

Clariant – The Way Forward

Nine Month Results
November 8, 2005



Exactly your chemistry.



Exactly your chemistry.

Agenda

Key Factors – Nine Months 2005

Financial Review

Business Review

Outlook



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Key Factors
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Positive results for first nine months 2005

- Price increases achieved across nearly all businesses
- Sales up 1% in both Swiss franc and local currency terms compared to a strong nine months 2004*
- High raw material costs continue to reduce margins
- Net income rises 37% to CHF 222 million, from CHF 162 million
- Transformation Program delivering strong cost reductions
- Operating margin at 7.2% up from 7.0% in Q3**
- Operating cash flow up strongly in Q3, to CHF 195 million

*on a comparable basis ** before exceptional items and amortization of goodwill



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Key financial group figures – Nine months 2005

Nine months 2005 in mn CHF	2005	% of Sales	2004* like-for-like	% of Sales	Change in % CHF	LC
Sales	6,094		6,039		1	1
Gross profit	1,831	30.0%	1,959	32.4%	-7	-7
EBITDA	558	9.2%	692	11.5%	-19	-19
EBITDA before exceptional items	638	10.5%	701	11.6%	-9	-9
Operating income before exceptional items and amortization of goodwill	427	7.0%	494	8.2%	-14	-13
Operating income	332	5.4%	445	7.4%	-25	-25
Net income	222	3.6%	162	2.7%		

as per	Sep 05	Dec 04	Sep 04
Net debt	1,432	1,331	1,577
Equity	2,570	2,279	2,322

* The numbers for 2004 are like-for-like to account for the disposals of business activities in 2004 and 2005. Disposals in 2004: Electronic Materials and Lancaster Synthesis Ltd, UK and USA (both of the Life Science Chemicals Division), and Clariant Polymers, Japan, (of the Textile, Leather & Paper Chemicals Division). All activities were sold effective as per the end of 2004. Disposal in 2005: Clariant Acetyl Building Blocks, Germany, (of the Life Science Chemicals Division) was sold effective in July 2005.



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Key financial group figures – Third quarter 2005

Third quarter 2005 in mn CHF	2005	% of Sales	2004* like-for-like	% of Sales	Change in % CHF	LC
Sales	2,007		1,950		3	0
Gross profit	579	28.8%	617	31.6%	-6	-9
EBITDA	181	9.0%	233	11.9%	-22	-24
EBITDA before exceptional items	215	10.7%	198	10.2%	9	6
Operating income before exceptional items and amortization of goodwill	145	7.2%	136	7.0%	7	4
Operating income	109	5.4%	153	7.8%	-29	-31
Net income (loss)	76	3.8%	50	2.6%		

* The numbers for 2004 are like-for-like to account for the disposals of business activities in 2004 and 2005. Disposals in 2004: Electronic Materials and Lancaster Synthesis Ltd, UK and USA (both of the Life Science Chemicals Division), and Clariant Polymers, Japan, (of the Textile, Leather & Paper Chemicals Division). All activities were sold effective as per the end of 2004. Disposal in 2005: Clariant Acetyl Building Blocks, Germany, (of the Life Science Chemicals Division) was sold effective in July 2005.



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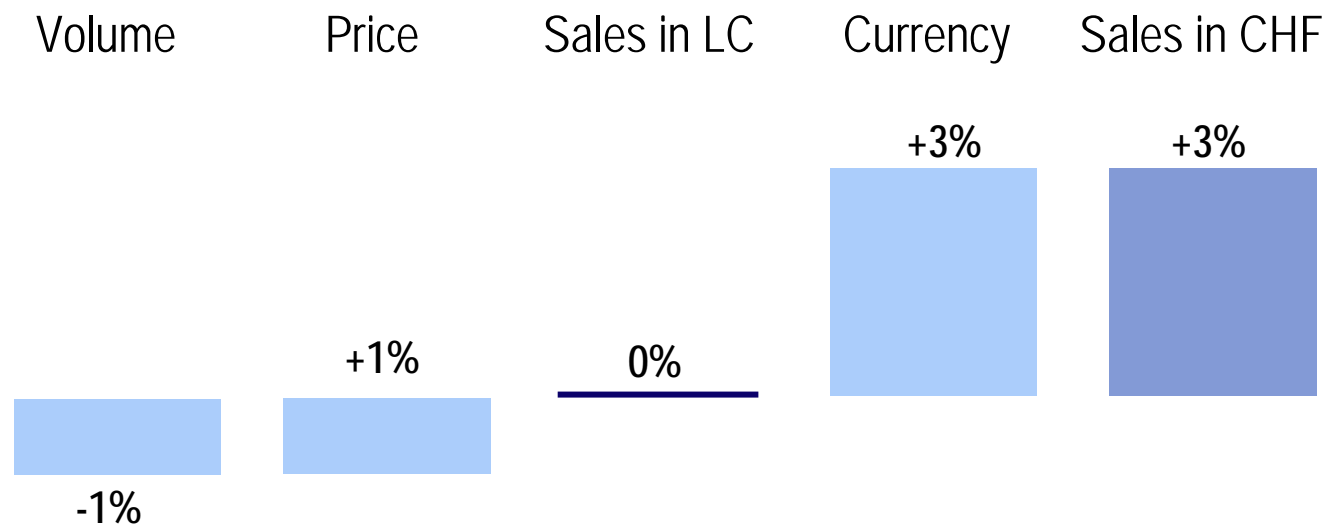
Outlook

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Growth with flat volume and higher prices

Third quarter 2005 versus third quarter 2004, like-for-like*



* The numbers for 2004 are like-for-like to account for the disposals of business activities in 2004 and 2005. Disposals in 2004: Electronic Materials and Lancaster Synthesis Ltd, UK and USA (both of the Life Science Chemicals Division), and Clariant Polymers, Japan, (of the Textile, Leather & Paper Chemicals Division). All activities were sold effective as per the end of 2004. Disposal in 2005: Clariant Acetyl Building Blocks, Germany, (of the Life Science Chemicals Division) was sold effective in July 2005.



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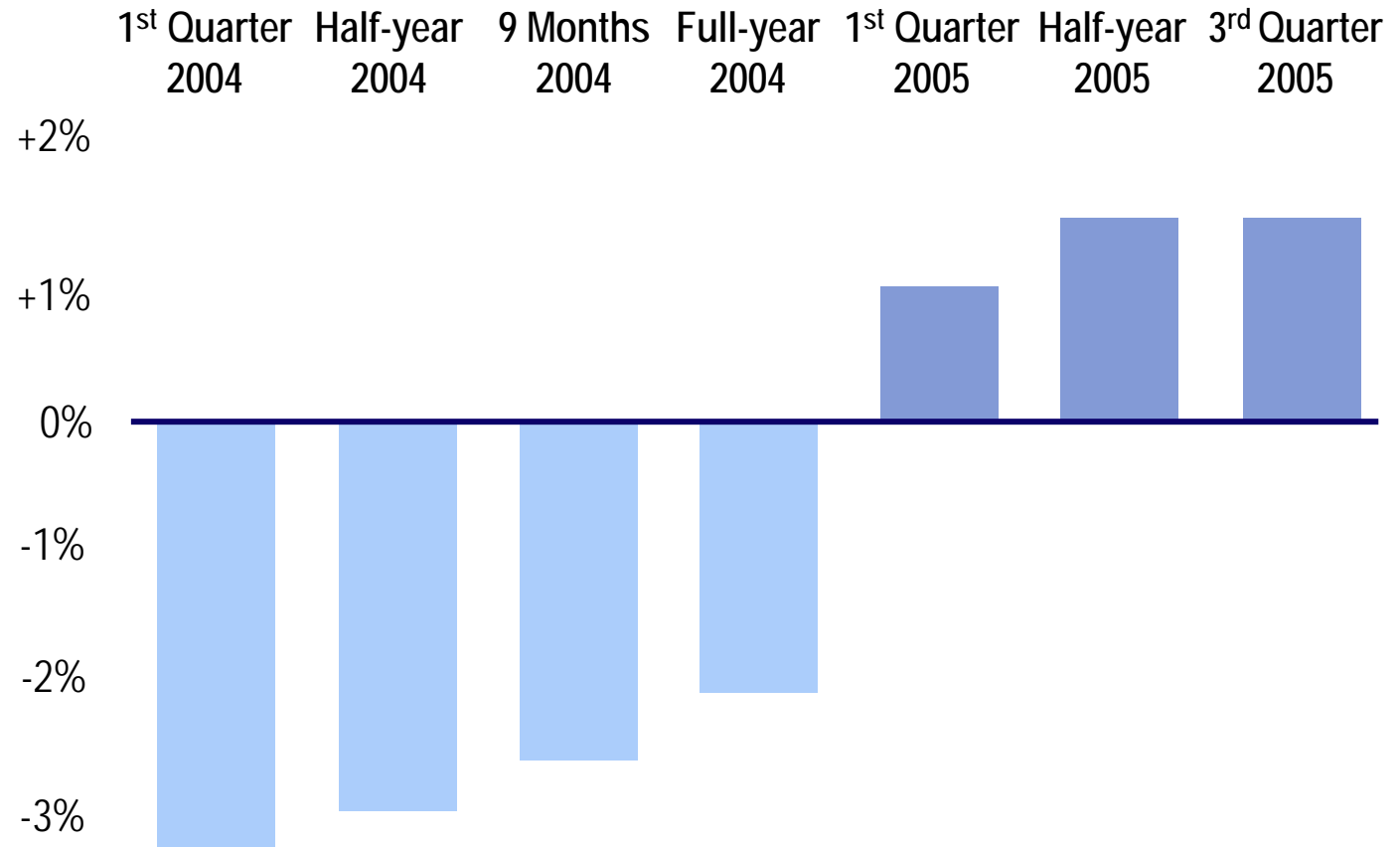
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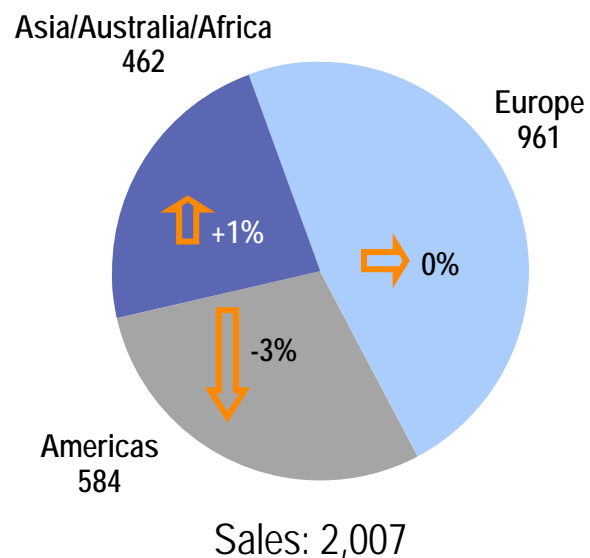
Positive pricing trend continues



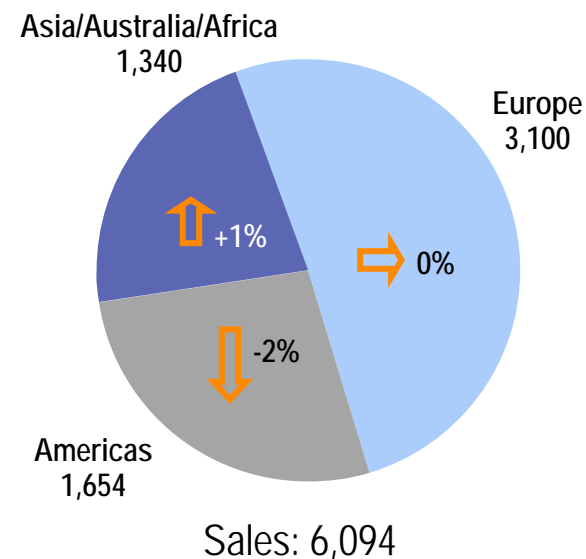
Price change cumulative, compared with year earlier period

Regional sales in nine months 2005

Third quarter 2005



Nine months 2005



Sales in CHF mn, continuing operations*
Changes in LC ↑

* Continuing Operations: On September 30, 2004, Clariant sold the business unit Electronic Materials, belonging to the LSC division, to the Carlyle Group. As a consequence, Electronic Materials is disclosed as Discontinuing Operations for 2004.

Financial result helped by FX

in mn CHF	9 months 2005	9 months 2004*
Financial Income	34	23
Interest Expenses	-105	-128
Other	-22	-25
Financial expenses	-127	-153
Currency result, net	+47	-43
Total	-47	-173

*restated

Cash flow significantly improved

in mn CHF	9 months 2005	9 months 2004*
Net result	222	176
Depreciation & amortization	211	243
Other	-80	29
Operating cash flow before working capital	353	448
Change in working capital	-158	87
Operating cash flow	195	535
Capital expenditure	-243	-211
Other	+79	453
Cash flow before financing	31	777

*restated

Divisional sales and margins – Third quarter 2005 (continuing operations*)

Third quarter 2005 in mn CHF	2005	Change	EBITDA Margin in %**	
	Sales	2005 vs 2004 LC in %	2005	2004
Textile, Leather & Paper Chemicals	560	-2	12.1	11.1
Pigments & Additives	468	+2	14.7	15.8
Masterbatches	296	+2	10.8	12.1
Functional Chemicals	487	-2	11.1	14.3
Life Science Chemicals	196	-20	2.0	-2.9
Total continuing operations	2,007	-3	10.7	9.8

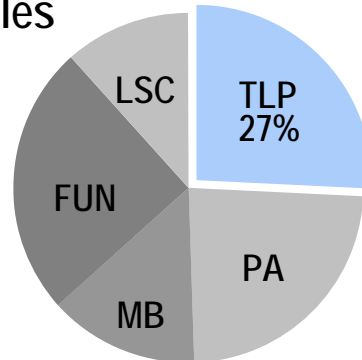
* Continuing Operations: On September 30, 2004, Clariant sold the business unit Electronic Materials, belonging to the LSC division, to the Carlyle Group. As a consequence, Electronic Materials is disclosed as Discontinuing Operations for 2004.

** EBITDA margins before exceptional items

Textile, Leather & Paper Chemicals

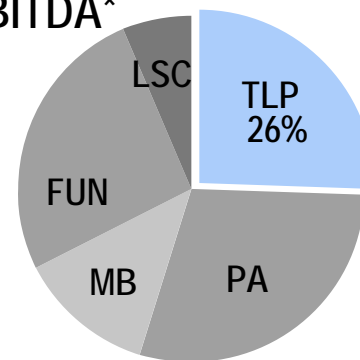
- No. 1 worldwide in textile and leather chemicals, sulfur dyes and paper optical brighteners
- Better pricing environment for nearly all businesses
- Margins pressure from higher raw material costs partially
- Wide-ranging restructuring measures showing good results
- New products launched for dyeing auxiliaries, specialty dyes and finishing
- Active shrinking and portfolio focusing of textile dyes fully on track
- First signs of recovery in leather business
- Good demand in paper, especially for optical brighteners and paper dyes

Sales



Nine months 2005

EBITDA*



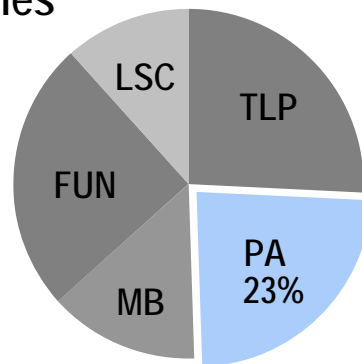
* before exceptional items



Pigments & Additives

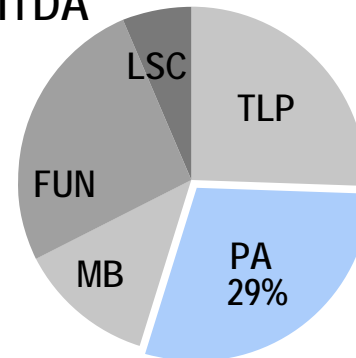
- No. 1 worldwide for organic pigments and pigments for coatings
- Challenging market conditions due to high raw material costs
- Slow demands for colorants but strong demands for additives
- Difficult environment for automotives but higher prices for paints achieved
- High level of demand for additives, especially for road construction and intermediates
- Positive growth momentum in plastics

Sales



Nine months 2005

EBITDA*



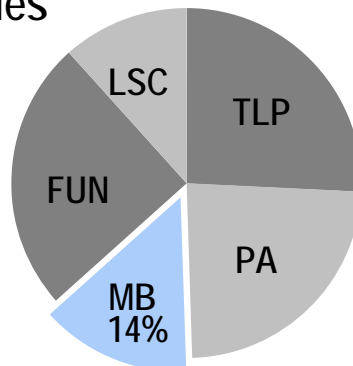
* before exceptional items



Masterbatches

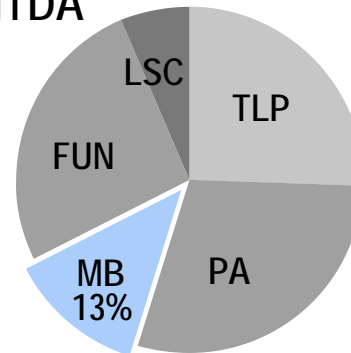
- No. 1 worldwide in color masterbatches
- Strong local customer service combined with leading technology
- Continued growth momentum in the third quarter
- Price increases achieved in challenging market conditions
- Improved demand for plastic products and higher prices for finished goods
- Good growth in Europe, North America stable but impacted by slowdown in automotive industry, Latin America growing again

Sales

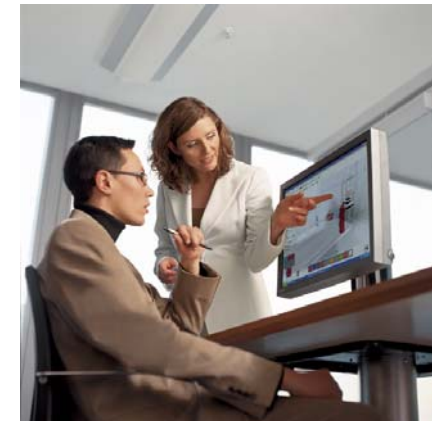


Nine months 2005

EBITDA*



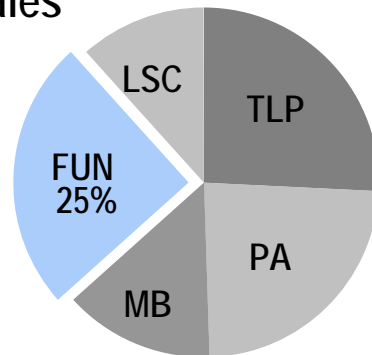
* before exceptional items



Functional Chemicals

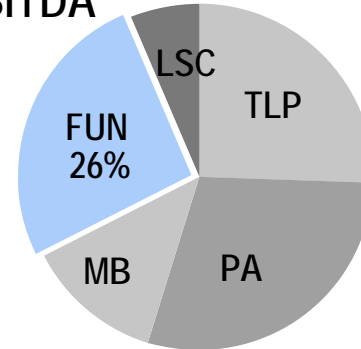
- No. 2 worldwide for innovative detergent additives
- Leading partner for combined product and service solutions for the oil and gas industry
- Higher prices but still pressure from higher raw material costs
- Further progress with Texcare[®] additives and low-temperature bleach chemicals
- Increased demand for personal care and construction chemicals
- Strong demand for functional fluids and oilfield chemicals

Sales

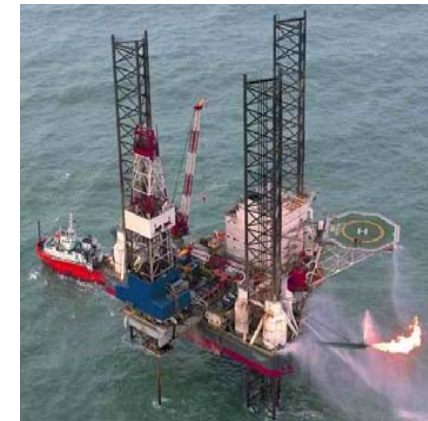


Nine months 2005

EBITDA*

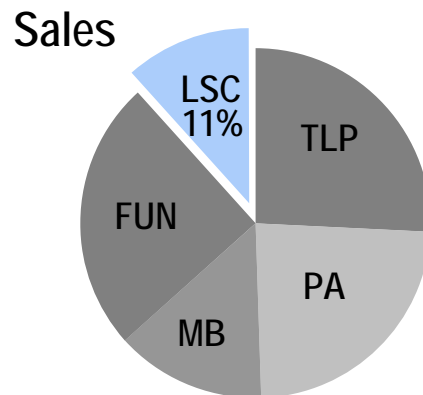


* before exceptional items

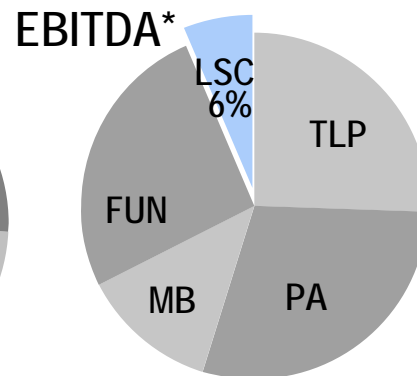


Life Science Chemicals

- Among Top 3 in agro business
- Among top pharma supplier worldwide
- Strong demand for products in speciality fine chemicals, e.g. glyoxal or agrochemicals
- Pharma still suffering from lower volumes, but new products successfully launched
- Modest margin improvement due to restructuring
- CABB business sold as per July 31, 2005



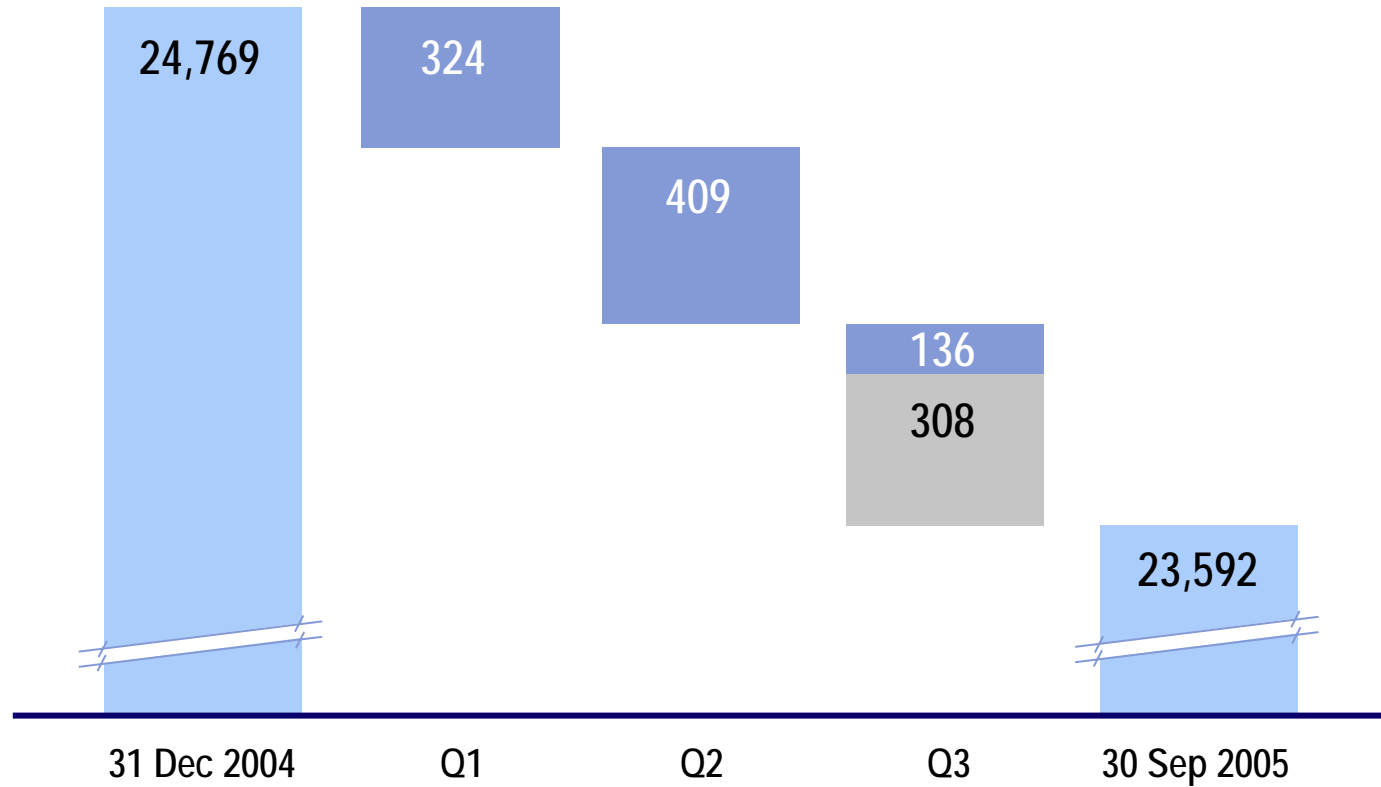
Nine months 2005



* before exceptional items



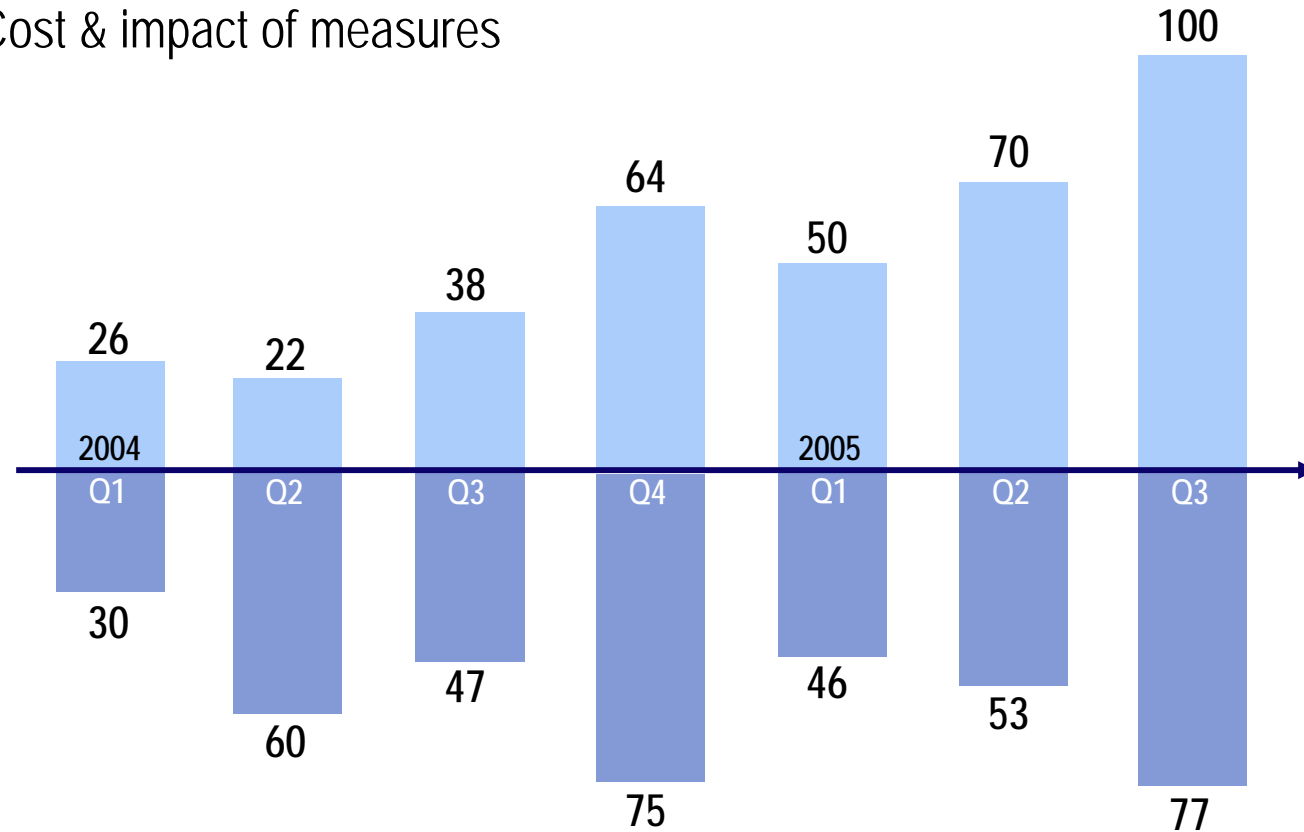
Steady reduction in personnel



■ Number of employees, reported
 ■ Reduction
 ■ Disposals

Distribution of CPIP benefits & costs

Cost & impact of measures



in mn CHF

■ performance improvement impact*
 ■ performance improvement costs**

*before price erosion, FX, raw material impact and others **restructuring costs & other CPIP costs

Outlook for 2005

- Modest sales growth in local currency terms*
- Improved pricing environment, but adverse currency effects, higher raw material, energy and transportation costs expected
- Total cost base reduction of approx. CHF 300 million for 2005
- Operating margin before exceptional items stable around last year's level*
- Improved net income*

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

2005 – Increased net income

*on a comparable basis



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Calendar of upcoming corporate events

February 28, 2006	Full Year 2005 Results
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April 7, 2006	Annual General Meeting
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May 9, 2006	First Quarter 2006 Results
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August 2, 2006	First Half 2006 Results
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November 7, 2006	Nine Month 2006 Results
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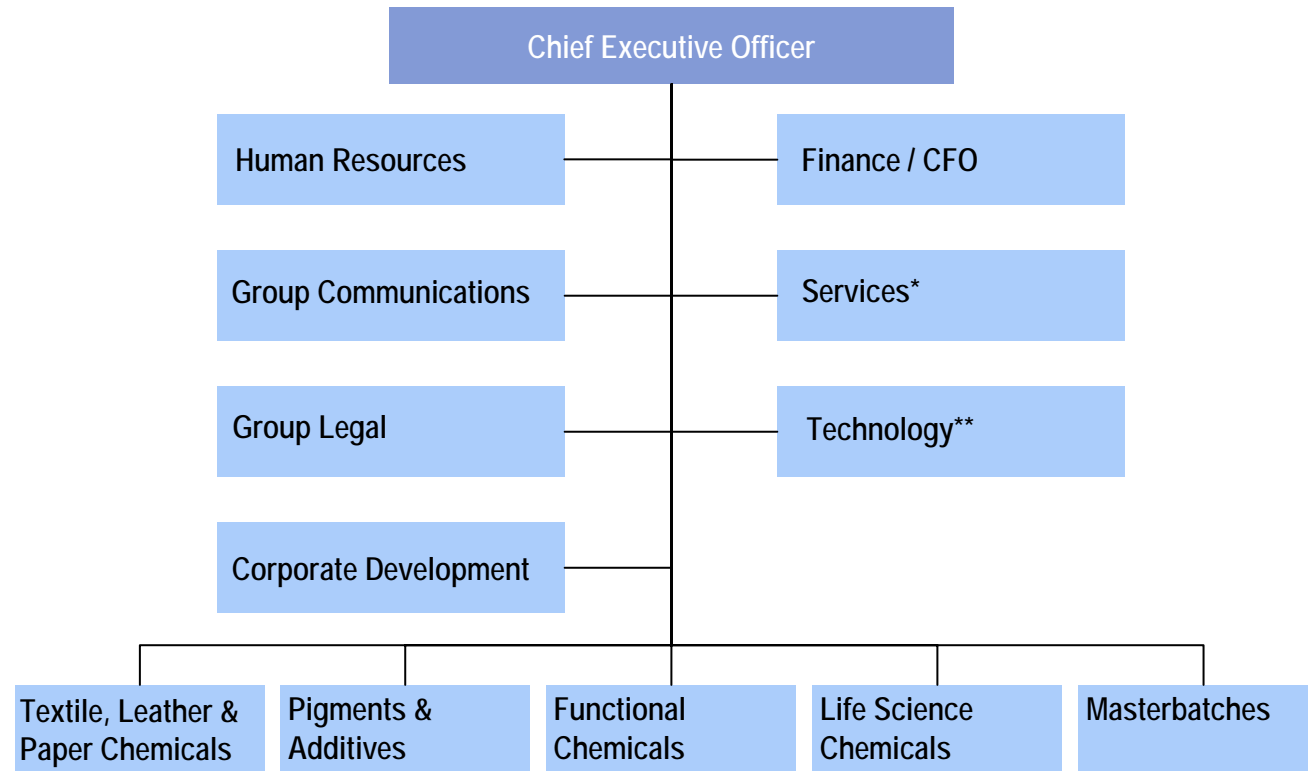
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Improvement Program

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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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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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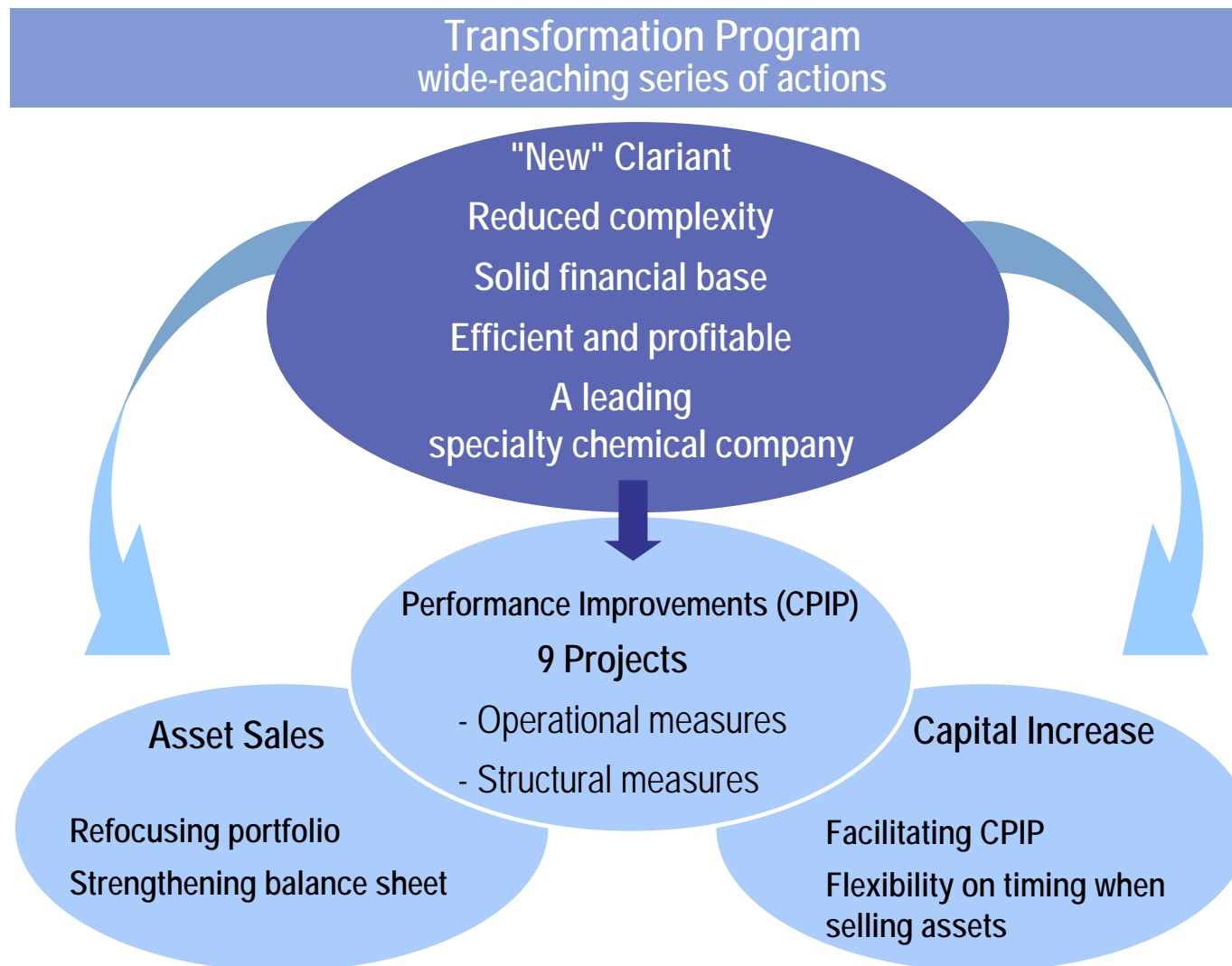
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The way forward

Strategic focus

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

The way forward





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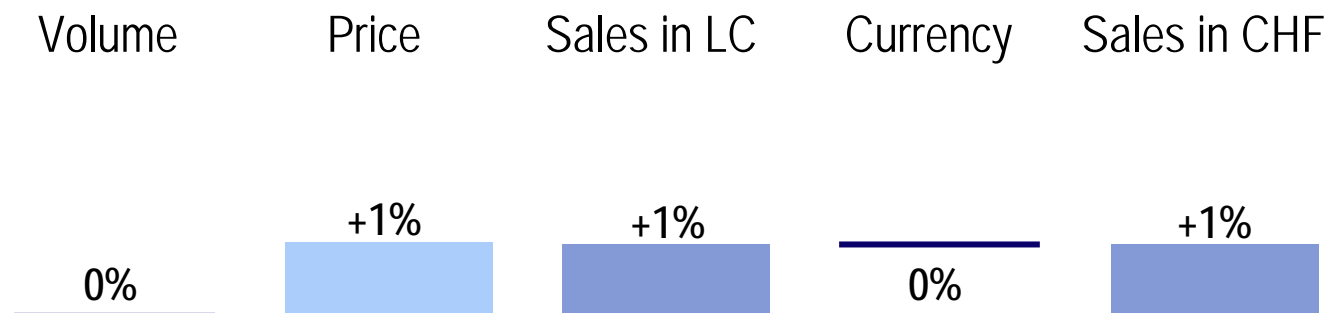
Clariant Performance Improvement Program

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Growth with flat volume and higher prices

Nine months 2005 versus nine months 2004, like-for-like*



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Divisional sales and margins – Nine months 2005 (continuing operations*)

Nine months 2005 in mn CHF	2005	Change	EBITDA Margin in %**	
	Sales	2005 vs 2004 LC in %	2005	2004
Textile, Leather & Paper Chemicals	1,621	-3	11.0	11.1
Pigments & Additives	1,423	+2	14.2	16.4
Masterbatches	866	+1	10.4	12.6
Functional Chemicals	1,513	+3	12.0	13.5
Life Science Chemicals	671	-12	6.7	4.6
Total continuing operations	6,094	-1	10.5	11.3

* Continuing Operations: On September 30, 2004, Clariant sold the business unit Electronic Materials, belonging to the LSC division, to the Carlyle Group. As a consequence, Electronic Materials is disclosed as Discontinuing Operations for 2004.

** EBITDA margins before exceptional items



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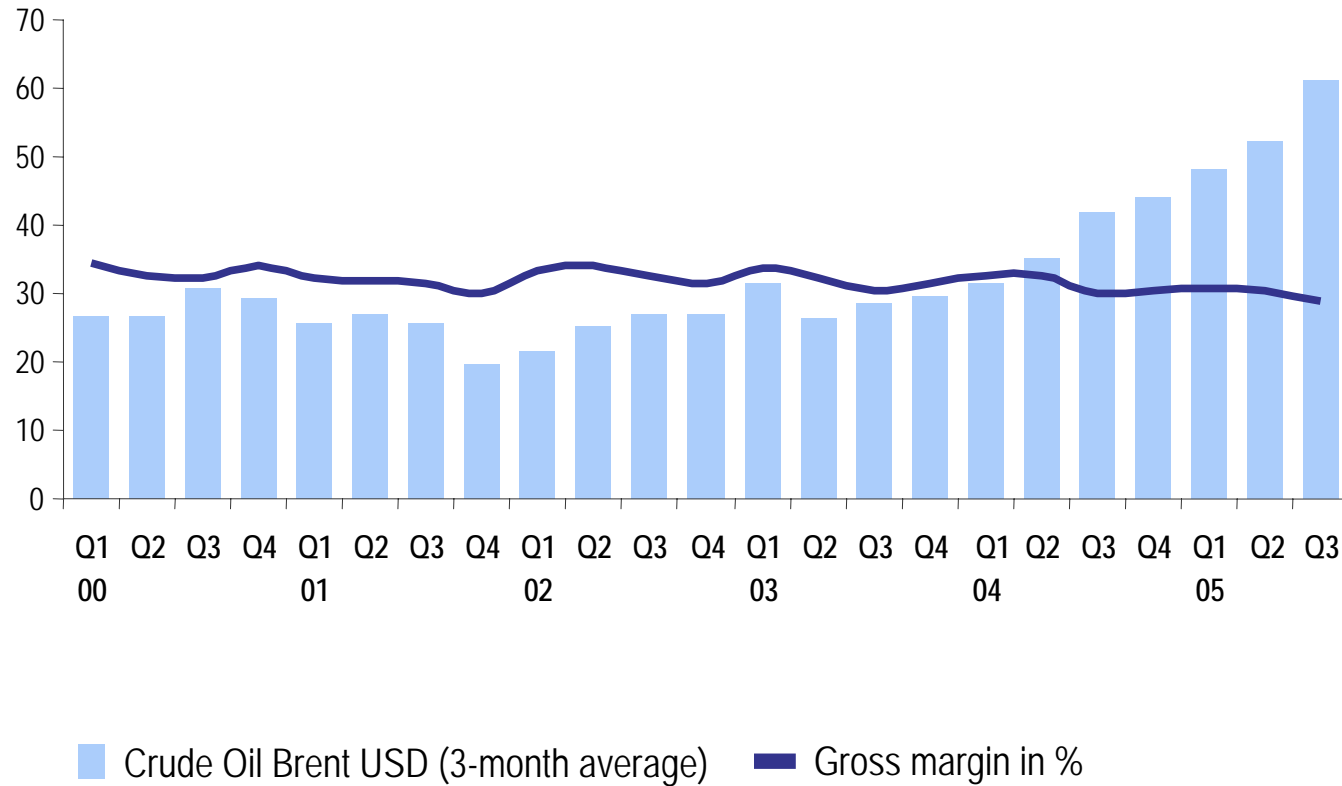
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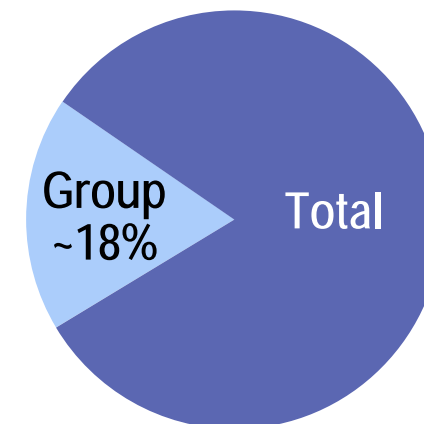
Gross margin development



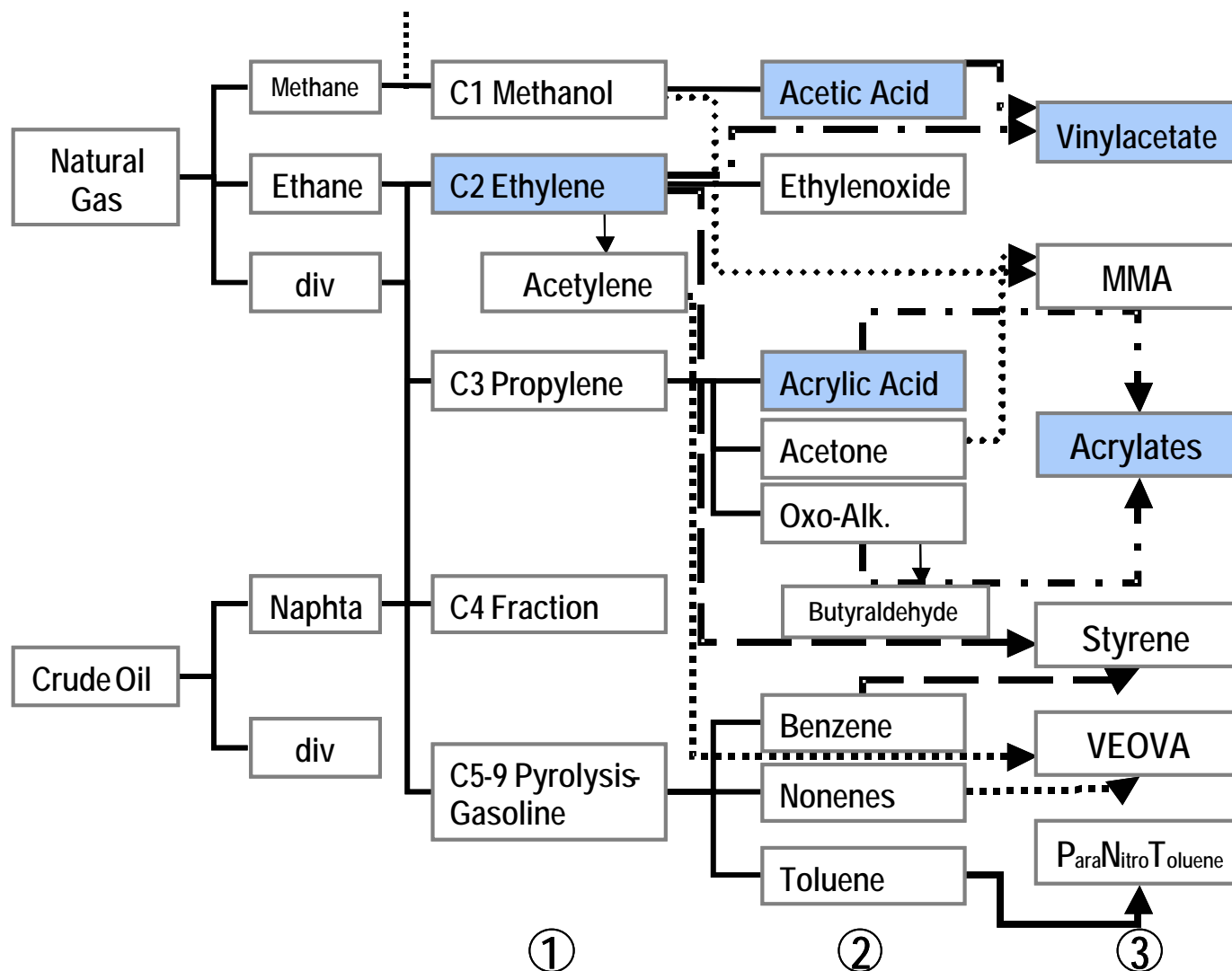
Significant higher raw crude oil price indicates limited impact on gross margin

Top 5 products in percentage of total raw material costs

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

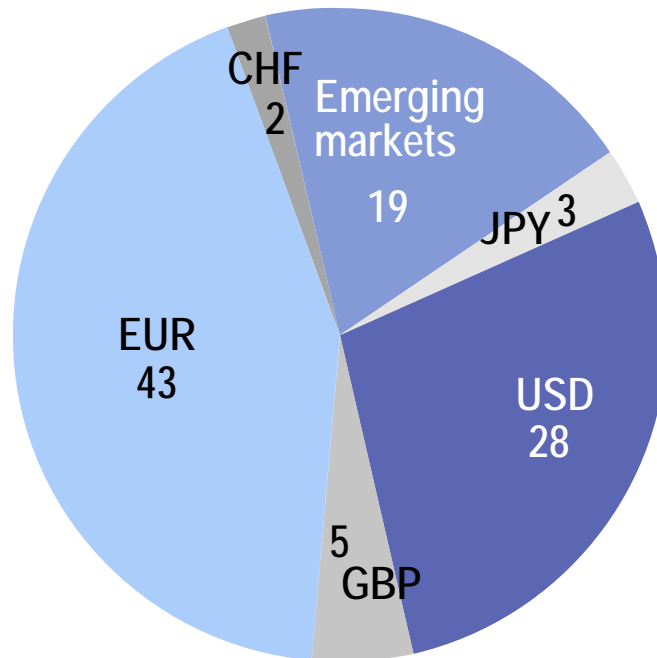


Top 5 products - petrochemical flow chart

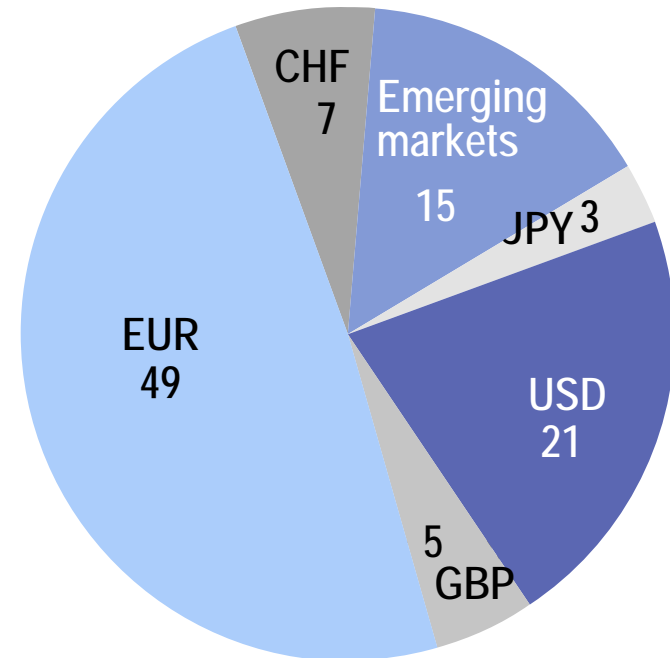


Sales and cost structure – Nine months 2005

Global sales distribution in %

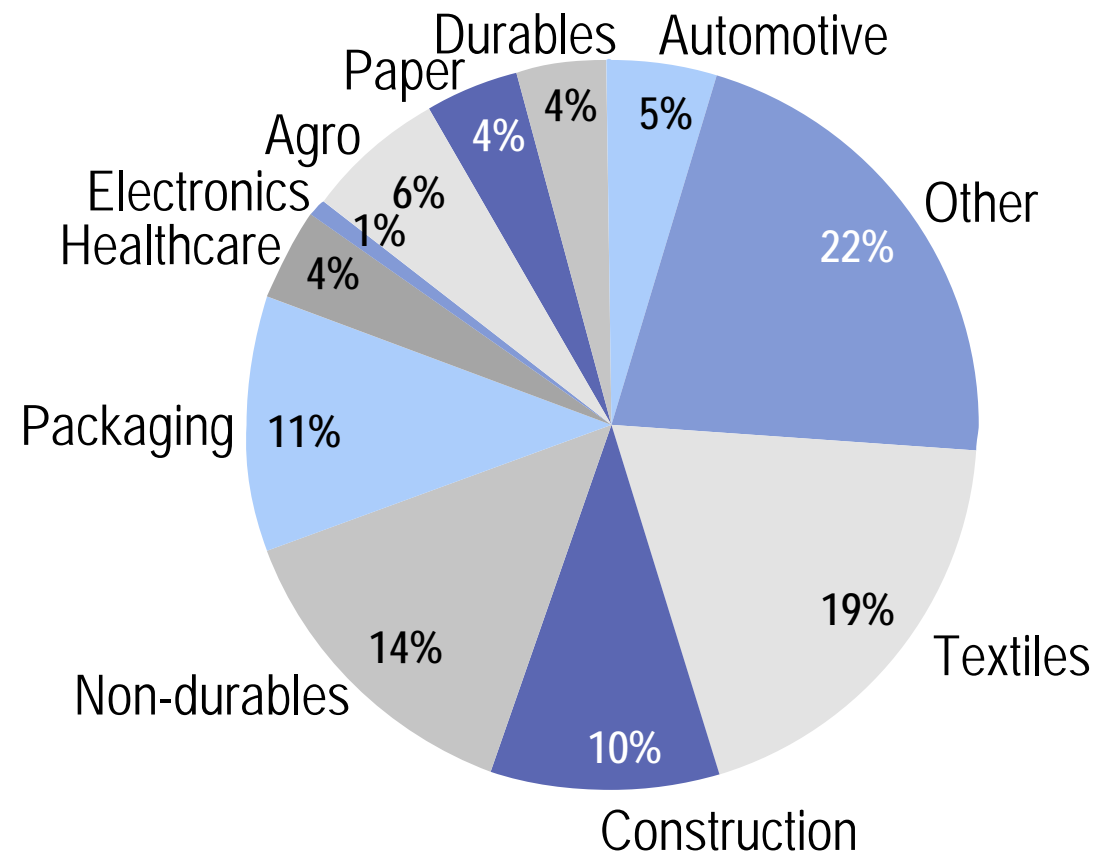


Global cost distribution in %



in mn CHF

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



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**Clariant Performance
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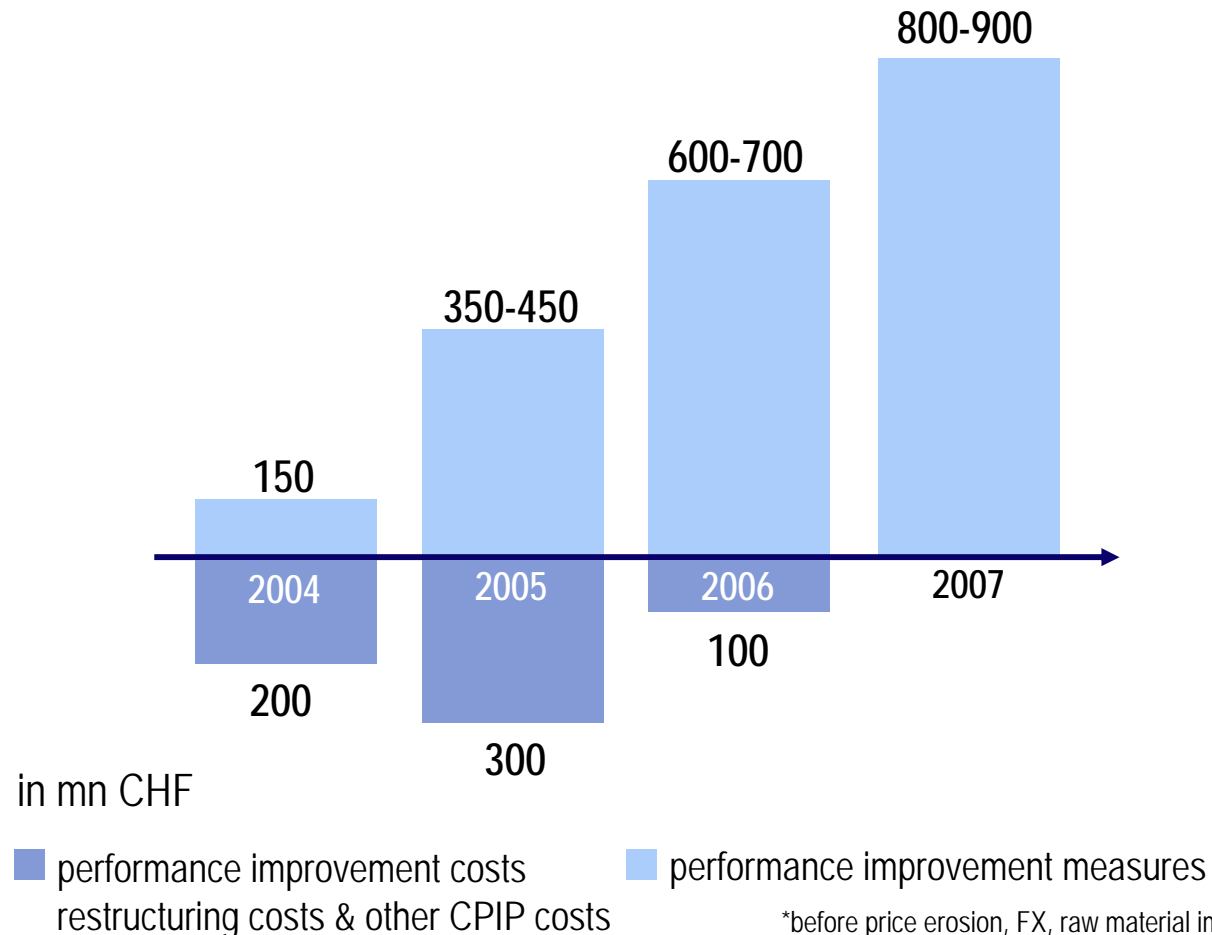
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On-going continuous improvement processes

- Strong execution discipline
- Greater performance orientation
- Expertise in sales and marketing, purchasing and supply chain management
- Consistent cost management
- Commitment to ongoing improvement
- Creation of "One Clariant"

Performance improvement measures from 2004 to 2007

EBIT impact of measures*





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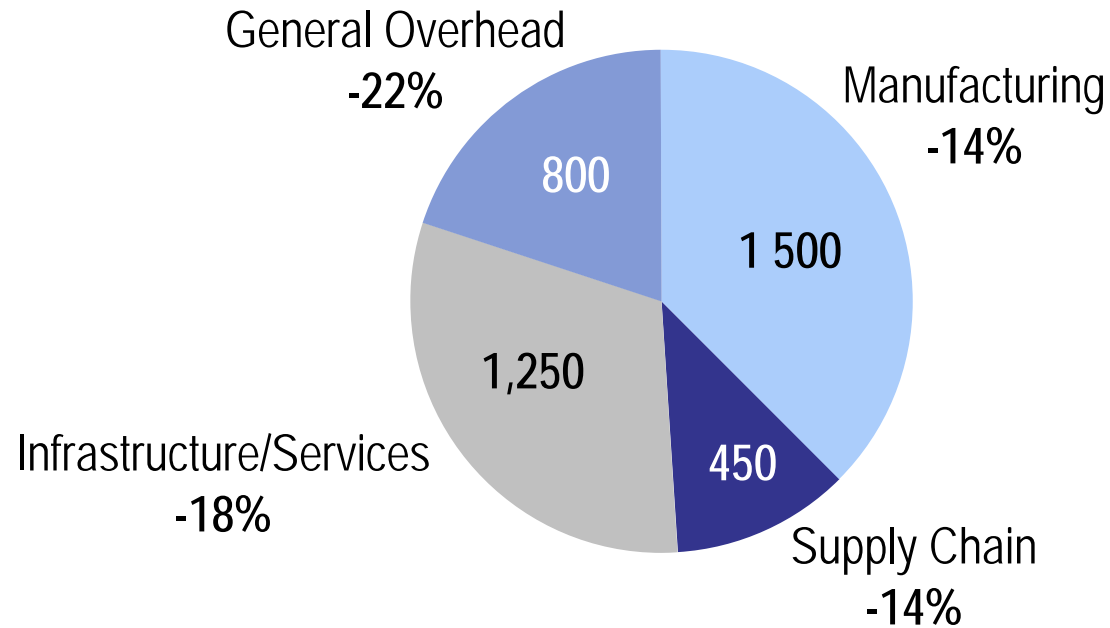
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Clariant Performance Improvement Program

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Substantial job cuts to sharply reduce costs



Total job cuts: 4,000 identified by end 2005

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Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors that are beyond Clariant's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors such as: the timing and strength of new product offerings; pricing strategies of competitors; the Company's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; and changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis.

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