

Clariant – The Way Forward

Full-year Results 2004

Analyst Conference - Zurich, March 8, 2005



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Agenda

Key Factors 2004

Financial Review

Business Review

Transformation Program Update

Outlook



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Key Factors 2004

Roland Lösner, CEO

Full-year Results 2004

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Key Factors 2004

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Substantial achievements in 2004

- Financial basis secured and strengthened
- Transformation Program shifted into high gear
- Good sales growth recorded despite restructuring initiatives
- CHF 150 mn cost base reduction delivered
- Net working capital cut sharply
- Total jobs reduced by 1,230, not including asset sales
- Several non-core businesses sold
- Clariant is back and competing with the best in the industry

Key Factors 2004

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Full-year 2004 – Strong growth and excellent Cash Flow generation

- Strong sales increased 7% in LC terms, to CHF 8.530 bn*, strong volume growth, up 9%*
- Significant price increases achieved in several product lines
- Overall trend of easing price pressure across the Group
- Improved Operating Income** at CHF 633 mn from CHF 551 mn*
- Operating Cash Flow more than doubled, to CHF 806 mn
- Net income rose sharply to CHF 150 mn from CHF 97 mn*
- Proposed payout of CHF 0.25 per share through a reduction in nominal share value

*on a comparable basis

** before exceptional items and amortization of goodwill



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François Note, CFO

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Key financial group figures Full-year 2004

Full-year 2004 in mn CHF	2004	% of Sales	2003* like-for-like	% of Sales	Change in %	
					CHF	LC
Sales	8,530		8,075		+6	+7
Gross profit	2,707	31.7%	2,585	32.0%	+5	+6
EBITDA	915	10.7%	1,061	13.1%	-14	-17
EBITDA before exceptional items	949	11.1%	916	11.3%	+4	+4
Operating income before exceptional items and amortization of goodwill	633	7.4%	551	6.8%	+15	+19
Operating income	530	6.2%	499	6.2%	+6	+11
Net income (loss)	150	1.8%	97	1.2%		

as per	Dec 04	Sep 04	Dec 03
Net debt	1,090	1,304	2,905
Equity	2,202	2,242	1,176

* 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. Also excluded are the 4th quarter activities of Electronic materials and Lancaster synthesis of the Division Life Science & Electronic Chemicals.

Key financial group figures

4th Quarter 2004

4 th Quarter in mn CHF	2004		2003* like-for-like		Change in %	
	Value	% of Sales	Value	% of Sales	CHF	LC
Sales	1,980		1,916		+3	+8
Gross profit	601	30.4%	601	31.4%	+0	-4
EBITDA	169	8.5%	413	21.6%	-59	-64
EBITDA before exceptional items	189	9.5%	192	10.0%	-2	-3
Operating income before exceptional items and amortization of goodwill	116	5.8%	85	4.4%	+36	+38
Operating income	61	3.1%	241	12.6%	-75	-73
Net income (loss)	-20	-	146	7.6%		

* 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. Also excluded are the 4th quarter activities of Electronic materials and Lancaster synthesis of the Division Life Science & Electronic Chemicals.



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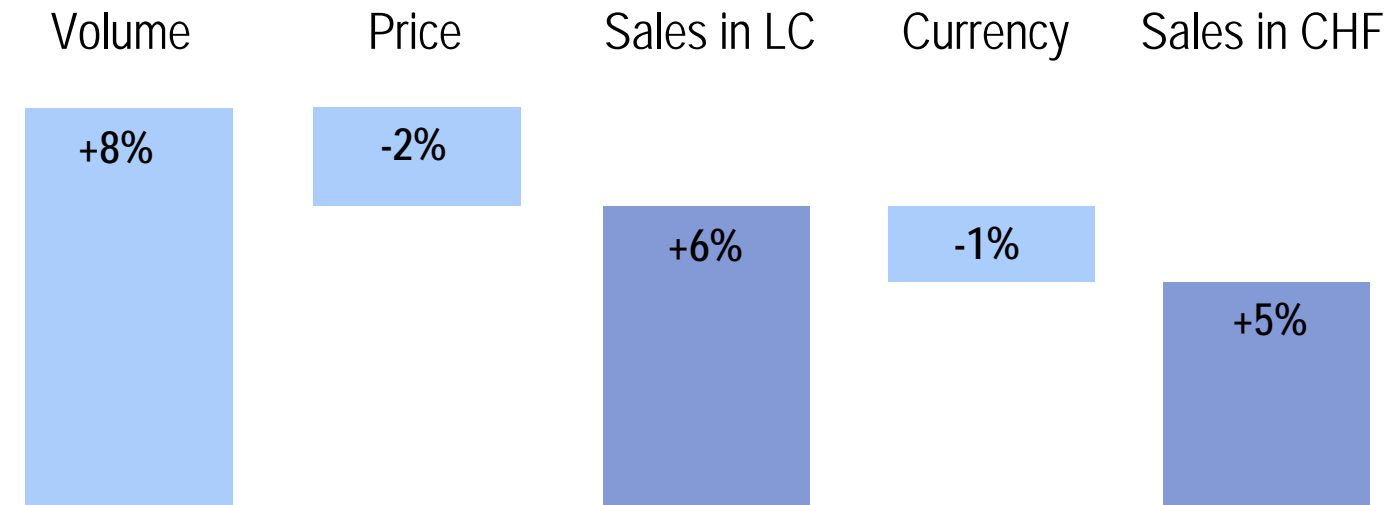
Outlook

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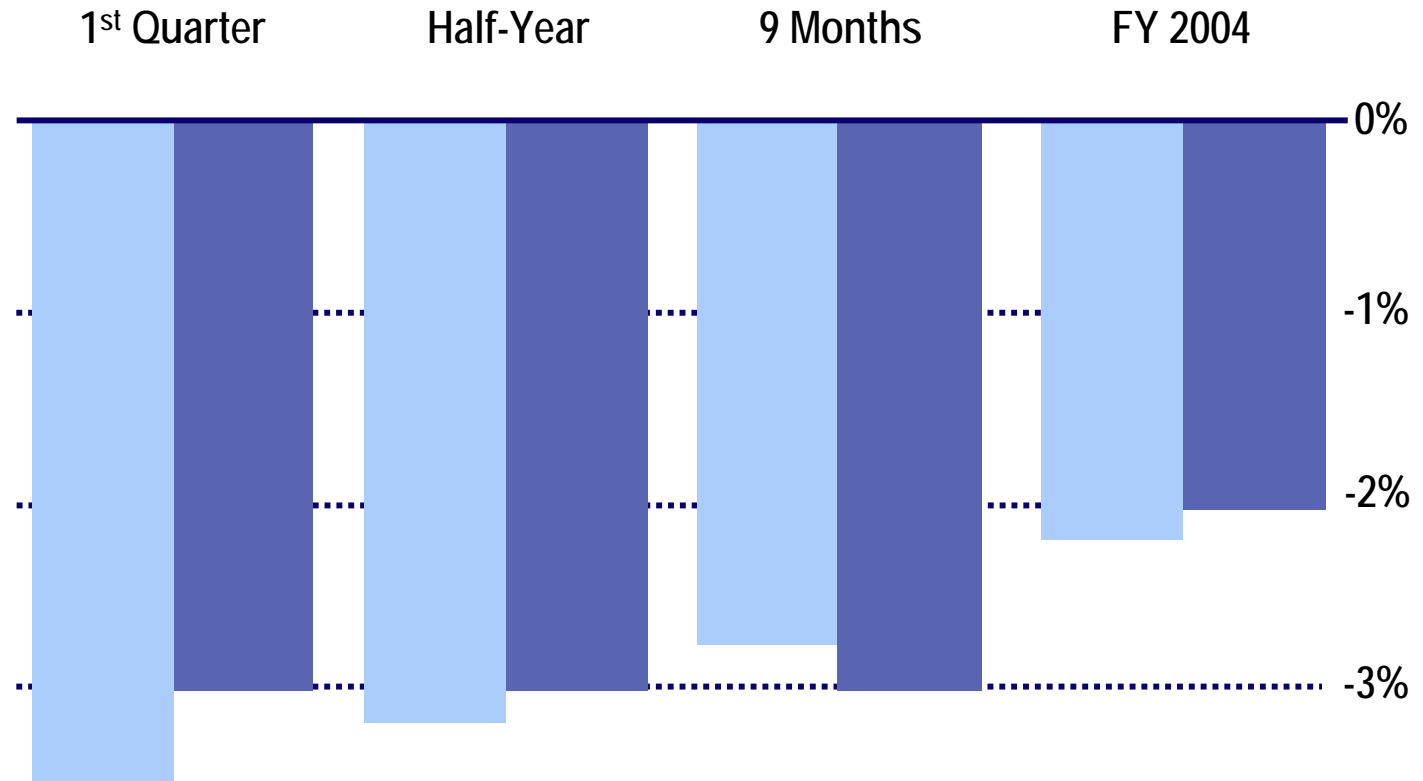
Positive volume development in Full-year 2004

Full-year 2004 versus Full-year 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.

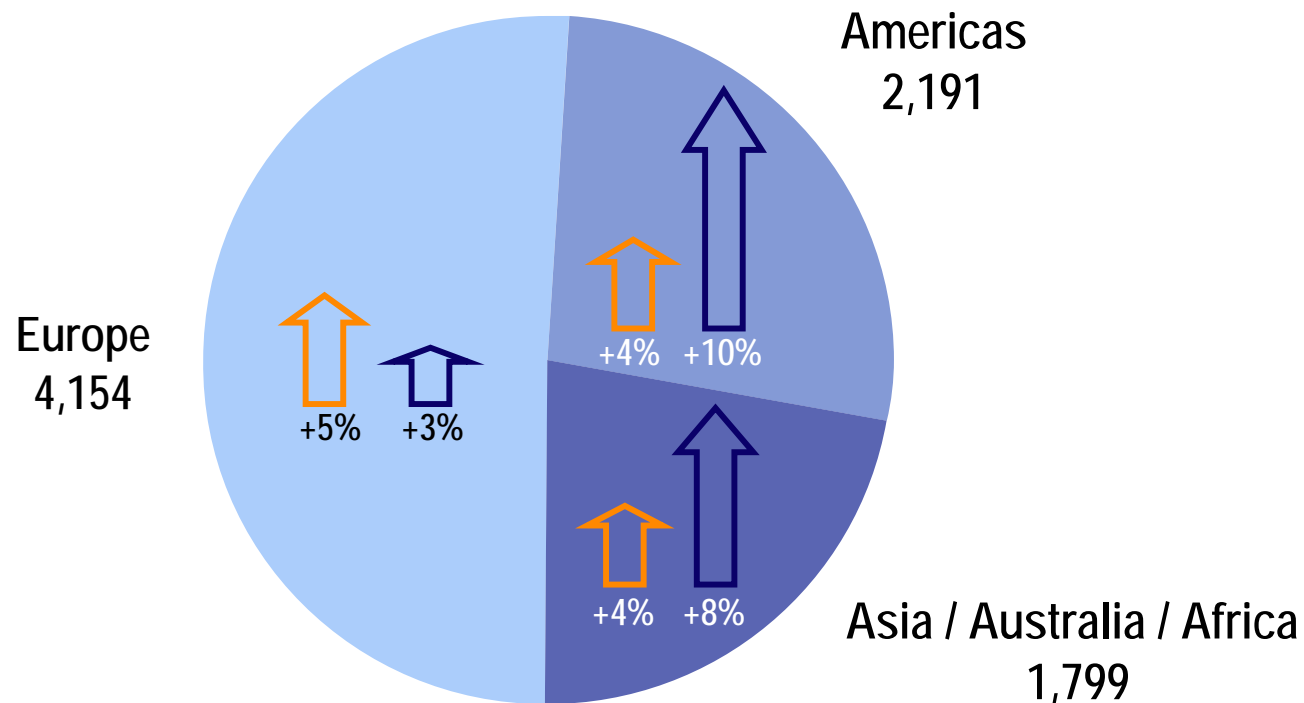
Positive price trend continues



Price change 2004 cumulative, compared with 2003

■ not rounded
 ■ reported

Group sales, Full-year 2004 by region *(continuing operations*)*



in mn CHF

Sales Full-year 2004: 8,144

Changes in CHF  / in LC 

* 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.

Divisional sales and margins 4th Quarter 2004 vs. 4th Quarter 2003 *(continuing operations*)*

Q4 2004 in mn CHF	Q4 2004	Change	EBITDA Margin in %**	
	Sales	2004 vs 2003 LC in %	2004	2003
Textile, Leather & Paper Chemicals	531	0	9.0	12.6
Pigments & Additives	422	+7	11.4	10.0
Masterbatches	256	+5	9.8	9.9
Functional Chemicals	513	+21	14.8	18.5
Life Science Chemicals	260	-2	15.4	7.7
Total continuing operations	1,982	+7	9.5	8.6

* 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

Financial result

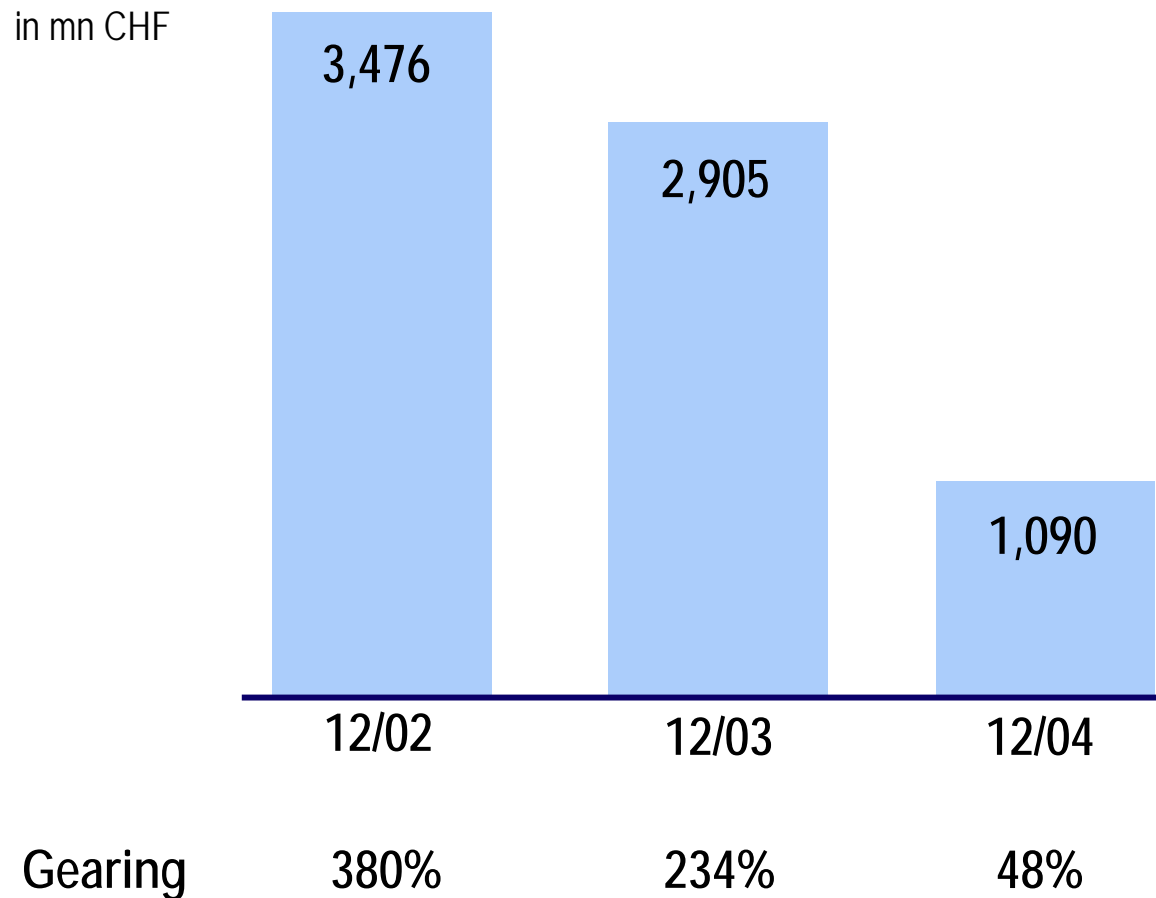
in mn CHF	FY 2004	FY 2003
Financial Income	34	26
Interest Expenses	-161	-164
Other	-31	-42
Financial expenses	-192	-206
Currency result, net	-75	-95
Total	-233	-275

Cash flow significantly improved in Full-year 2004

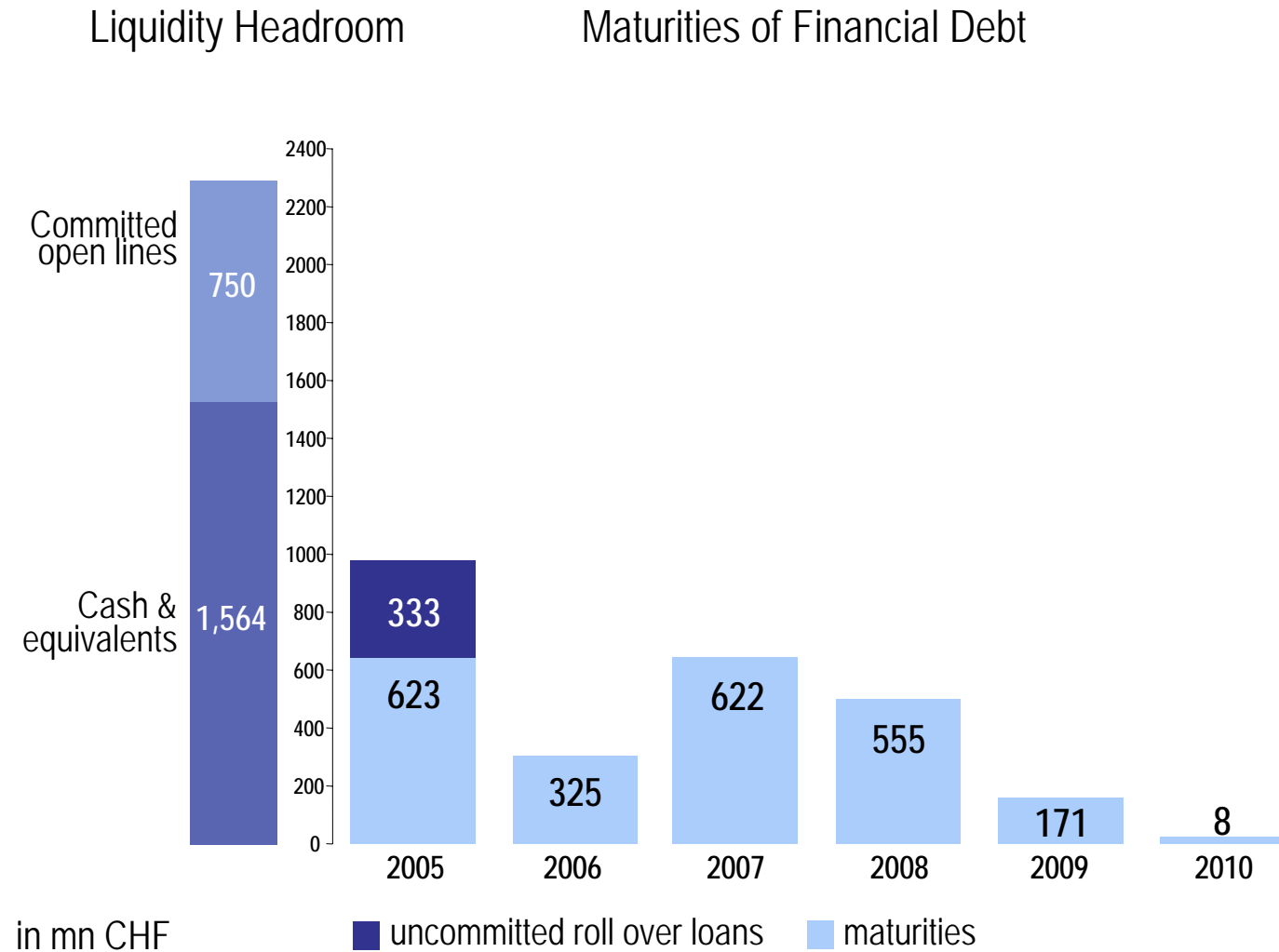
in mn CHF	1 st HY	2 nd HY	FY 2004	FY 2003
Net result	126	24	150	161
Depreciation & amortization	184	201	385	560
Other	83	-149	-66	-482
Operating cash flow before working capital	393	76	469	239
Change in working capital	-73	410	337	88
Operating cash flow	320	486	806	327
Capital expenditure	-111	-178	-289	-301
Disposals of business activities	10	375	385	371
Other	29	3	32	59
Cash flow before financing	248	686	934	456

Net debt cut to CHF 1,090 mn

in mn CHF



Debt maturity profile on Dec 31, 2004





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Roland Lösner, CEO

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The way forward

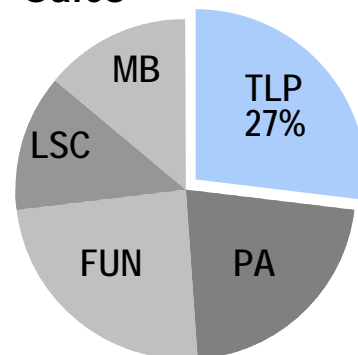
Strategic focus

- 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

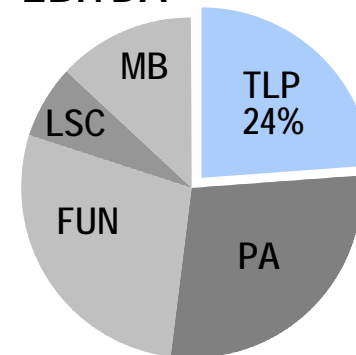
Textile, Leather & Paper Chemicals

- No. 1 worldwide in textile and leather chemicals, sulfur dyes and paper optical brighteners
- High demand for technical textiles
- Good performance for leather finishing products
- Strong position in paper dye market in China
- Continued price pressure for textile dyes, better pricing environment for all other businesses
- *Innovation: Nuva[®] – Strong sales in water and oil repellent finishing agents for textiles*

Sales



EBITDA*



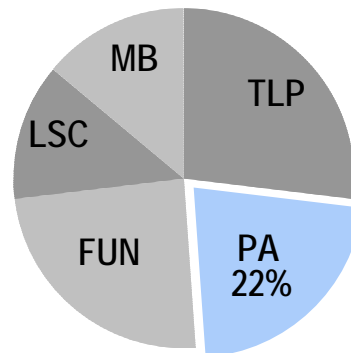
* before exceptional items



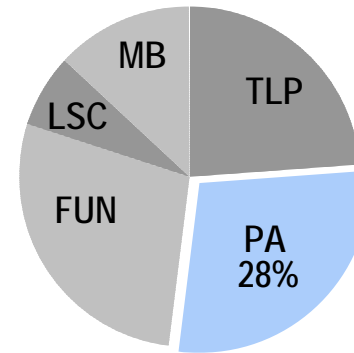
Pigments & Additives

- No. 1 worldwide for organic pigments and pigments for coatings
- Strong demand for decorative and industrial paints
- Increased demand for more colorful products
- *Innovation: New production plants on-stream for new high performance red pigment range, and new range of waxes based on metallocene technology*
- *Innovation: Very positive market response to new halogen-free flame retardants – Exolit OP®*

Sales



EBITDA*

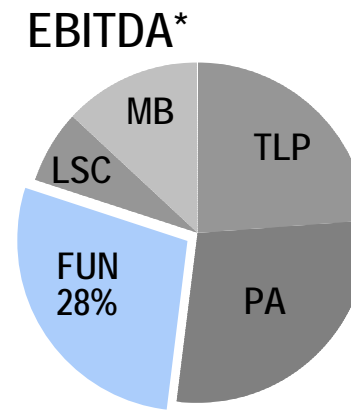
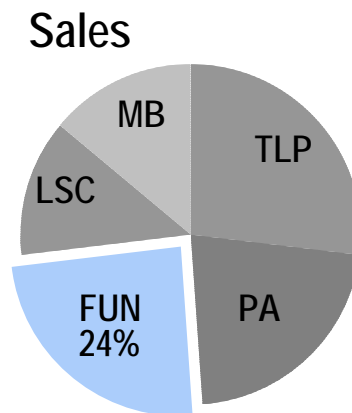


* before exceptional items

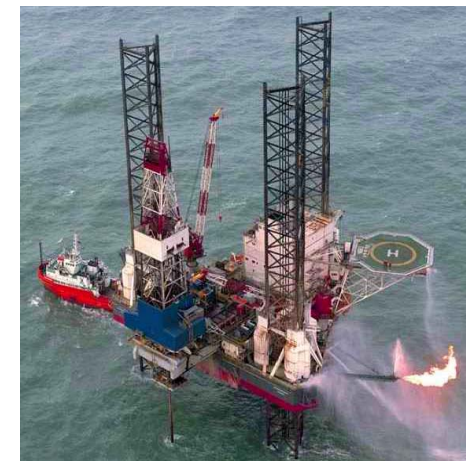


Functional Chemicals

- No. 2 worldwide for innovative detergent additives
- Leading partner for combined product and service solutions for the oil and gas industry
- Robust volume growth across all business lines, especially in the agro and construction industries
- *Innovation: Strong demand for Clariant Oil Services*

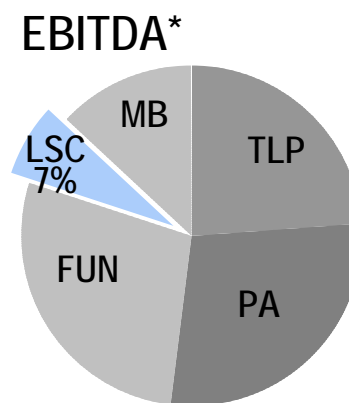
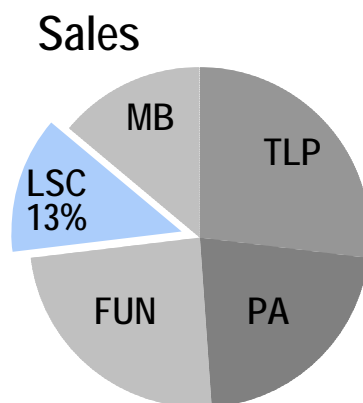


* before exceptional items

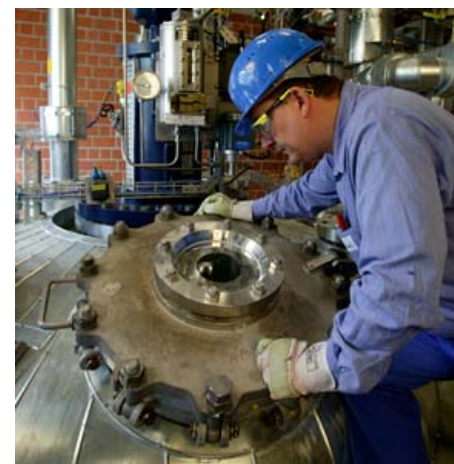


Life Science Chemicals

- Among top pharma supplier worldwide
- No. 1 in agro business
- Solid sales in speciality fine chemicals, e.g. Glyoxal derivatives
- Continued price pressure and over-capacity
- *Innovation: Molecules Synthesis Centre providing integrated services to global pharma customers*

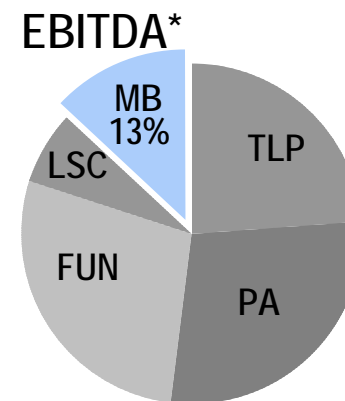
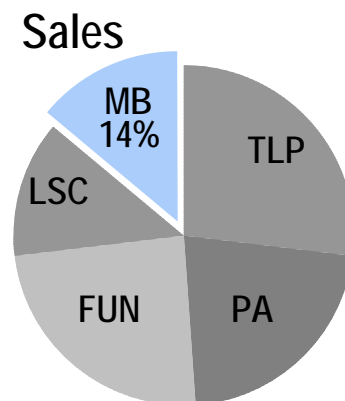


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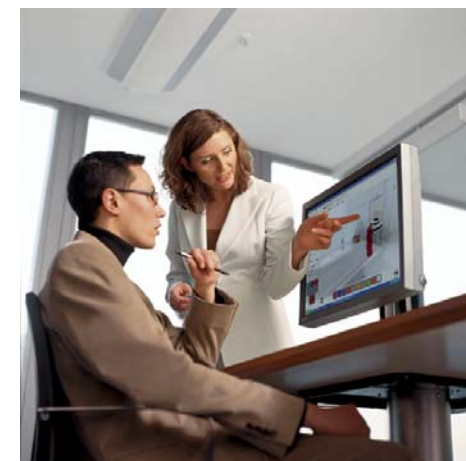


Masterbatches

- No. 1 worldwide in color masterbatches
- Strong local customer service combined with leading technology
- Strengthened presence in Asia – capacity expanded in Guangzhou, Shanghai and Taiwan
- *Innovation: Five ColorWorks™ design centers now operational*



* before exceptional items

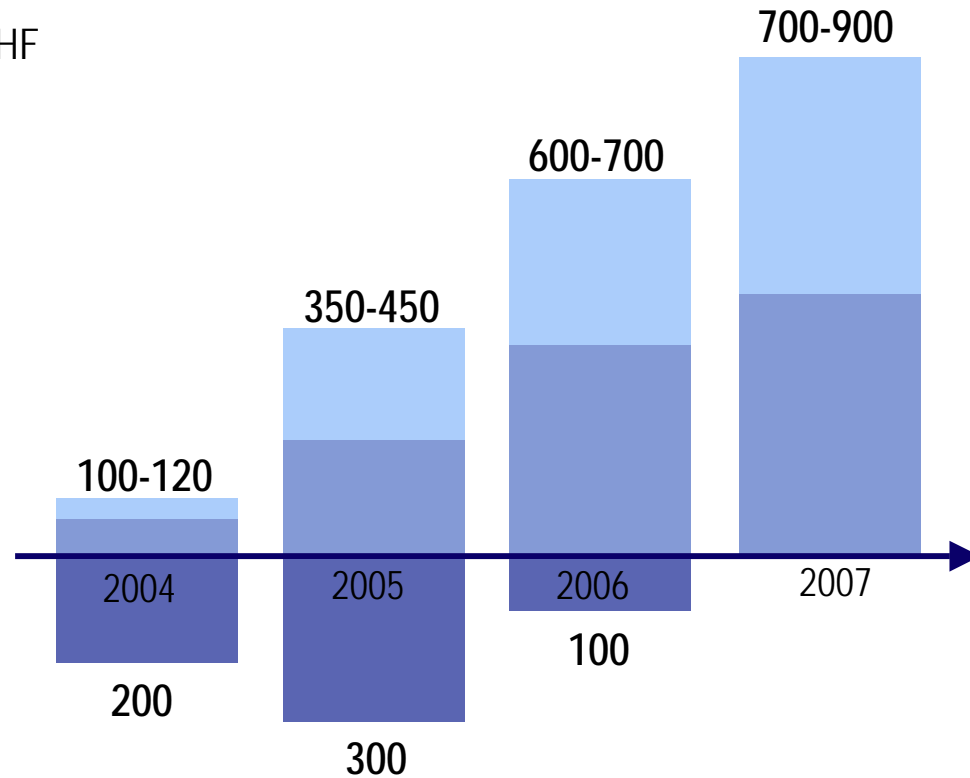


Transformation Program Update Roland Lösner, CEO

Performance improvement measures from 2004 to 2007

EBIT impact of measures*

in mn CHF



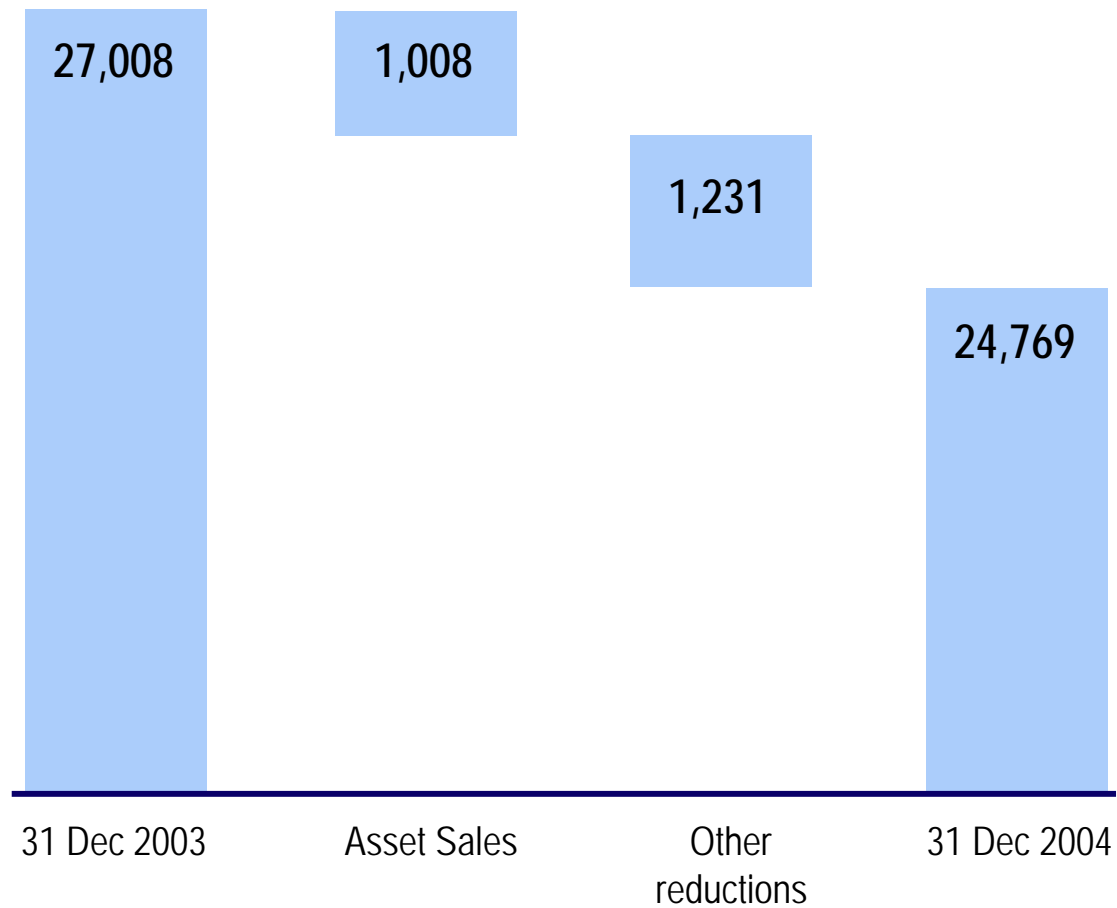
■ performance improvement costs
 ■ operational measures
 ■ structural measures

*before business risks & price erosion

Performance improvements making excellent progress

- Net Working Capital reduction target of CHF 600 mn nearly achieved
- Total cost-base cut by CHF 150 mn in 2004
- Further cost base reduction of approx. CHF 300 mn by end 2005
- On-track to cut 4,000 jobs (approx. 15% of workforce), as announced
- By mid 2005, all job cuts will be defined worldwide

Significant reduction in personnel



■ Number of employees, reported

Outlook for 2005

- Improved sales in local currency*
- Improved pricing environment, but adverse FX and raw material impacts expected
- Further cost base reduction of approx. CHF 300 mn by end 2005
- Improved operating margin before exceptional items*
- Improved net income*

- Clariant long-term targets confirmed:
 - CHF 400 mn EBIT improvement by end 2007
 - Pre-Tax ROIC above 12% by end 2007

2005 – Increased profitability

*on a comparable basis



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Calendar of upcoming corporate events

April 7, 2005	Annual General Meeting
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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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November 9, 2005	9-Month 2005 Results
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Current market segments

Textile, Leather & Paper Chemicals	Pigments & Additives	Functional Chemicals	Life Science Chemicals	Masterbatches
<ul style="list-style-type: none">■ Textiles■ Paper■ Leather	<ul style="list-style-type: none">■ Coating Industries■ Plastic Industries■ Printing Industries■ Specialties	<ul style="list-style-type: none">■ Detergents■ Performance Chemicals■ Process Chemicals	<ul style="list-style-type: none">■ Pharmaceutical Fine Chemicals■ Specialty Fine Chemicals	<ul style="list-style-type: none">■ Europe■ Asia Pacific■ NAFTA■ Latin America■ Special Markets



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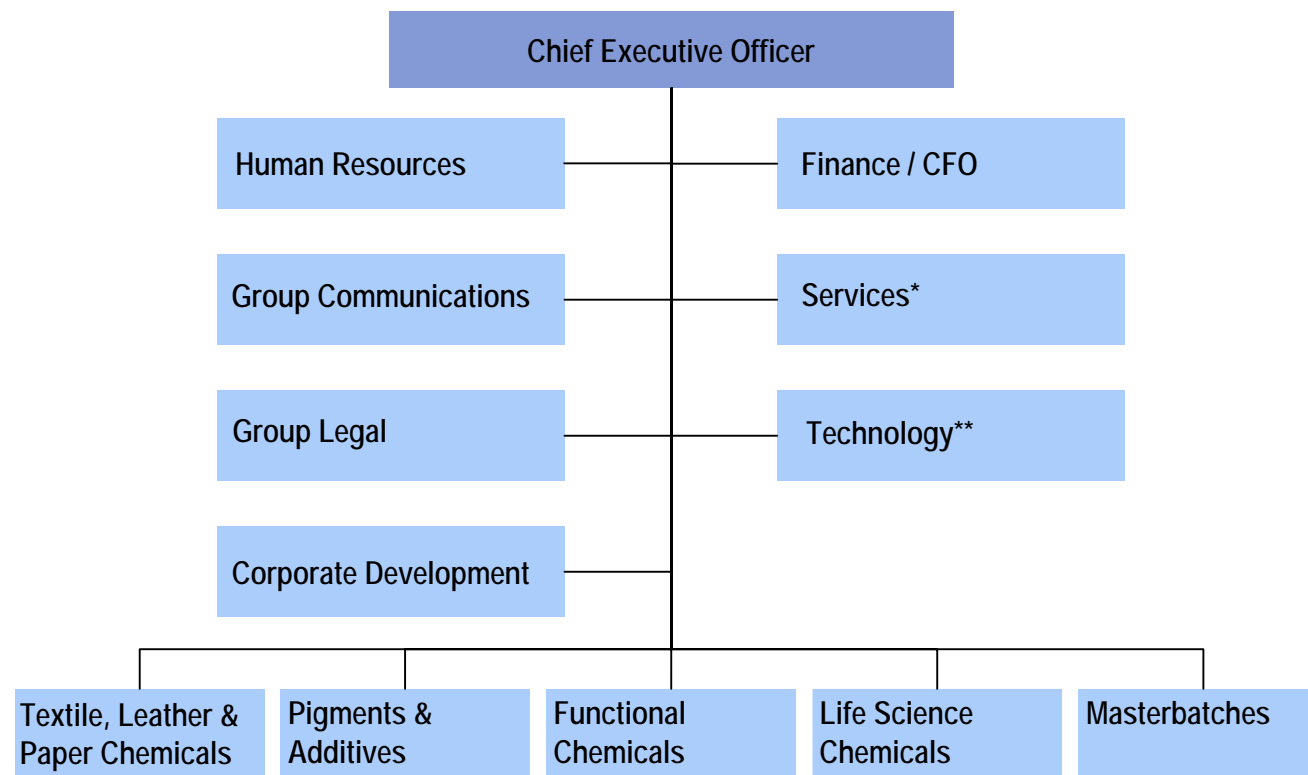
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Clariant Organization



*SERVICES: Production Services, Supply Chain Management, Sourcing, ESHA, IT, International Coordination

**TECHNOLOGY: Intellectual Property, Innovation & Knowledge Management, New Business Development



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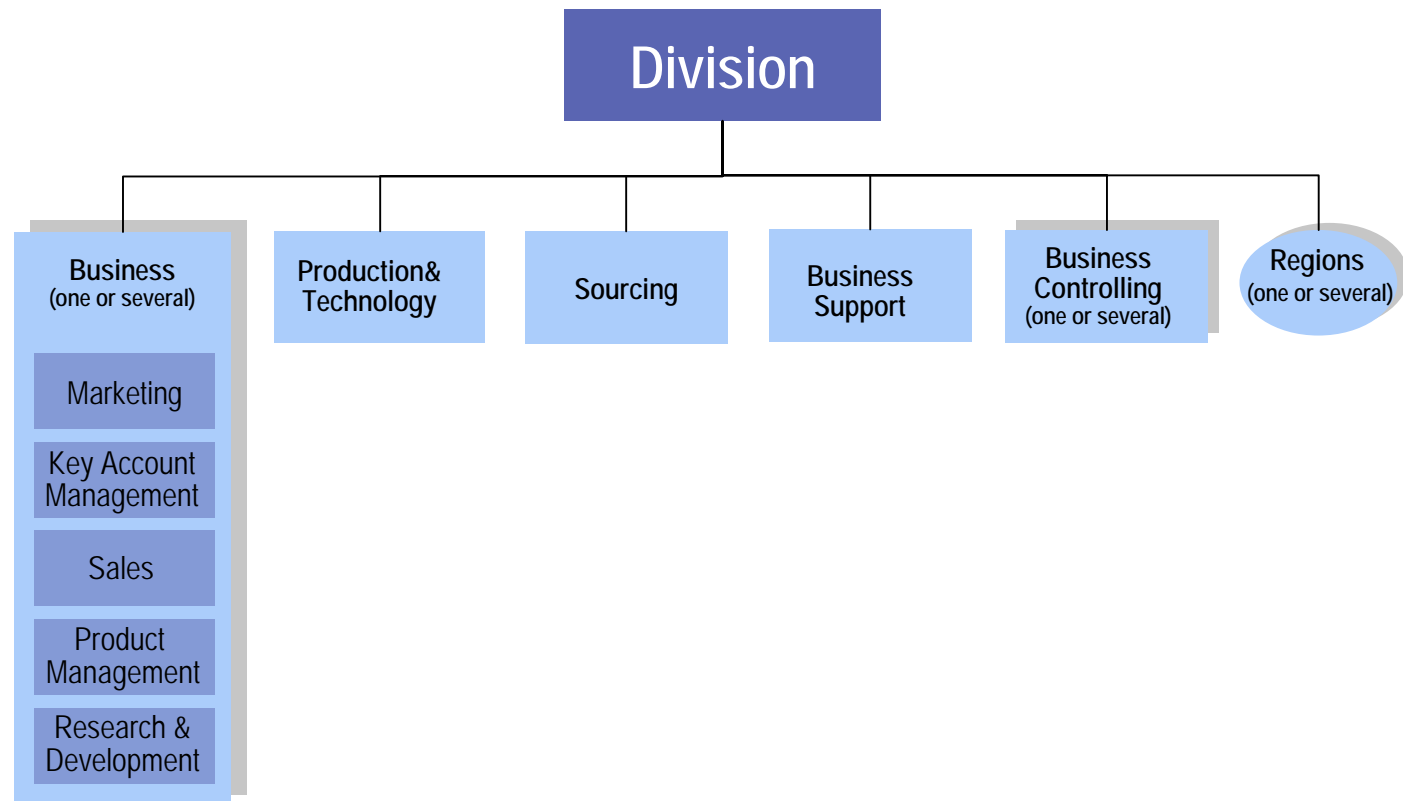
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Method of Divisional Organization





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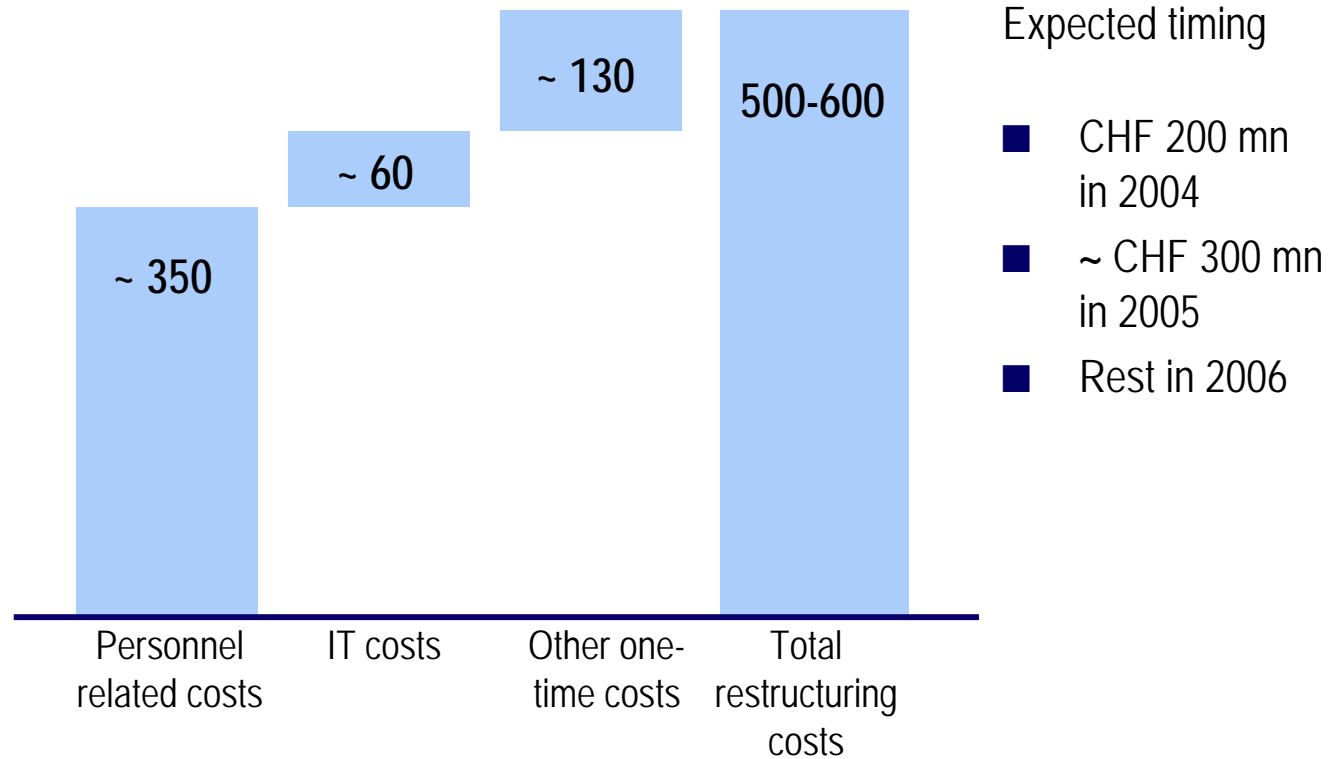
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The way forward - refocusing portfolio

Clariant portfolio	% of Sales	Market attractiveness	Competitive position	Clariant strategy
Service-driven businesses	60 - 70%	High	Strong	Expand
Technology-driven / niche businesses	10%	High but volatile	Strong in certain areas	Selectively develop
Cost-driven businesses	20 - 30%	Low	Weak to Medium	Restructure

Break-down of CPIP costs

in mn CHF





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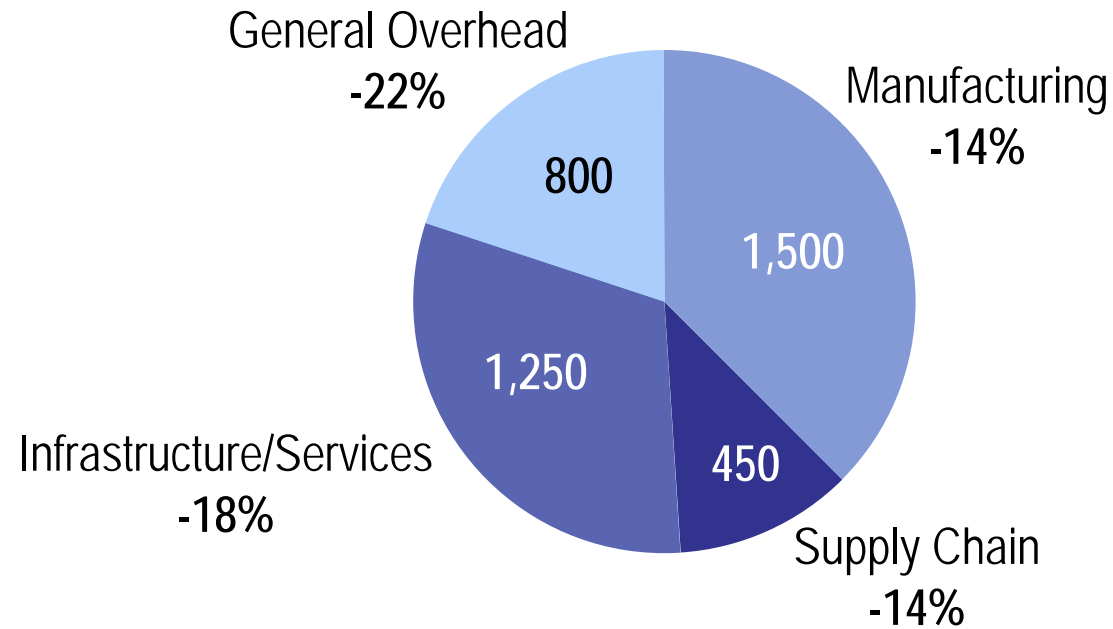
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Substantial job cuts to sharply reduce costs



Total job cuts: 4,000 by end 2005



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Divisional sales and margins Full-year 2004 vs. Full-year 2003 (continuing operations)*

Full-year 2004 in mn CHF	FY 2004	Change	EBITDA Margin in %**	
	Sales	2004 vs 2003 LC in %	2004	2003
Textile, Leather & Paper Chemicals	2,203	+3	10.6	11.2
Pigments & Additives	1,828	+6	15.2	13.5
Masterbatches	1,108	+8	11.9	11.0
Functional Chemicals	1,977	+15	13.8	13.9
Life Science Chemicals	1,028	-4	7.3	5.2
Total continuing operations	8,144	+6	10.9	10.8

* 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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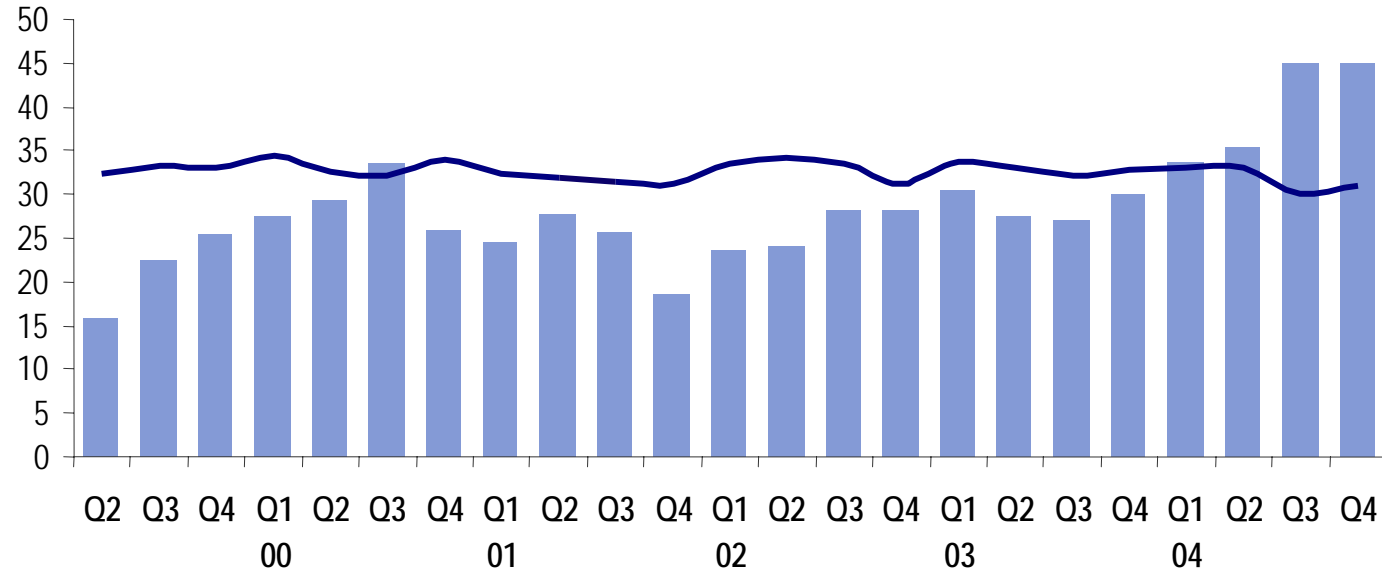
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Stable gross margin even at high oil prices



■ 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



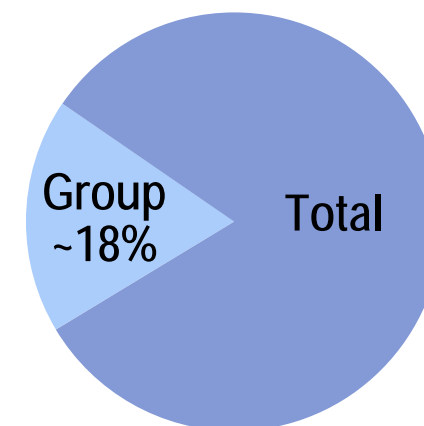
Percent of VAM¹ of raw materials of total costs



¹ Vinylacetate monomer

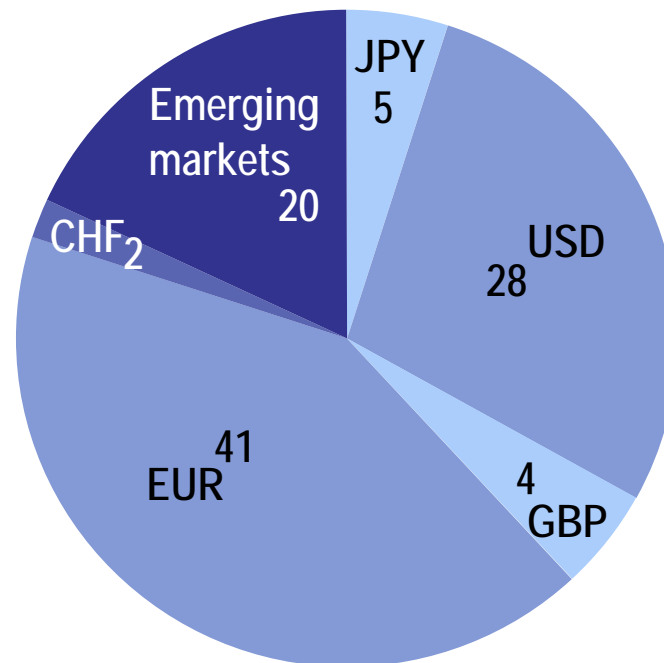
Top 5 products in percentage of total raw material costs

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

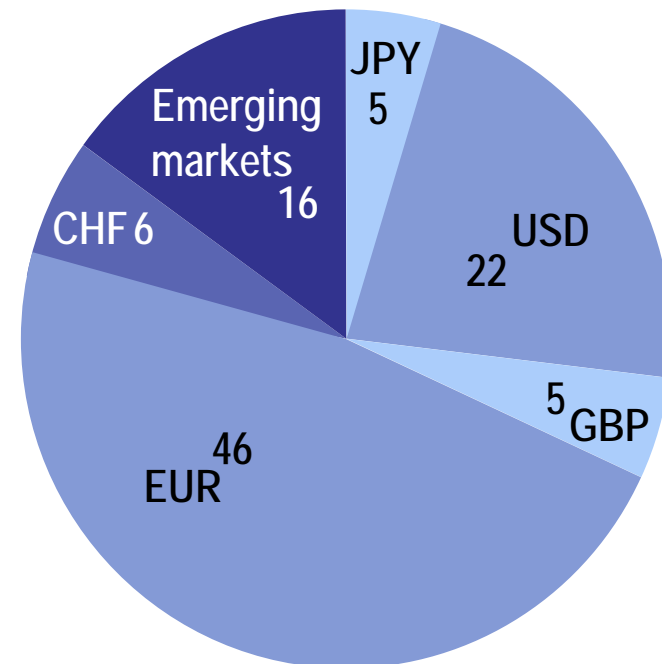


Sales and cost structure, Full-year 2004

Global sales distribution in %



Global cost distribution in %



in mn CHF



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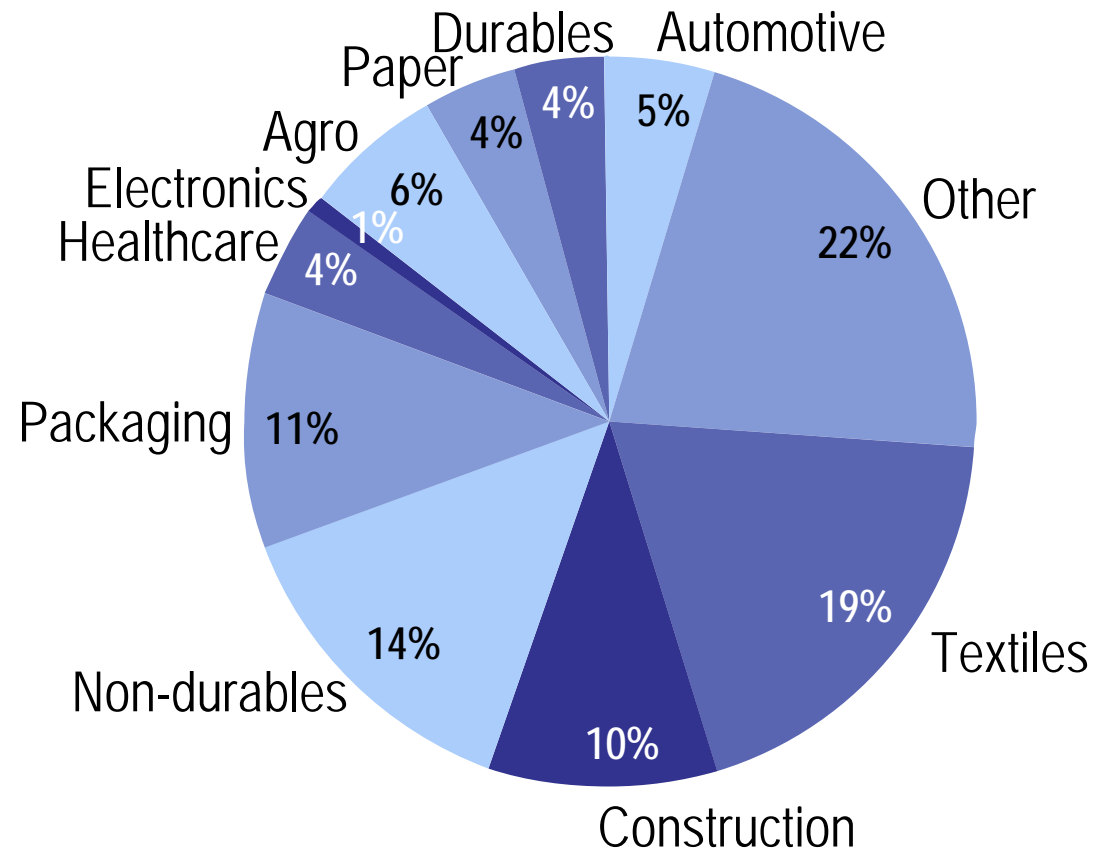
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*Divisional sales Full-year 2004 in end-user markets**



*continuing operations