

9-Month Results 2004

Conference Call, November 9, 2004



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Agenda

Key Factors, Nine Months 2004

Financial Review

Transformation Program Update

Summary & Outlook



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9 Months 2004 – Good growth across all regions

- Sales increased 7% in LC terms, to CHF 6.550 bn
- Improved pricing trend in most businesses
- Strong sales in Americas and Asia; modest growth in Europe
- Strong volume growth, up 10%
- 3rd Quarter sales particularly robust



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Improved performance amid Transformation Program

- Improved Operating Income* at CHF 517 mn from CHF 466 mn
- Net income up sharply, to CHF 170 mn from a loss of CHF 49 mn
- Operating Cash flow surged to CHF 561 mn from CHF 164 mn
- Net debt down to CHF 1.3 bn from 3.5 bn a year ago
- Transformation Program on track
- Sales of Electronic Materials, Lancaster Synthesis and SF-Chem completed

*Operating Income before exceptional items and amortization of goodwill



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Key financial group figures 9 Months 2004

9 Months in mn CHF	2004	% of Sales	2003* like-for-like	% of Sales	Change in %	
					CHF	LC
Sales	6,550		6,159		+6	+7
Gross profit	2,106	32.2%	1,984	32.2%	+6	+7
EBITDA	746	11.4%	648	10.5%	+15	+18
EBITDA before exceptional items	760	11.6%	724	11.8%	+5	+7
Operating income before exceptional items and amortization of goodwill	517	7.9%	466	7.6%	+11	+13
Operating income	469	7.2%	258	4.2%	+82	+89
Net income (loss)	170	2.6%	-49			

as per	Sep 04	Dec 03	Sep 03
Net debt	1,304	2,905	3,487
Equity	2,242	1,176	1,015

* 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.



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Key financial group figures 3rd Quarter 2004

3 rd Quarter in mn CHF	2004	% of Sales	2003* like-for-like	% of Sales	Change in % CHF	LC
Sales	2,131		2,041		+4	+9
Gross profit	647	30.4%	622	30.4%	+4	+8
EBITDA	245	11.5%	166	8.1%	+48	+60
EBITDA before exceptional items	215	10.1%	206	10.1%	+4	+6
Operating income before exceptional items and amortization of goodwill	130	6.1%	121	5.9%	+7	+9
Operating income	152	7.1%	70	3.4%		
Net income (loss)	44	2.1%	25	1.2%		

* 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.



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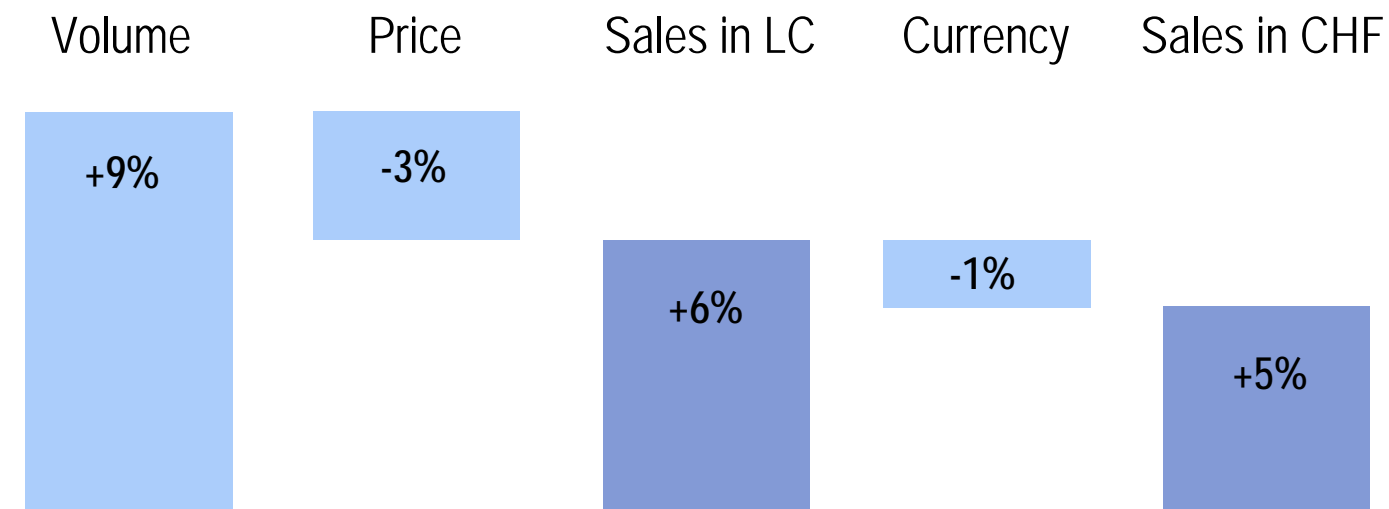
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Positive volume development in 9 Months 2004

9 Months 2004 versus 9 Months 2003, continuing operations*



* Continuing Operations: On August 5, 2003, Clariant sold the Business Unit Electronic Materials pertaining to the Division LSE. 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.



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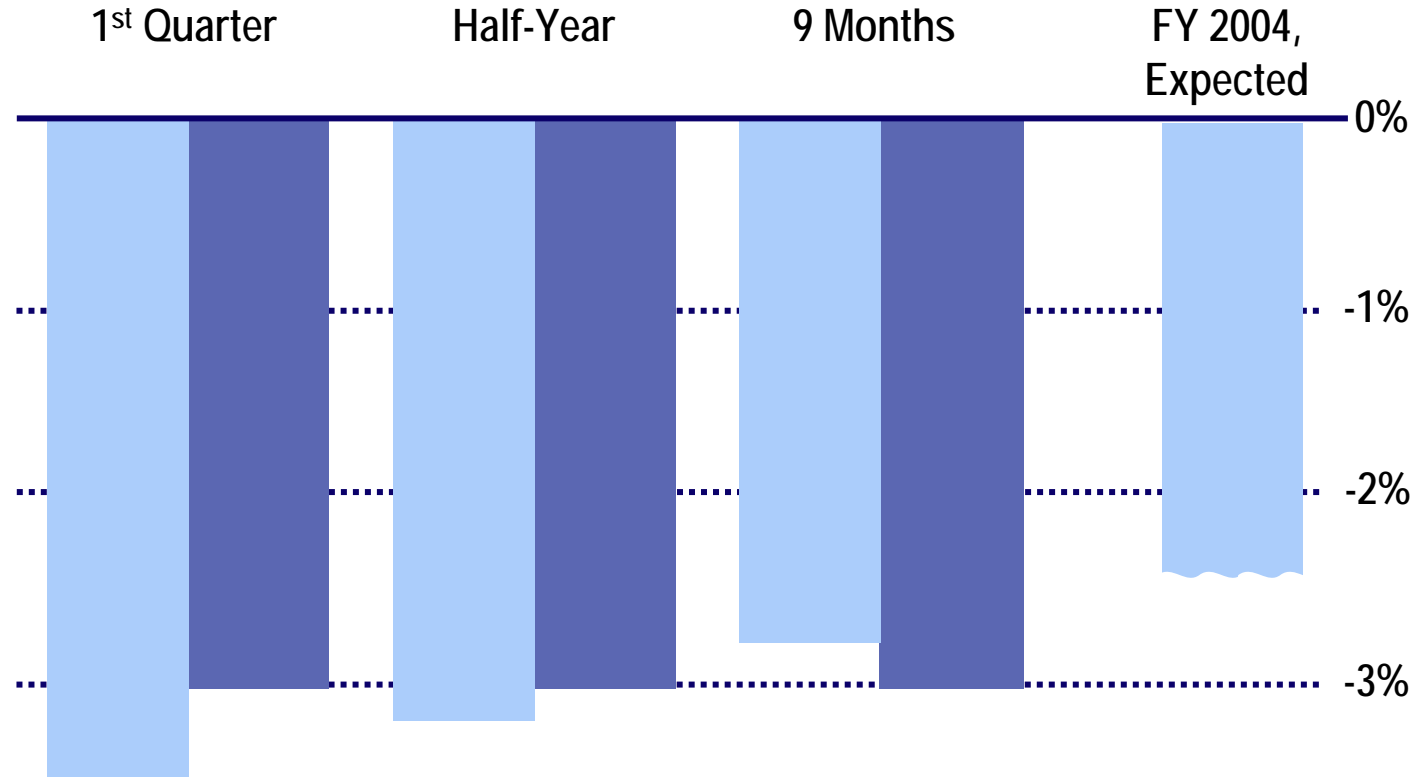
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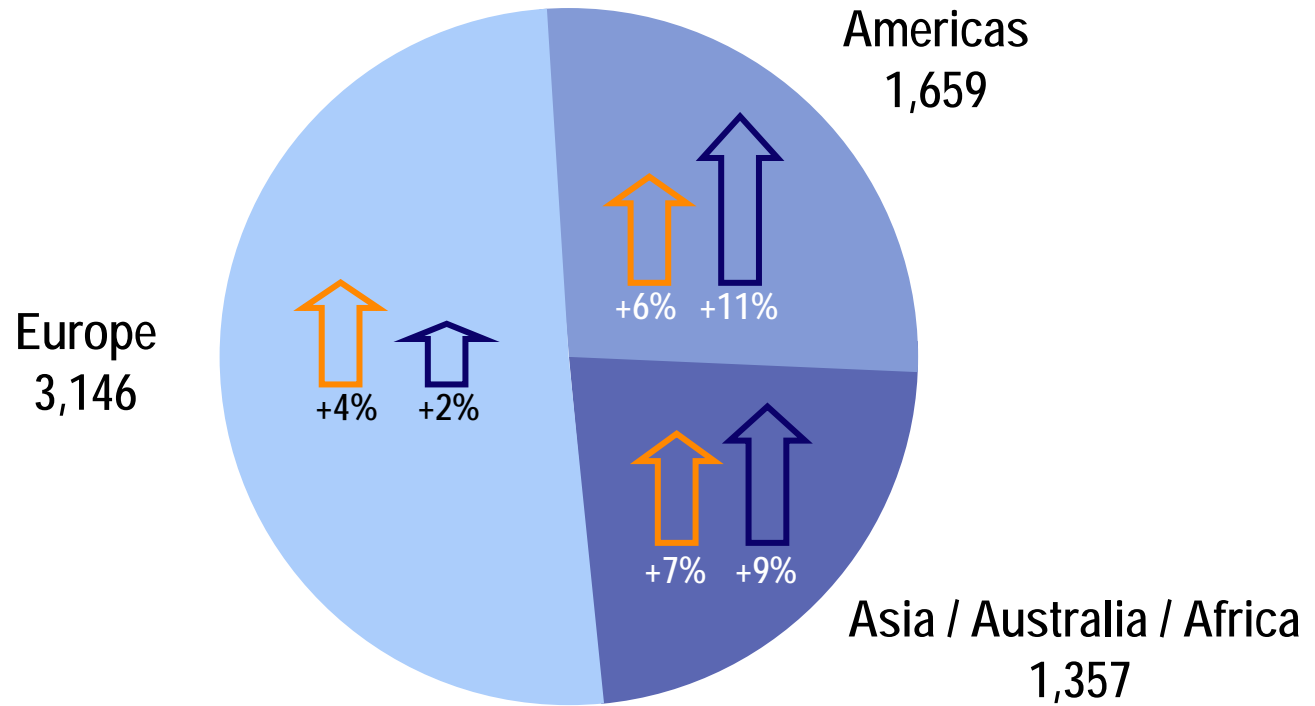
Positive price trend continues



Price change 2004 cumulative, compared with same period 2003

not rounded reported

Group sales, 9 Months 2004 by region *(continuing operations)*



Sales 9 Months 2004 in mn CHF: 6,162

in mn CHF

Changes in CHF  / in LC 

Divisional sales and margins 9 Months 2004 vs. 9 Months 2003 (continuing operations)*

9 Months in mn CHF	9M 2004	Change	EBITDA Margin in %**	
	Sales	2004 vs 2003 LC in %	2004	2003
Textile, Leather & Paper Chemicals	1,672	+4	11.1	10.7
Pigments & Additives	1,406	+6	16.4	14.6
Masterbatches	852	+8	12.6	11.3
Functional Chemicals	1,464	+13	13.5	12.4
Life Science & Electronic Chemicals	768	-4	4.6	4.4
Total continuing operations	6,162	+6		

* Continuing Operations: On August 5, 2003, Clariant sold the Business Unit Electronic Materials pertaining to the Division LSE. 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 exceptional items



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Divisional overview

■ Textile, Leather & Paper Chemicals

- Strong growth across most businesses with good volumes and better pricing climate
- Shift to Asia continues, with less volume growth in textile dyes
- Positive EBIT development due to higher volumes, but margin affected by restructuring measures
- Operating margins dragged down by Textile Dyes business
- Textile Chemicals, Leather and Paper showed improved performance



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Divisional overview

■ Pigments & Additives

- Strong volumes, especially in Coatings amid improved pricing climate
- Plastics and Printing industries recovering
- Margin increased mainly due to better capacity utilization
- Higher demand for “more colorful products”

■ Masterbatches

- Strong growth above market rates
- Plastic market continued to respond to better global economic conditions
- Margins rose mainly due to stronger volumes
- Improved trading conditions in the Americas



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Divisional overview

■ Functional Chemicals

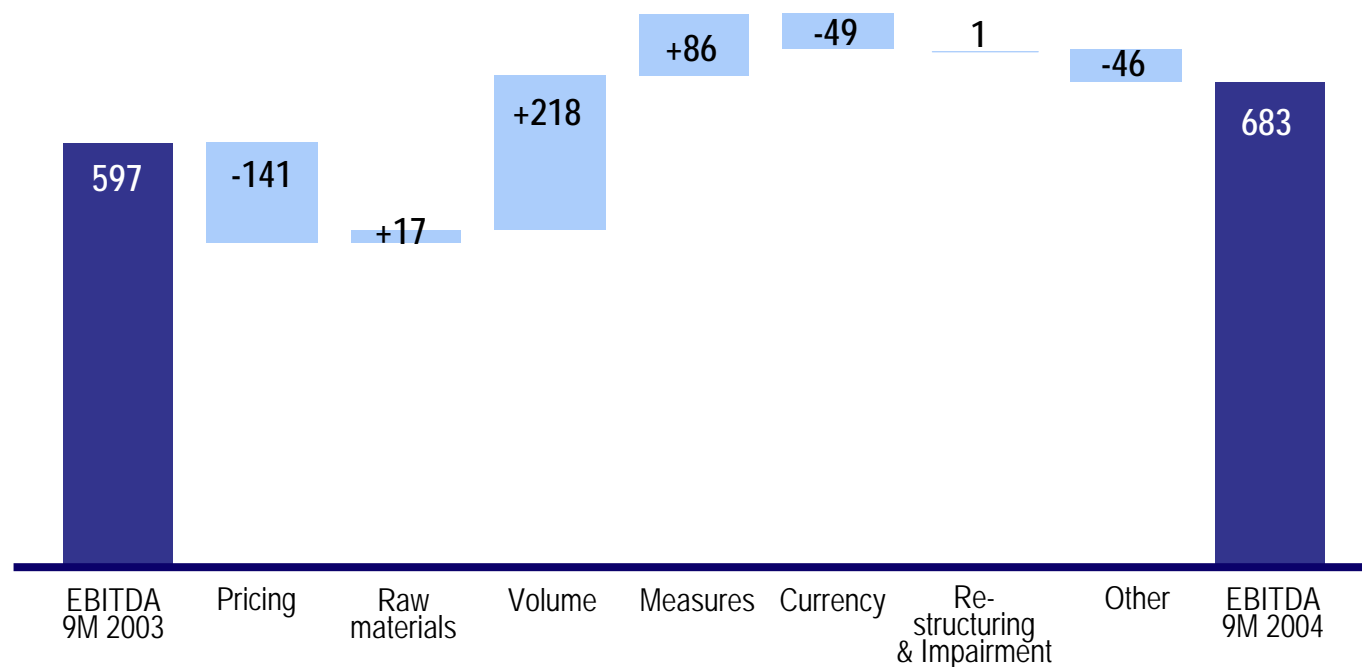
- Strongest volume growth in the Group across all businesses
- Increased performance by volume growth and better cost control
- Excellent performance in crop protection and oil field services

■ Life Science Chemicals

- Ongoing difficult market conditions with weak sales across all businesses
- Price pressure easing in Custom Synthesis
- Pharma faced tougher market conditions and contract losses
- Improved performance in Specialty Fine Chemicals

EBITDA analysis, 9 Months 2004

9 Months 2004 vs 9 Months 2003 – continuing operations*

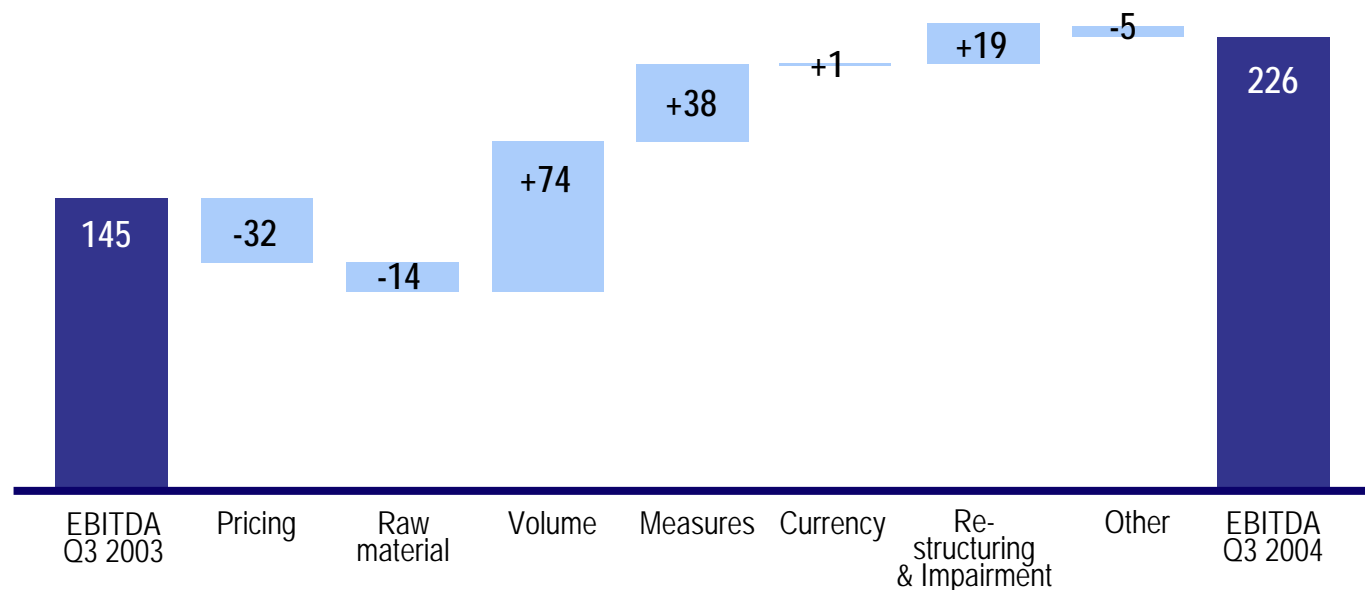


in mn CHF

* Continuing Operations: On August 5, 2003, Clariant sold the Business Unit Electronic Materials pertaining to the Division LSE. 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 analysis, 3rd Quarter 2004

3rd Quarter 2004 versus 3rd Quarter 2003 – continuing operations*



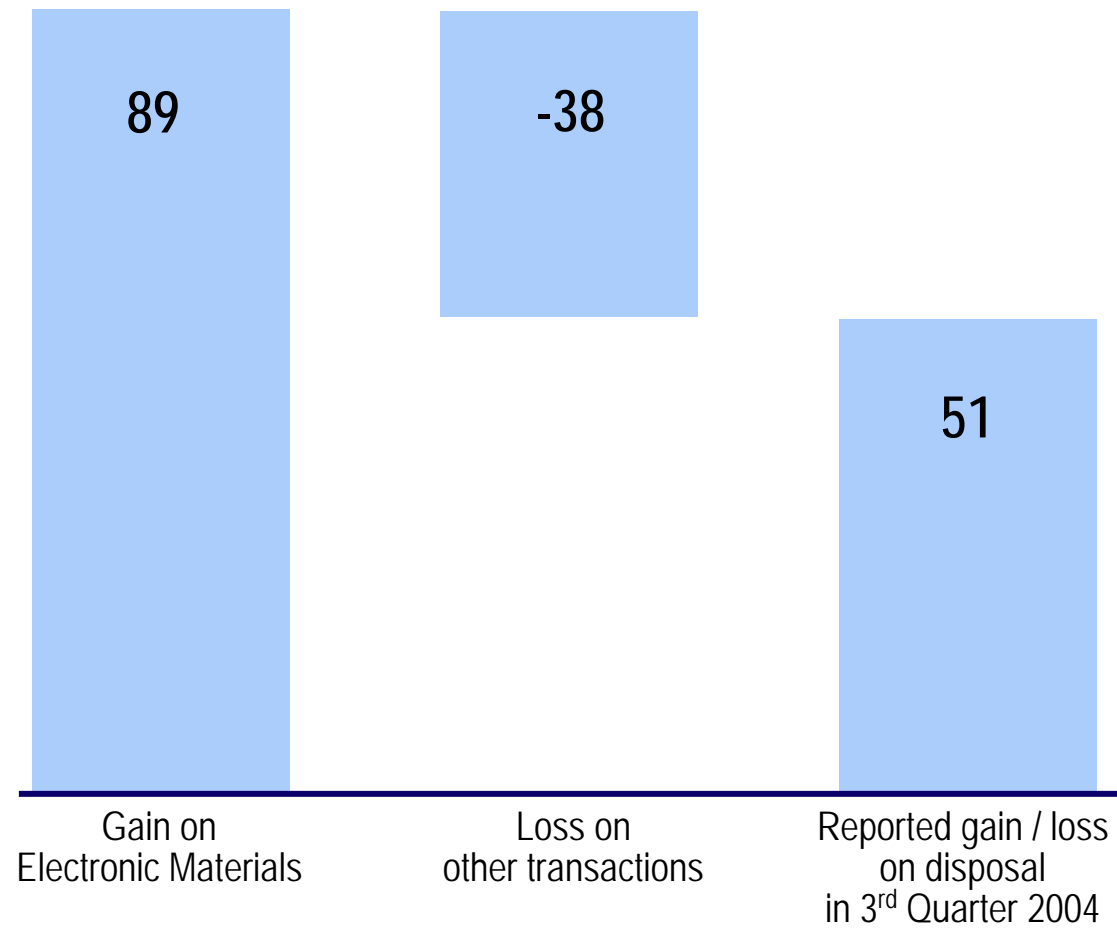
in mn CHF

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Cash flow significantly improved

in mn CHF	9M 2004	9M 2003
Net result	170	-11
Depreciation & amortization	276	399
Other	97	41
Operating cash flow before working capital	543	429
Change in working capital	+18	-265
Operating cash flow	561	164
Capital expenditure	-211	-200
Other	436	30
Cash flow before financing	786	-6

Gain & loss on disposals in 3rd Quarter 2004



 in mn CHF

Financial result

Interest expenses further reduced

in mn CHF	9M 2004	9M 2003
Financial Income	23	30
Interest Expenses	-128	-141
Other	-25	-17
Financial expenses	-153	-158
Currency result, net	-43	-52
Total	-173	-180



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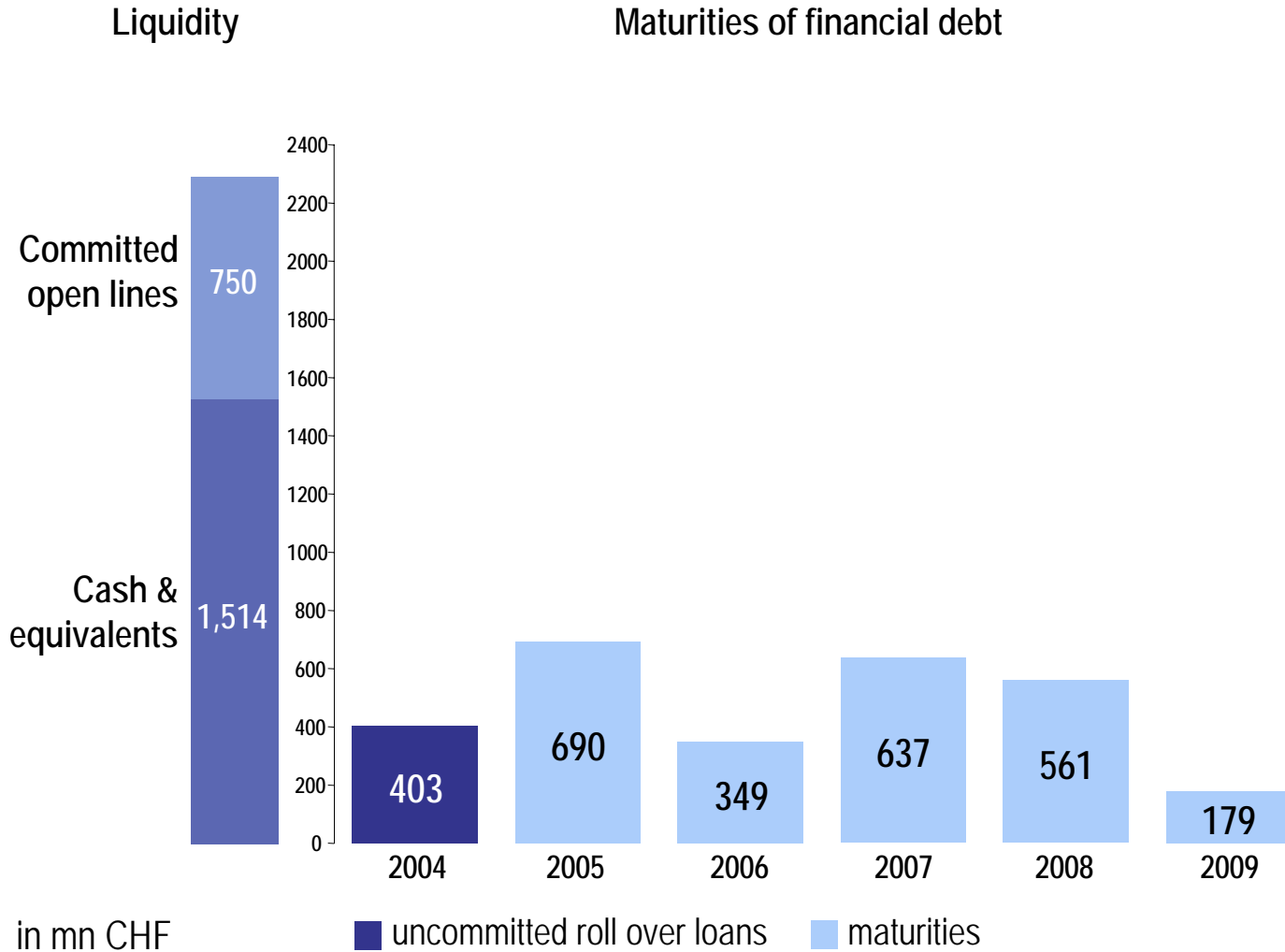
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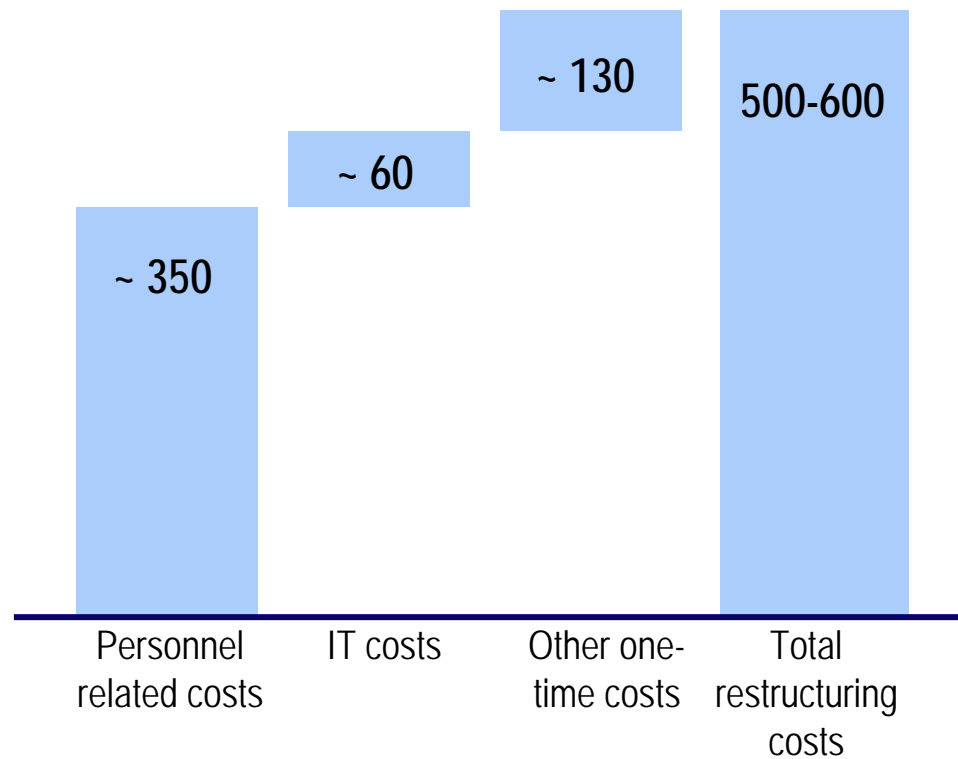
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Debt maturity profile on Sept. 30, 2004



Break-down of CPIP costs

in mn CHF



Expected timing

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



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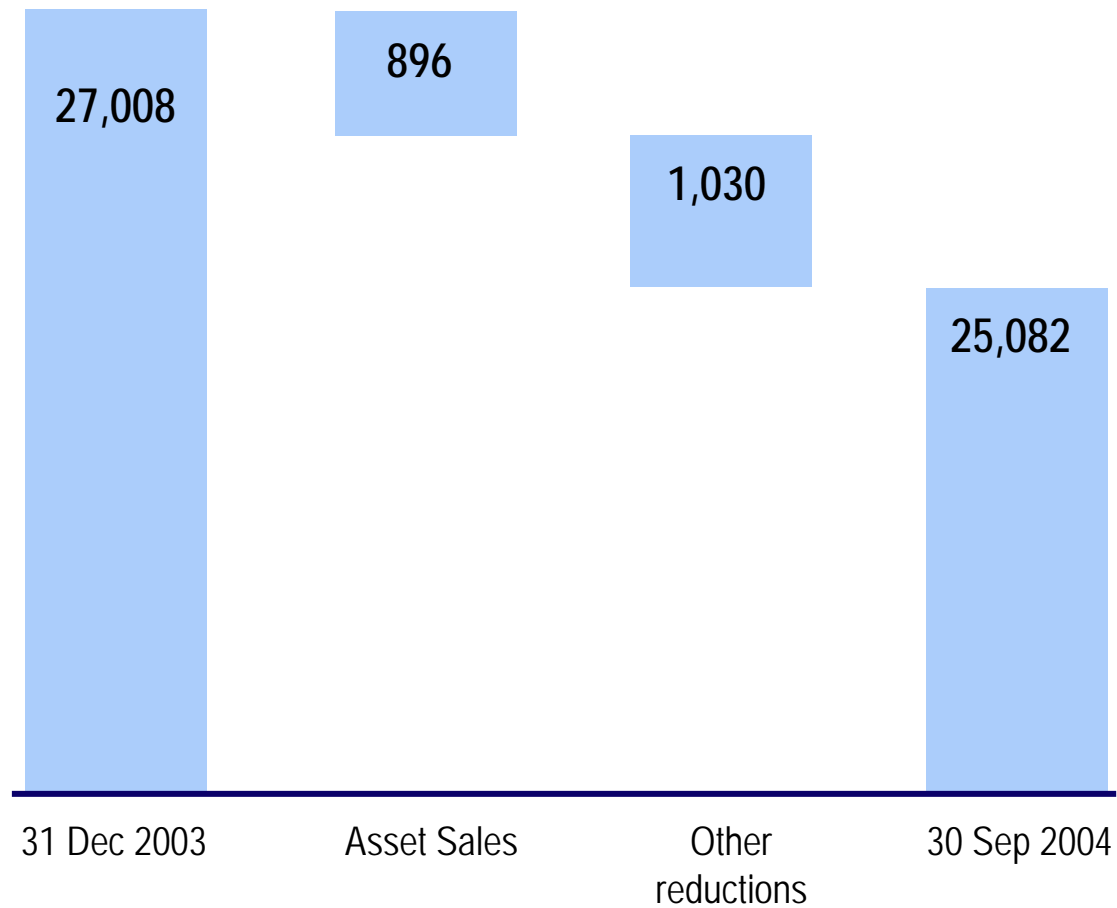
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Significant reduction in personnel

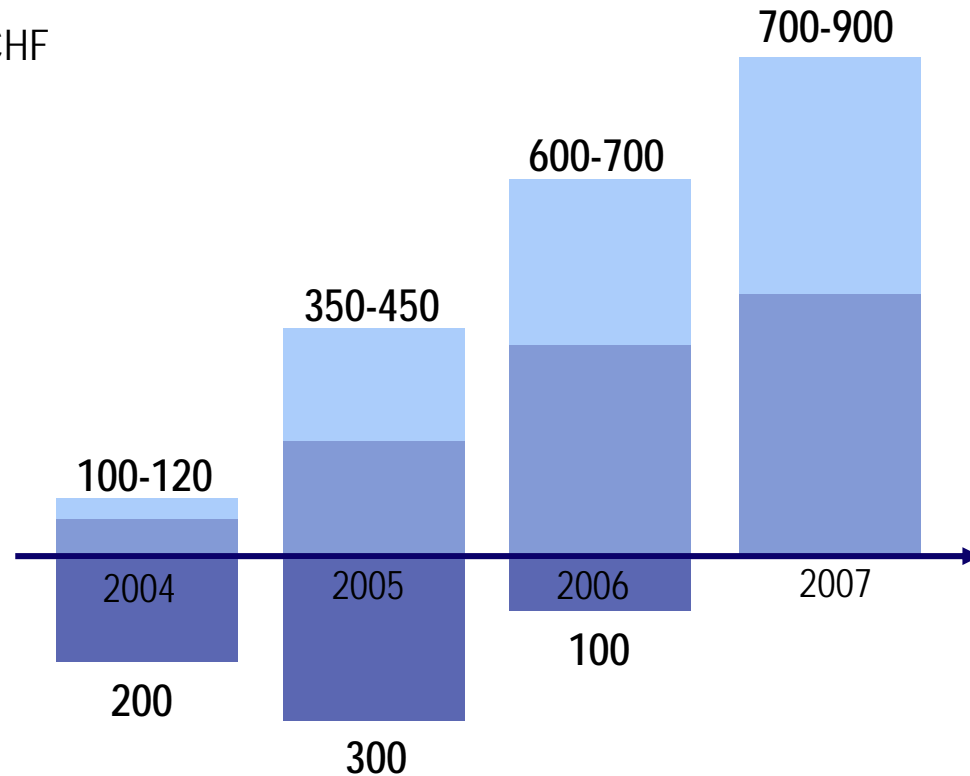


■ Number of employees, reported

Performance improvement measures over time

EBIT impact of measures*

in mm CHF



■ performance improvement costs
 ■ operational measures
 ■ structural measures

*before business risks & price erosion



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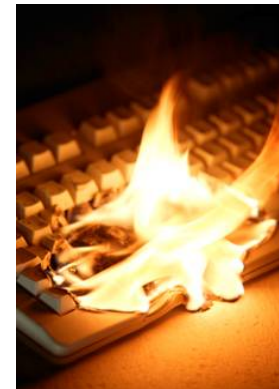
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The way forward - refocusing portfolio

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

Example: Halogen-free flame retardants

- New, broadly patented range of halogen-free, eco-friendly flame retardants: Exolit OP[®]
- Innovation driver: EU directives compel manufacturers to phase out halogen based flame retardants.
- Provides technical advantages and cost-effective solutions.
- Application examples: Plastic casings in electronic devices
- Status: Production started, market introduction proceeding well



Example: Metallocene waxes

- Lincene® range of high-performance waxes from Metallocene catalysed polymerization of ethylene and propylene
- Innovation driver: Need for outstanding properties (true melting point, hardness, melt viscosity) and broad application fields
- Allows tailor-made solutions for individual customers
- Application examples: Bonding and coupling agent in glass fiber reinforced polymers, hot-melt adhesives, pigment preparations and coatings
- Status: Production started, market introduction proceeding well



Outlook

- Improved sales in local currency for continuing operations
- Improved operating income ex performance improvement costs for continuing operations
- Clariant targets confirmed
 - Cost base reduction of CHF 100-120 mn by end 2004
 - Further cost base reduction of approx. CHF 300 mn by end 2005
 - CHF 400 mn EBIT improvement by end 2007
 - Net working capital reduction of CHF 600 mn by end 2007 CHF

2004 – Increased profitability



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Calendar of upcoming corporate events

March 8, 2005	Full-Year 2004 Results
April 7, 2005	Annual General Meeting
April 12, 2005	Ex Dividend Date
May 10, 2005	1 st Quarter 2005 Results
August 4, 2005	Half-Year 2005 Results
November 9, 2005	9-Month 2005 Results

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



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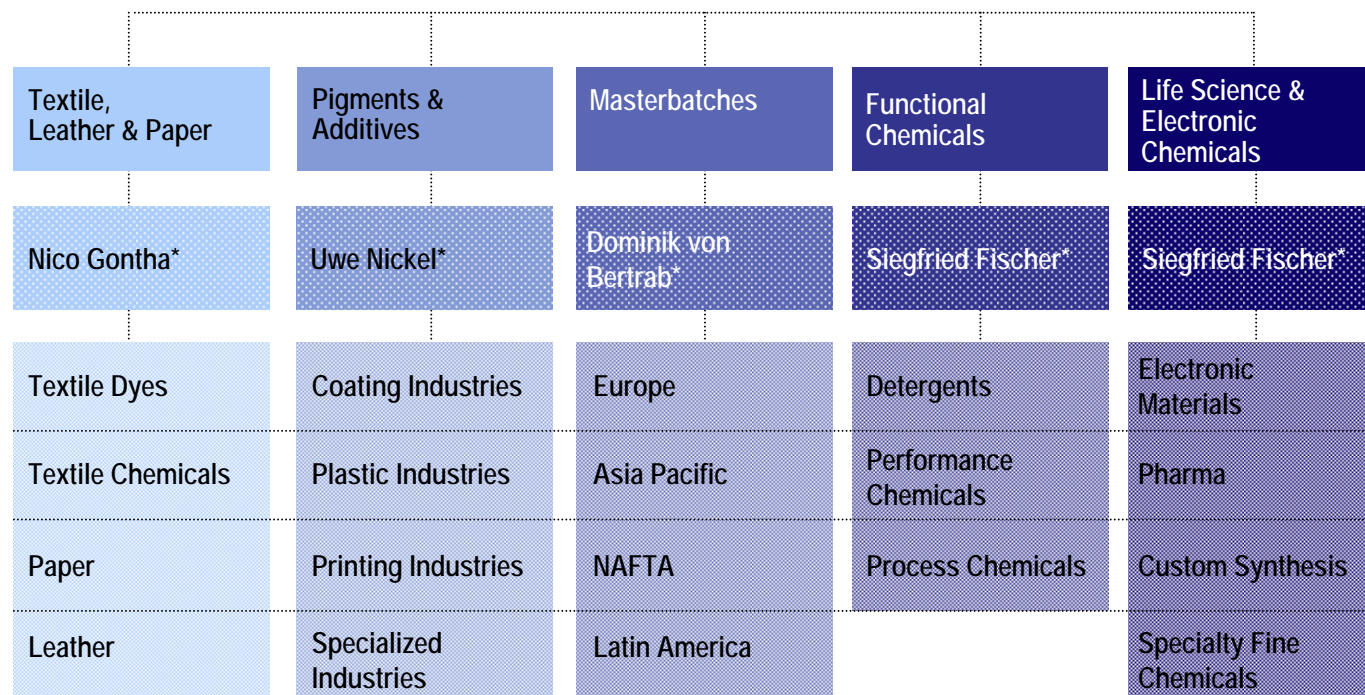
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Current business structure



*Member of the Board of Management



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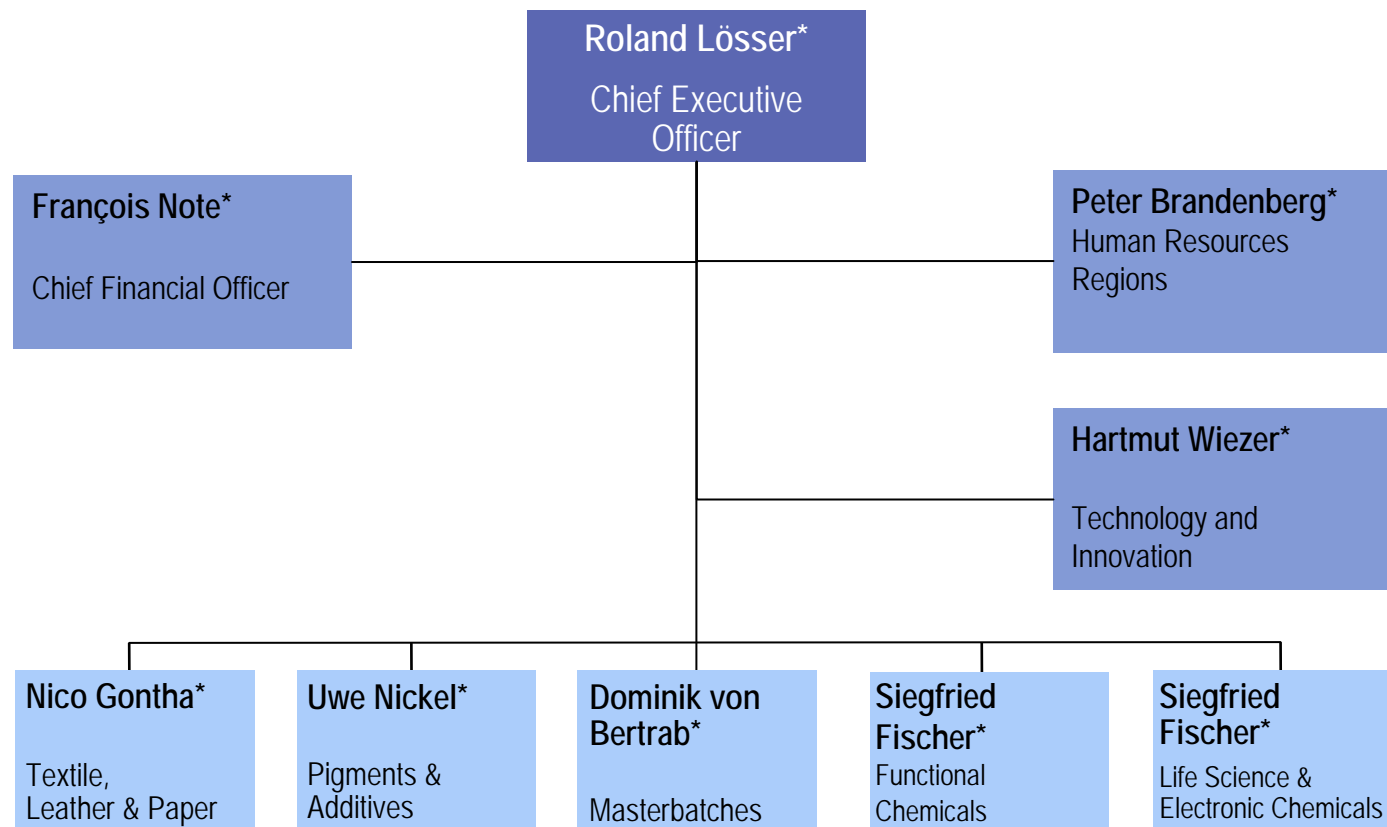
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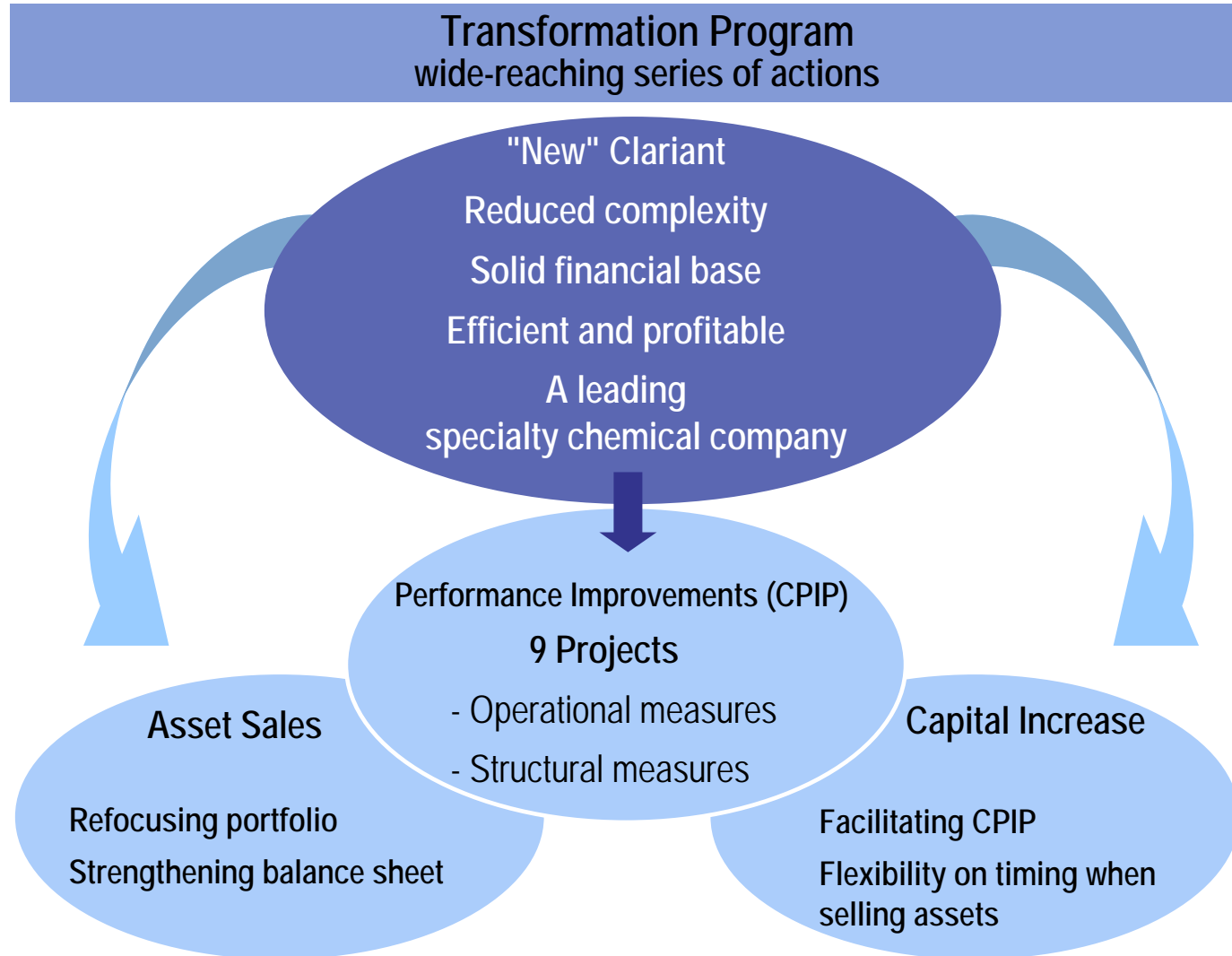
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Clariant's management team



*Member of the Board of Management

The way forward





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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 market-leading positions
- Focus on profitability and cash flow generation



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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
- Sales of Lancaster Synthesis & SF-Chem completed
- 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



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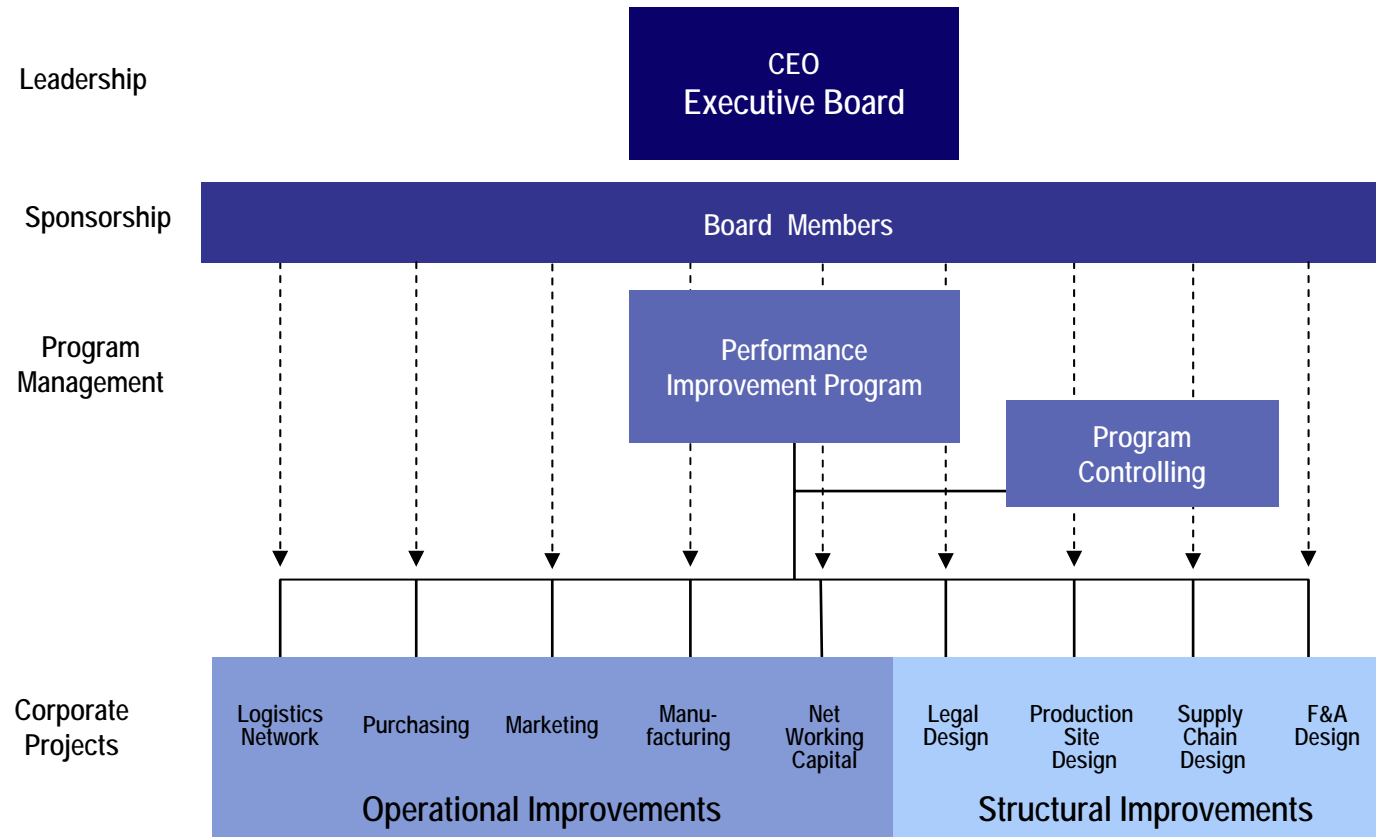
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Performance Improvement Program



EBIT impact
before business risks
& price erosion

CHF 530 - 700 mn

CHF 150 - 210 mn



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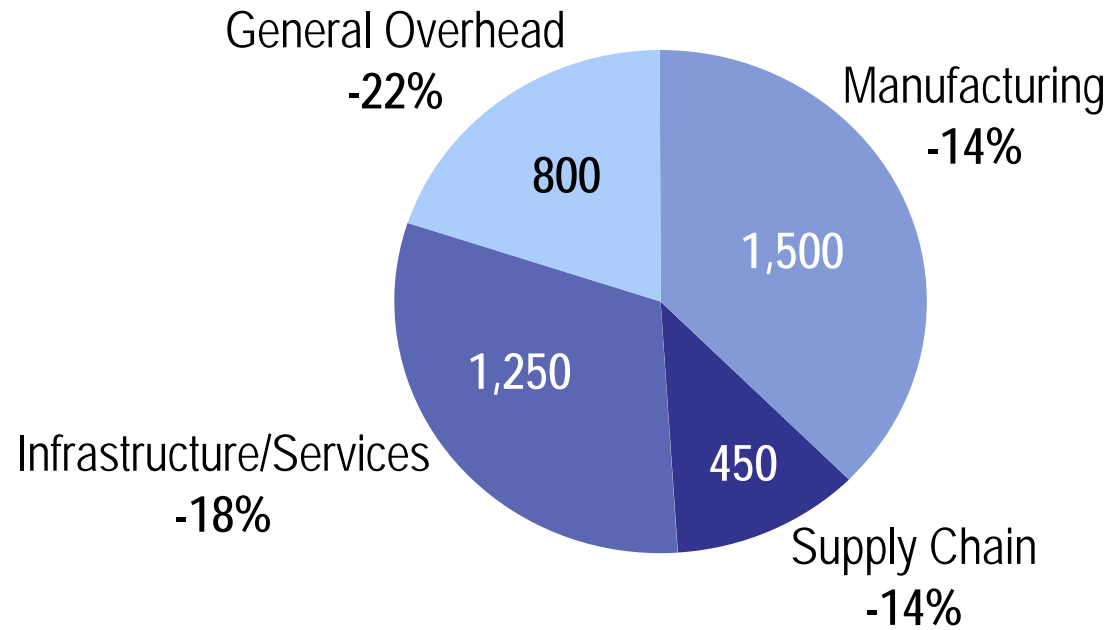
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Substantial job cuts to sharply reduce costs



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

Divisional sales and margins

3rd Quarter 2004 vs. 2003 (continuing operations*)

3 rd Quarter in mn CHF	3 rd Quarter	Change	EBITDA Margin in %**	
	2004 Sales	2004 vs 2003 LC in %	2004	2003
Textile, Leather & Paper Chemicals	549	+4	11.1	8.7
Pigments & Additives	450	+8	15.8	11.5
Masterbatches	282	+11	12.1	10.6
Functional Chemicals	476	+14	14.3	12.6
Life Science & Electronic Chemicals	240	-1	-	-
Total continuing operations	1,997	+7		

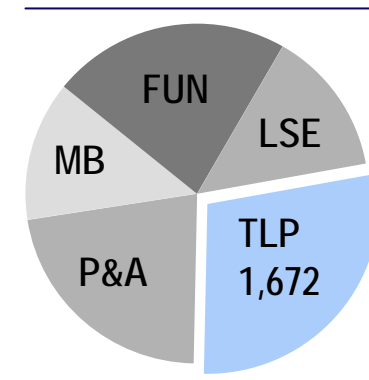
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** EBITDA before exceptional items

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



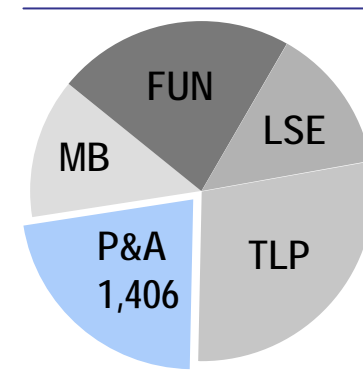
9 Months in mn CHF	2004		2003		Change in %	
	% of Sales		% of Sales		CHF	LC
Sales	1,672		1,632		+2	+4
EBITDA before exceptional items	185	11.1	174	10.7	+6	+8
Operating income before exceptional items and amortisation of goodwill	131	7.8	135	8.3	-3	-2
Operating income	44	2.6	105	6.4	-58	-56
Systematic depreciation on tangible fixed assets	54	3.2	39	2.4	+38	+39

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



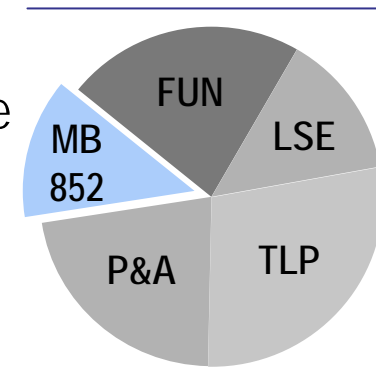
■ Leading edge surface technology

9 Months in mn CHF	2004		2003		Change in %	
	Value	% of Sales	Value	% of Sales	CHF	LC
Sales	1,406		1,334		+5	+6
EBITDA before exceptional items	230	16.4	195	14.6	+18	+19
Operating income before exceptional items and amortisation of goodwill	178	12.7	148	11.1	+20	+21
Operating income	138	9.8	141	10.6	-2	-1
Systematic depreciation on tangible fixed assets	53	3.8	47	3.5	+13	+13

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

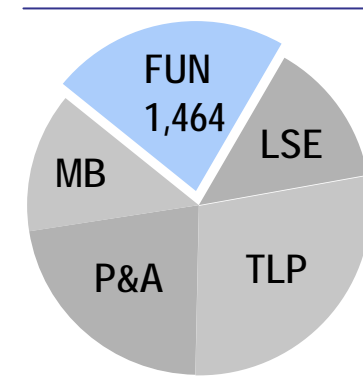


9 Months in mn CHF	2004		2003		Change in %	
	2004	% of Sales	2003	% of Sales	CHF	LC
Sales	852		789		+8	+8
EBITDA before exceptional items	107	12.6	89	11.3	+20	+20
Operating income before exceptional items and amortisation of goodwill	86	10.1	69	8.7	+25	+25
Operating income	77	9.0	65	8.2	+18	+18
Systematic depreciation on tangible fixed assets	21	2.5	20	2.5	+5	+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



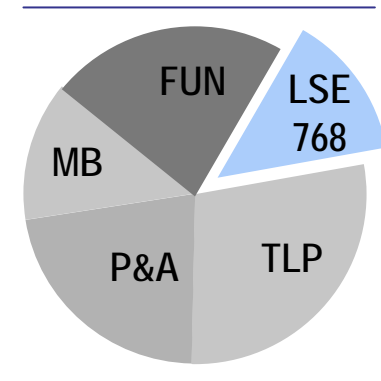
9 Months in mn CHF	2004		2003		Change in %	
	% of Sales		% of Sales		CHF	LC
Sales	1,464		1,303		+12	+13
EBITDA before exceptional items	197	13.5	161	12.4	+22	+22
Operating income before exceptional items and amortisation of goodwill	159	10.9	123	9.4	+29	+29
Operating income	171	11.7	-19	-	-	-
Systematic depreciation on tangible fixed assets	38	2.6	38	2.9	0	0

* 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



9 Months in mn CHF	2004 % of Sales		2003 % of Sales		Change in %	
			restated*		CHF	LC
Sales	768		803		-4	-4
EBITDA before exceptional items	35	4.6	35	4.4	-	-
Operating income before exceptional items and amortisation of goodwill	-7	-	-21	-	-	-
Operating income	85	11.1	-44	-	-	-
Systematic depreciation on tangible fixed assets	41	5.3	56	7.0	-27	-27

* In 2003, the Business Unit Electronic Materials pertaining to the Division LSE was sold.



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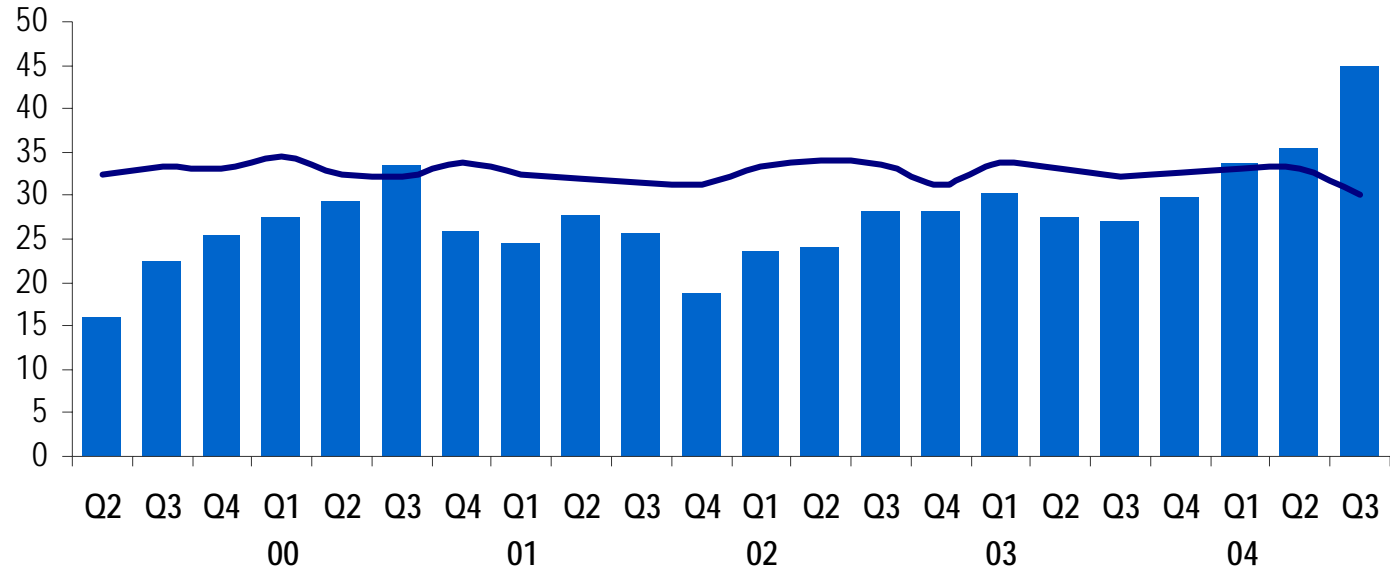
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Stable gross margin even at high oil prices



■ Crude Oil Brent USD / bbl ■ Gross margin in %

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

Raw material dependency reduced

Percent of top 10 raw materials of total costs



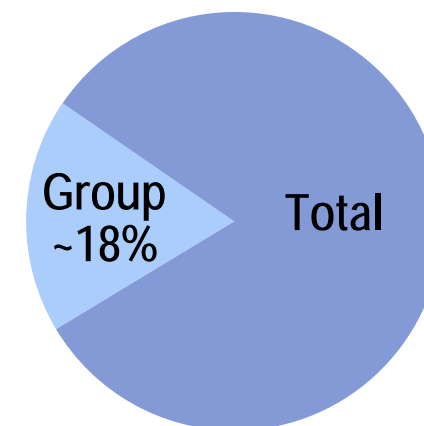
Percent of VAM¹ of raw materials of total costs



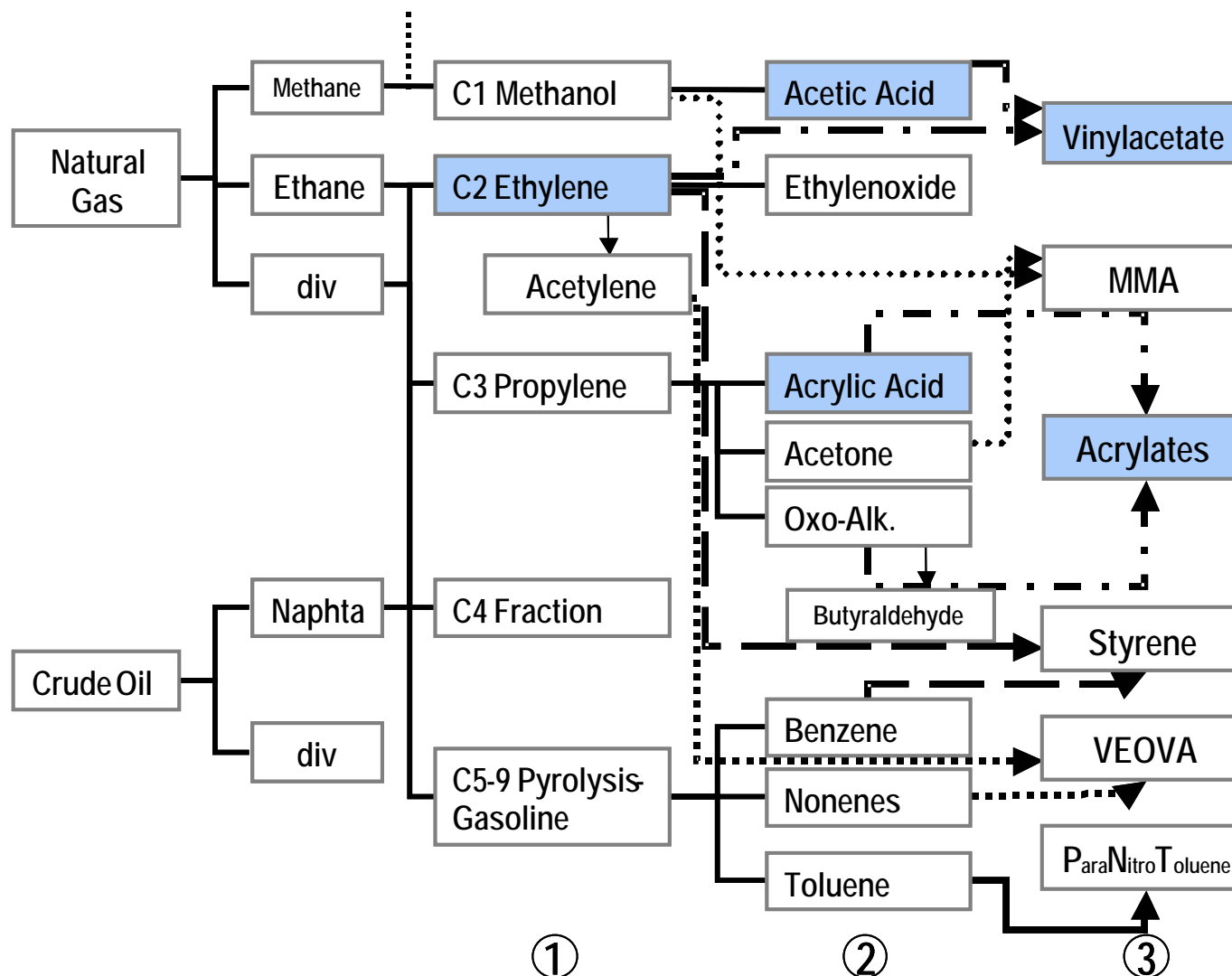
¹ Vinylacetate monomer

Top 5 products in percentage of total raw material costs

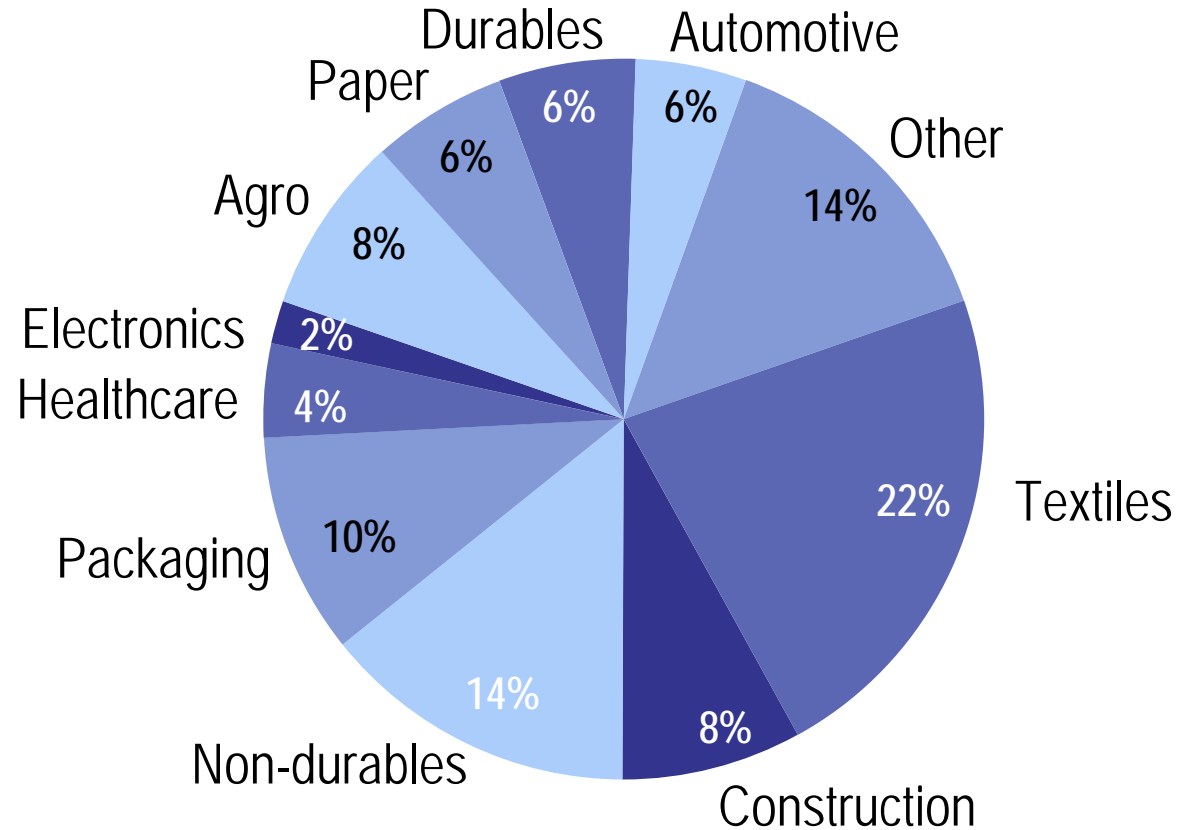
Ranking	Product
1	Ethylene
2	Acetic Acid
3	Acrylates
4	Acetic Anhydride
5	Vinylacetate



Top 5 products - Petrochemical flow chart



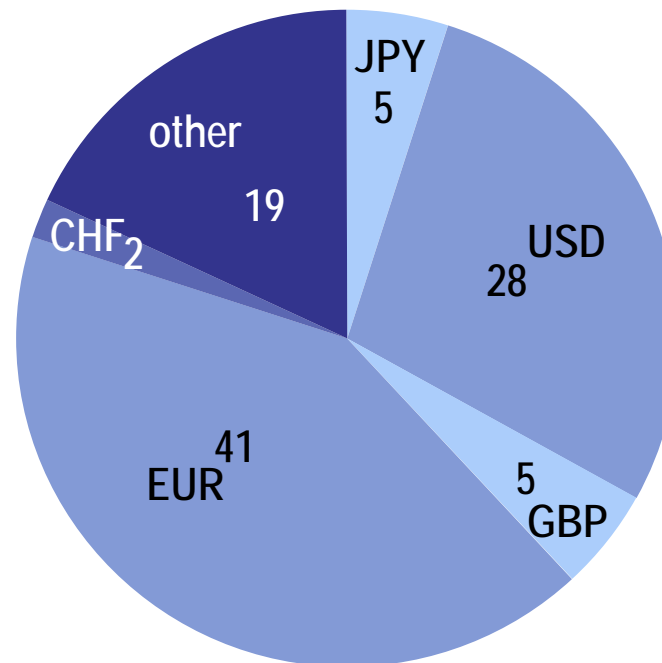
*Divisional sales Full-year 2003 in end-user markets**



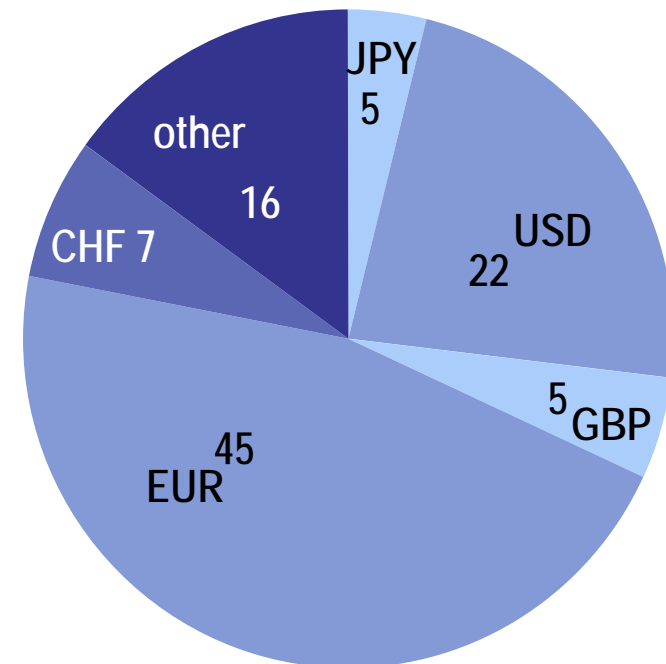
*continuing operations

Sales and cost structure, 6 Months 2004

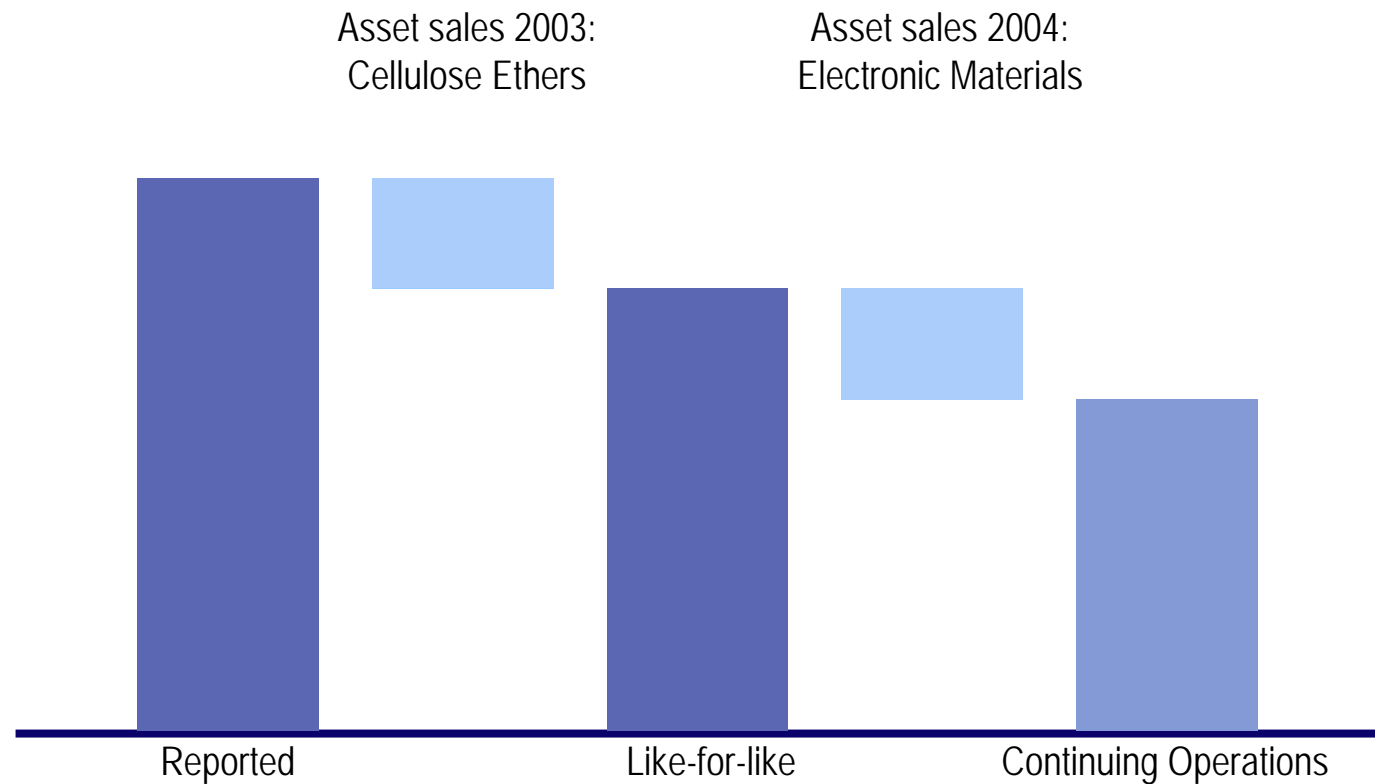
Global sales distribution in %



Global cost distribution in %



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.