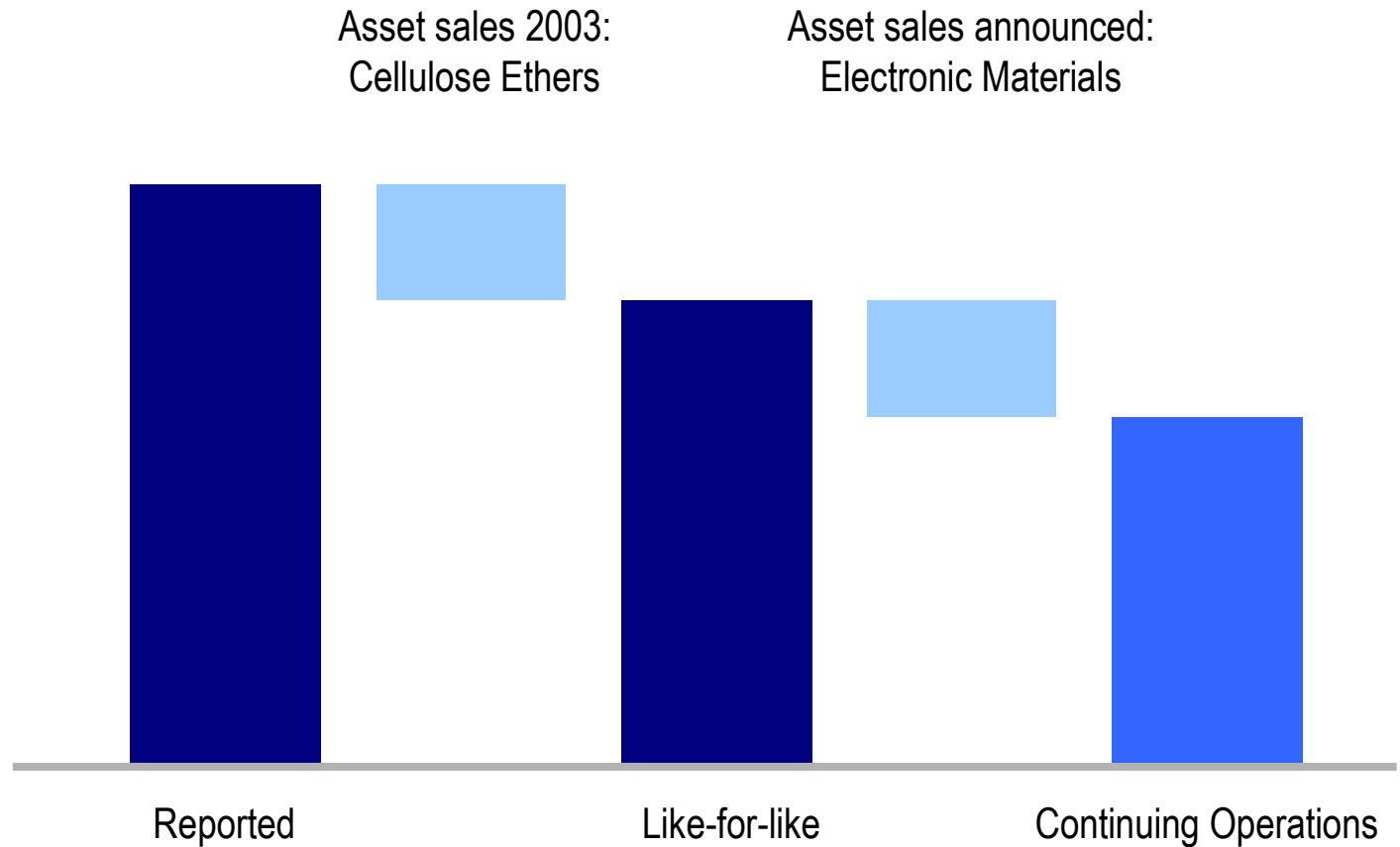


Group sales Half-year 2004 by region, continuing



Sales Half-year 2004 in mn CHF: 4,165

Income statement - Comparable figures



- According to the requirements of the International Financial Reporting Standards (IFRS), an enterprise that has announced the intention to dispose business activities shall report these businesses as discontinued operations.