

In touch with you - Clariant 2010

Launching World-Class Performance
Merrill Lynch Conference, November 30, 2006



Exactly your chemistry.





Exactly your chemistry.

Clariant 2010

*Building on our strengths,
focusing on execution*

Jan Secher, CEO



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Our view of the specialty chemicals industry

Major trends:

- Product development increasingly driven by customers
- Life cycle of specialty chemicals shortening
- Resistance to price increases
- Raw material costs to remain at high levels
- New competitors playing an important role but at stabilized levels

Key success factors:

- Active portfolio management
- Business model allowing for versatility
- In-depth understanding of customer needs
- Focused innovation
- Lean structure
- Value-based pricing
- Cash flow





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Our view of Clariant today

Strategy

- Portfolio: businesses in mid-range of specialty chemicals industry
- Front-end focus must drive, not sufficiently strong today
- We will not buy or sell our way out of challenges

Execution

- The top priority
- We have made progress in the last 3 years – *but* we have to get to a different performance level
- Results are what counts – not completed actions
- Not a matter of structure and models...

People

- *...but* culture and behavior – it starts with *us!*
- Important steps taken recently



Clariant's long-term potential is very promising



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Our Clariant tomorrow

- We will become a world-class performer in our industry, focusing on colors, surfaces and performance chemicals
- We are committed to creating value for investors, customers and employees through constant innovation, efficiency and flexibility
- We will achieve our goals by fostering a culture of high performance, absolute accountability and entrepreneurship

Committed to creating value



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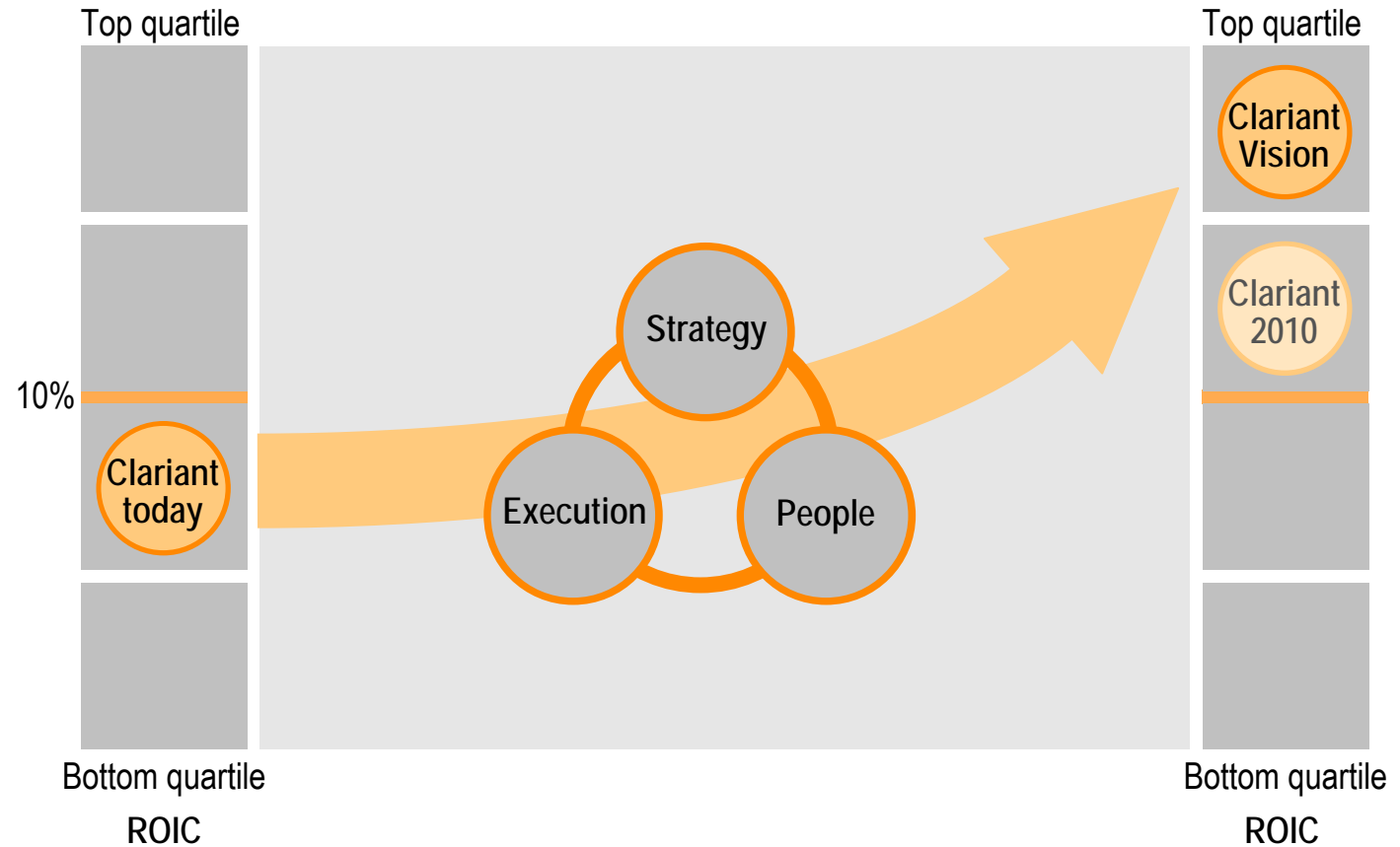
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Becoming a world-class performer in the specialty chemicals industry



Building on our strengths, focusing on execution

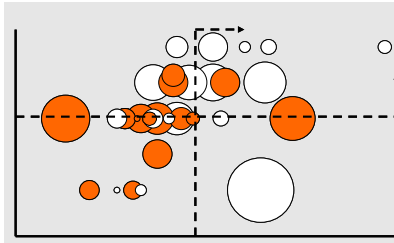
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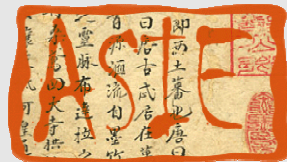
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What we have done



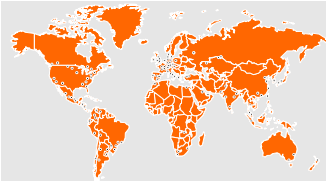
Strategy Task Force

- Reviewed our strategic position and presented strategic plan from outside – in
- Building an understanding of the development of our various segments: earnings potential, growth rates, etc.



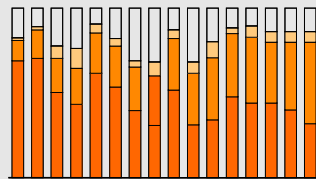
Strategy Initiative Asia

- Analyzed and reviewed our Asia Strategy
- Built the results into the Strategic Task Force analysis



Site Network & Strategy

- Analyzed our current site network
- Developing a strategy for optimization over time



SG&A

- Analyzed the value chain of our businesses and the cost structure we have in comparison to our peers



Operational Effectiveness Checkup

- Reviewed our operational effectiveness
- Determined the need for change management as a next step

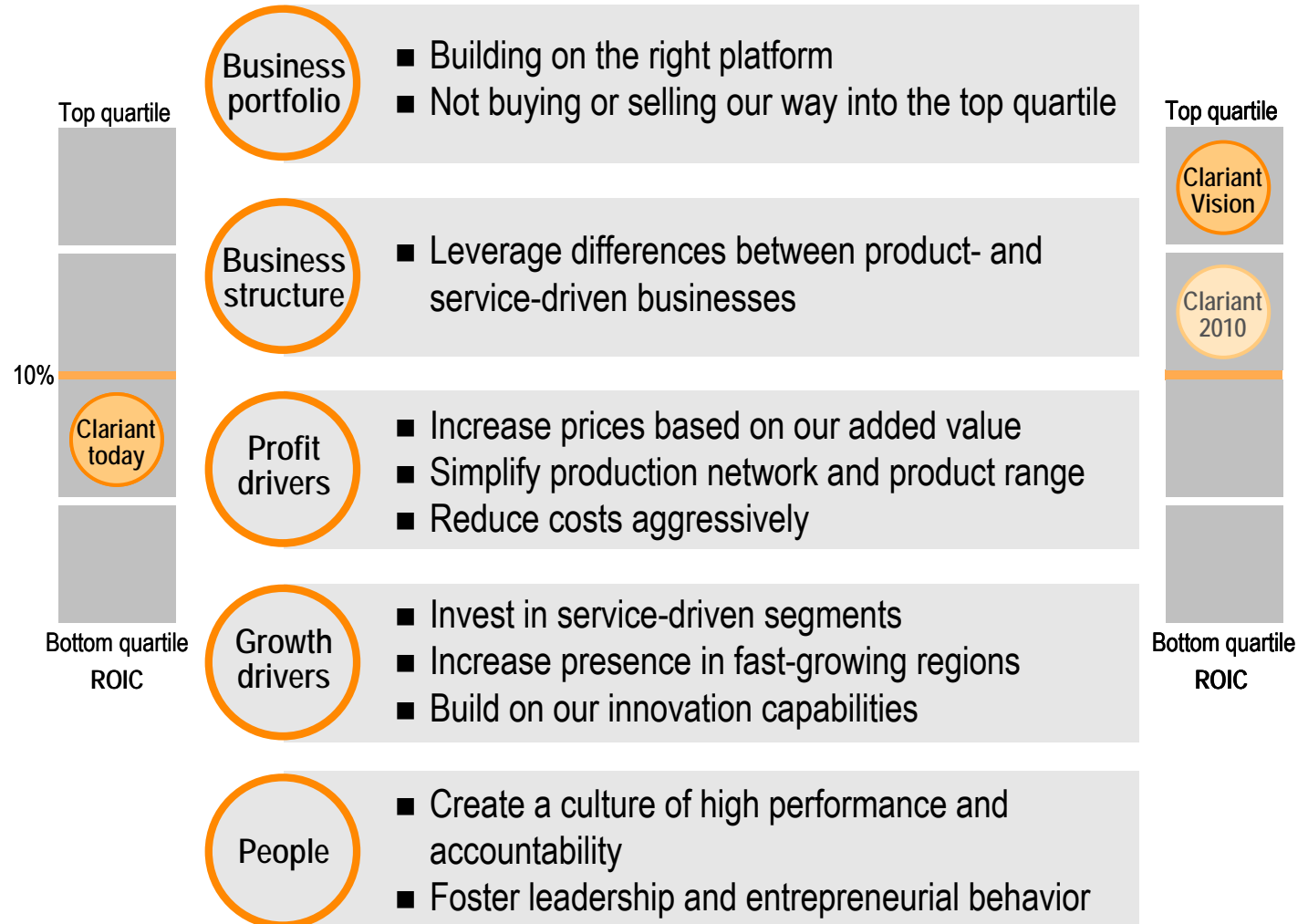
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How do we get there? Objectives!





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Business portfolio

Business portfolio

- Building on the right platform
- Not buying or selling our way into the top quartile

Business structure

- Leverage differences between product- and service-driven businesses

Profit drivers

- Increase prices based on our added value
- Simplify production network and product range
- Reduce costs aggressively

Growth drivers

- Invest in application-driven segments
- Increase presence in fast-growing regions
- Leverage our innovation capabilities

People

- Create a culture of high performance
- Foster leadership and entrepreneurial behavior



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Profit drivers

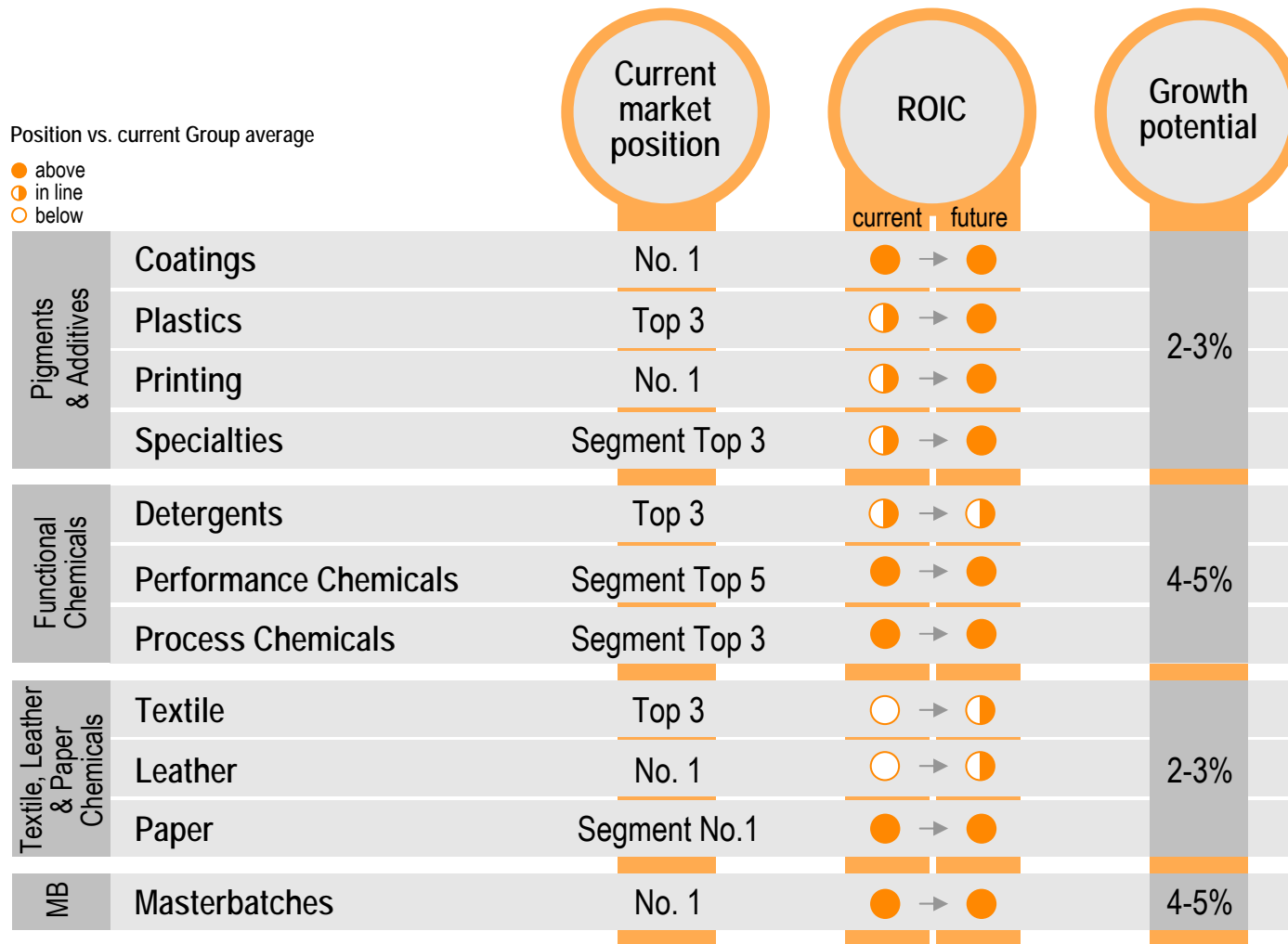
Growth drivers

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We have the right platform for our core focus



Business structure

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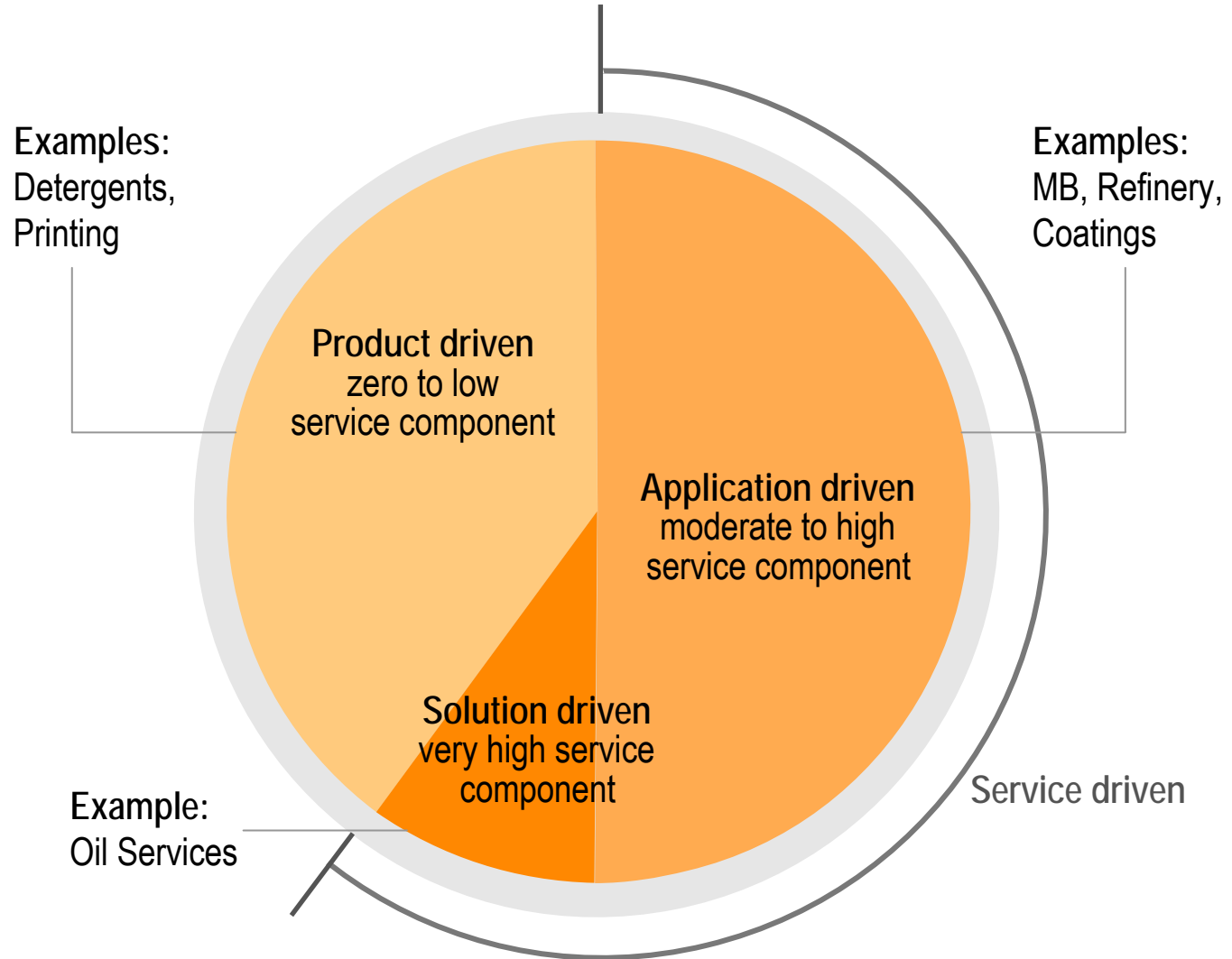
Growth drivers

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Approximately 60% of Clariant's portfolio is service driven



Strategy

Business portfolio

Business structure

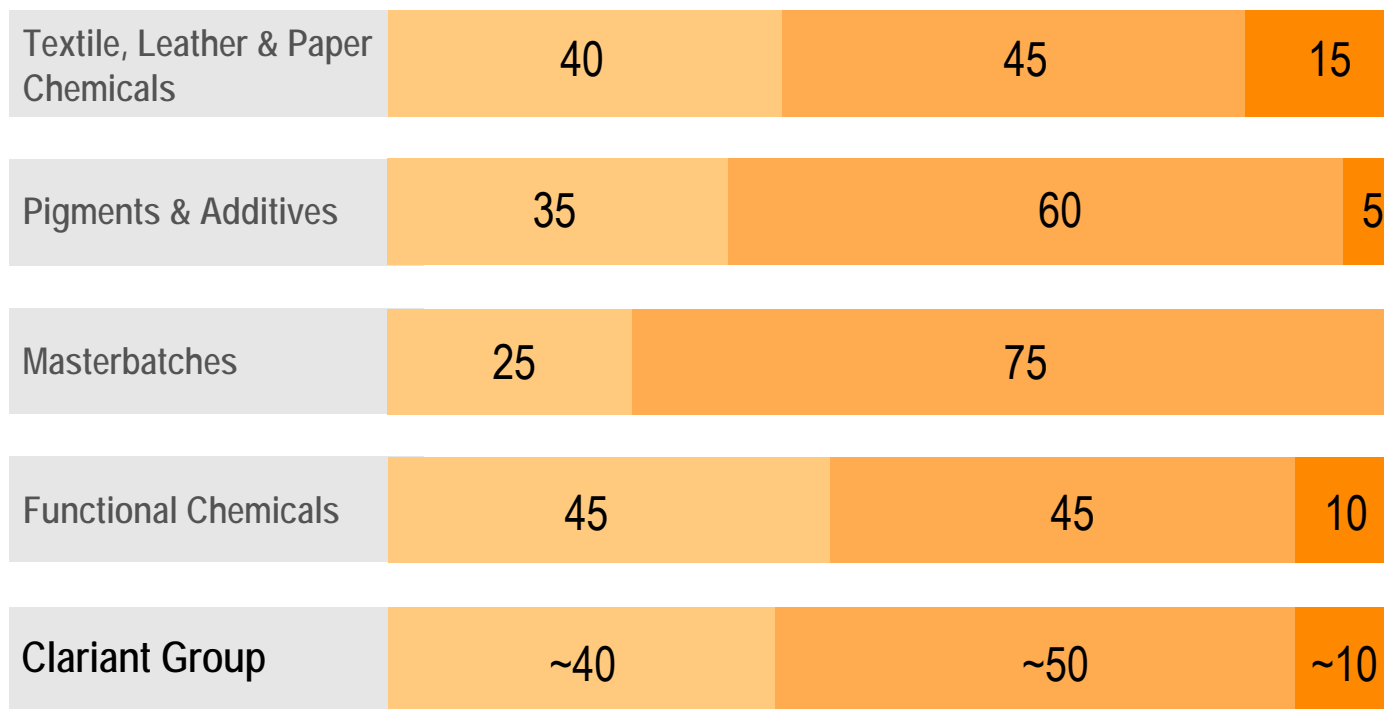
Profit drivers

Growth drivers

People

Service intensity by division

Division Percentage of business by type



Product driven
 Application driven
 Solution driven

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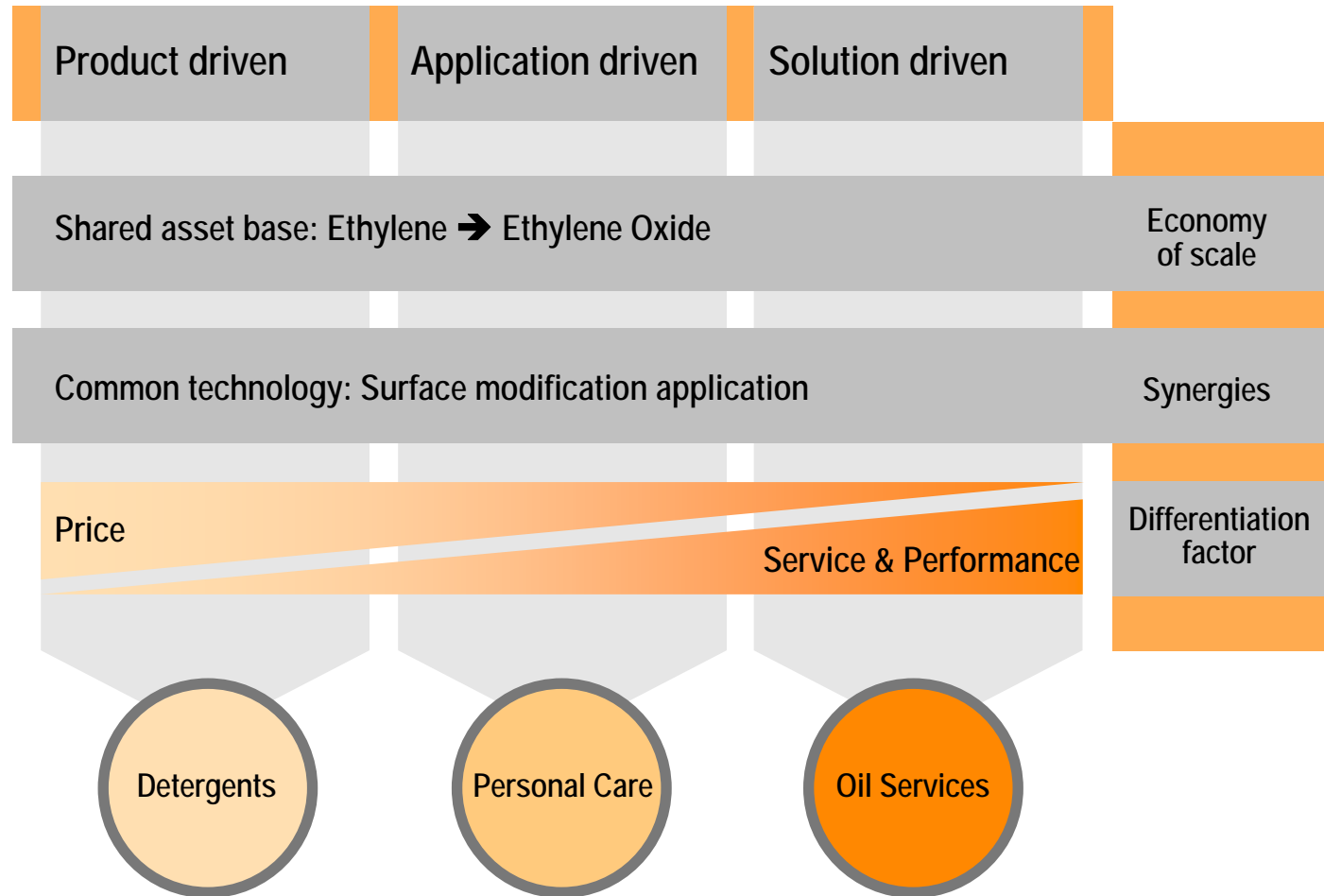
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Common share of technology in diversified segments – Example: Functional Chemicals



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Implement state-of-the-art price management practices

Facts

- We have a leading position in most segments we serve
- We deliver added value to our customers through superior products and services as well as standard products

Issue



Why don't we share more of the value we create?

Action

- PRIMA – Clariant's comprehensive pricing management system
- Managing our pricing performance based on clear customer segmentation, KPIs and responsibilities
- Building people skills in pricing excellence

Maximize value extraction - enable higher prices

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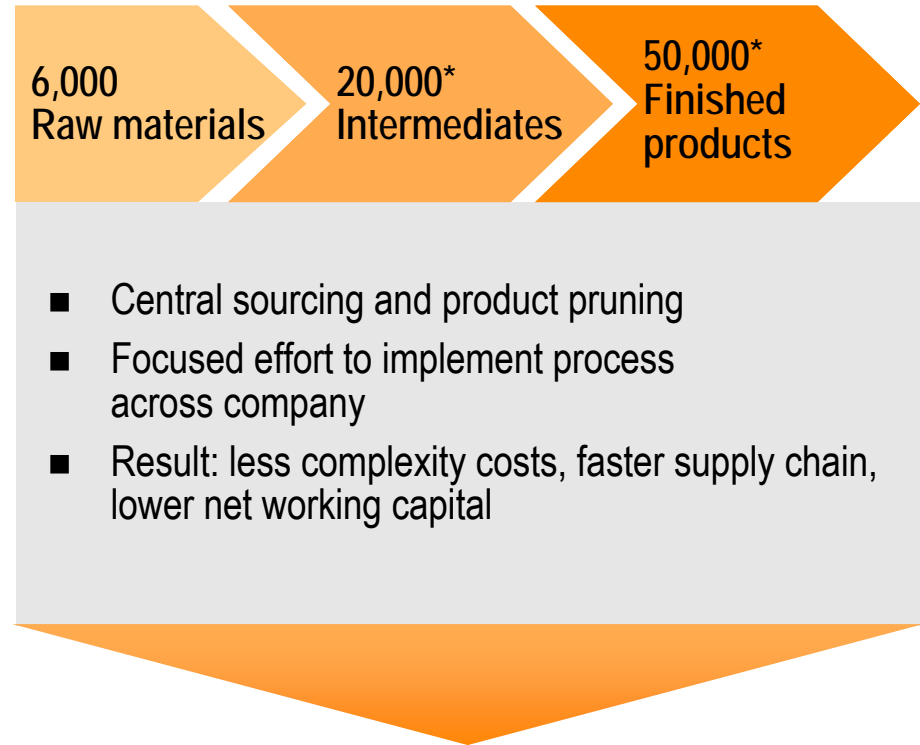
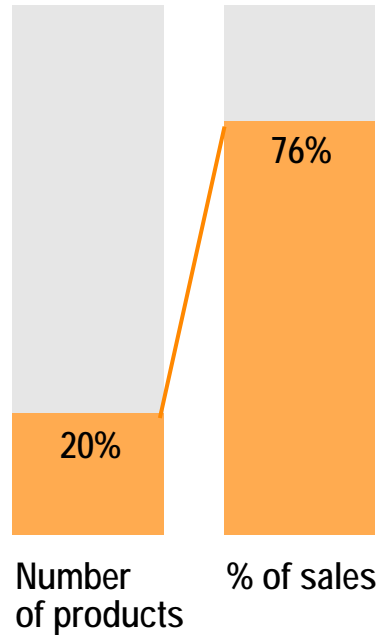
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Product pruning reduces complexity



Reduction of at least 25% of existing products

* excluding Masterbatches products

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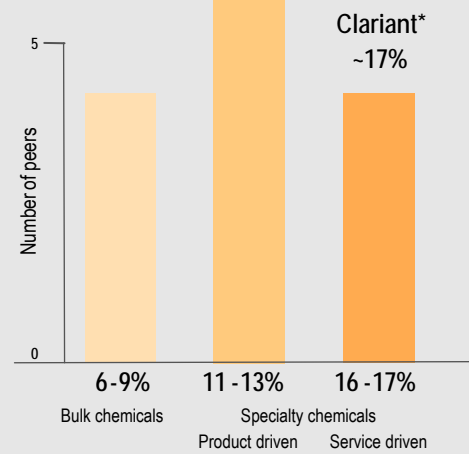
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Reduce costs aggressively

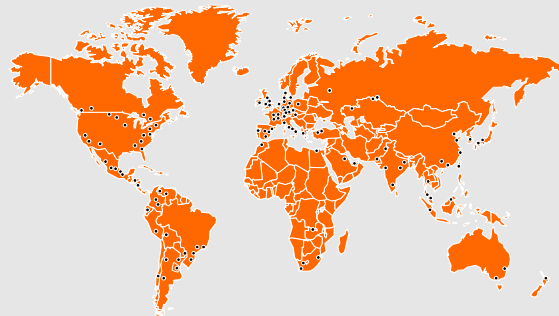
SG&A costs as percent of sales



* excluding freight costs (~21% including freight costs)

- Optimize cost structure based on level of service intensity
- Reduce SG&A costs in line with less complex site network and product range

Product site optimization



Jobs to be cut by 10% by the end of 2009

Growth drivers

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Top priority regions for growth investment

Top priority regions to grow strategically

- Greater China
- India
- Middle East
- Eastern Europe
- North America

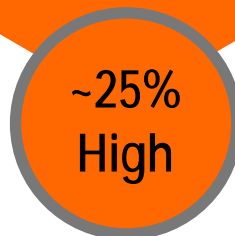
Regions to grow selectively

- Western Europe
- Pakistan
- Southeast Asia
- Turkey

Regions to maintain present position

- Latin America
- Japan
- South Korea
- Australia
- Africa

Percent of Group sales
Fund allocation



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Top priority businesses for growth investment

Top priority businesses to grow strategically

- Coatings
- Masterbatches
- New businesses
- Non-impact Printing
- Process Chemicals
 - Oil Services
 - Functional Fluids
 - Refinery Chemicals

Percent of Group sales
Fund allocation

**~30%
High**

Businesses to grow selectively

- Leather
- Paper
- Performance Chemicals
 - Personal Care
 - Crop Protection
 - Construction Chemicals
- Process Chemicals
 - Metal Working
 - Mining
- Plastics
- Specialties
- Spec. Intermediates
- Sulphur Dyes
- Textile Chemicals

**~50%
Medium**

Businesses to maintain and manage for cash

- Biocides
- Detergents
- Printing Inks
- Raw Materials
- Textile Dyes

**~20%
Low**

Actions and targets by division

Textile, Leather & Paper Chemicals

■ Sales growth: 2-3%

- Invest in fast-growing markets
- Benefit from globalization trend in customer industries
- Prune product portfolio
- Invest in application-driven businesses and build on leading market positions

Pigments & Additives

■ Sales growth: 2-3%

- Above industry growth in Asia and Special Markets
- Selective growth in mature markets with focus on coatings, NIP, plastics and selected specialties
- Business differentiation, complexity reduction, cost and price management

Master-batches

■ Sales growth: 4-5%

- Achieve above market sales growth
- Effective price, margin and cost management
- Successfully integrate bolt-on acquisitions

Functional Chemicals

■ Sales growth: 4-5%

- Growth in fast-growing markets in Asia, invest in new production facilities
- Shift to higher value creating products and services in mature markets
- Reduce complexity and further improve supply chain



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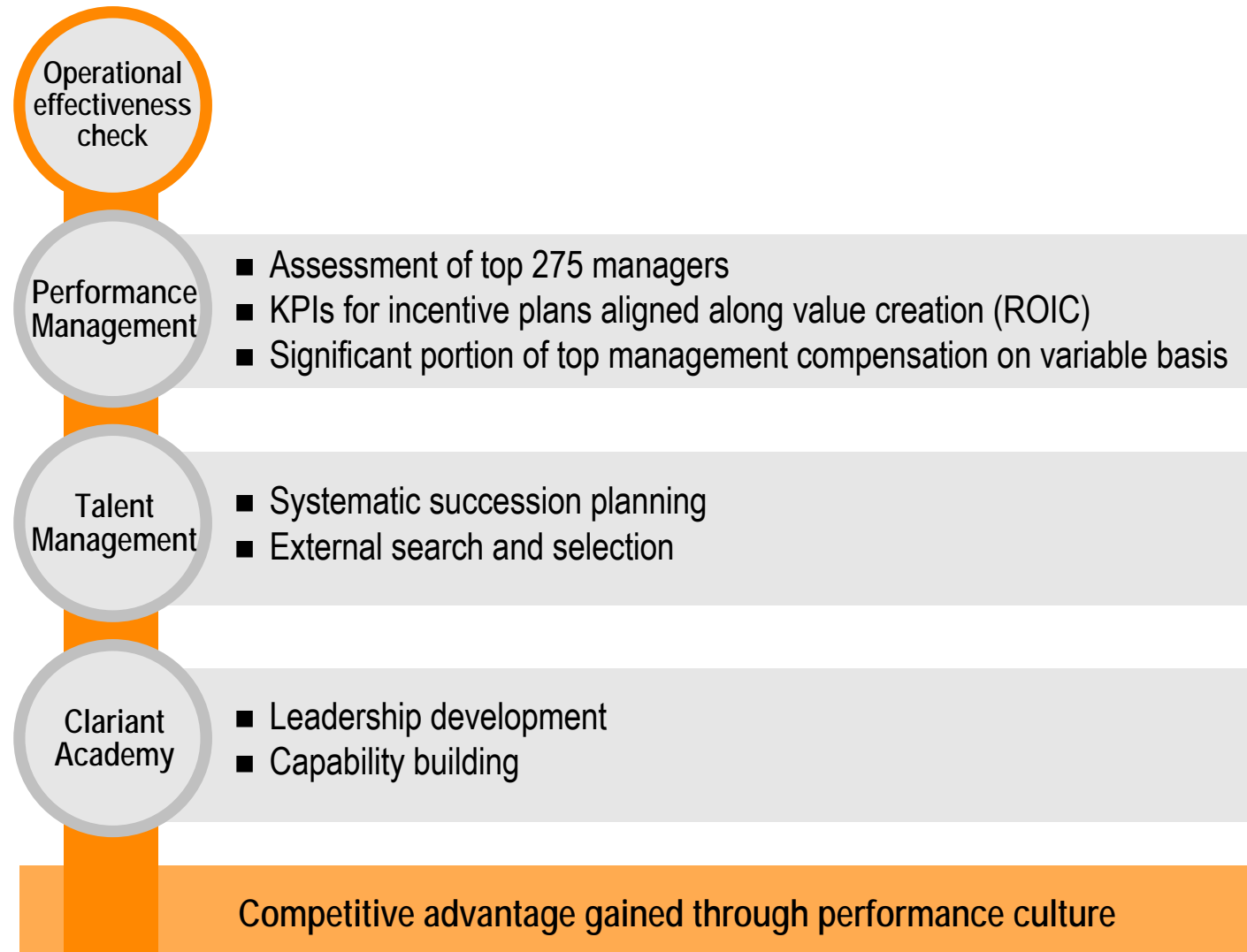
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Building a world-class performance culture





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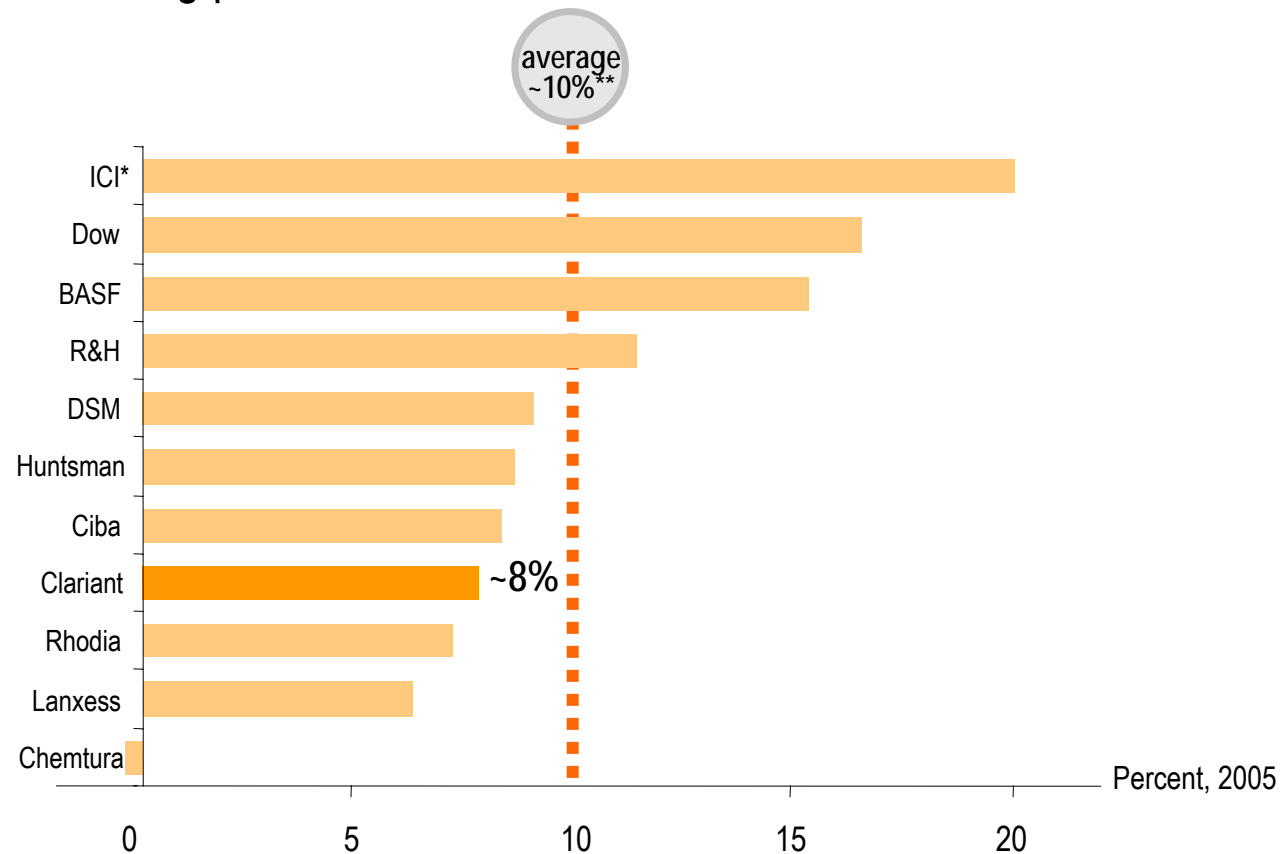
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Achieving top quartile performance

Measuring performance on a relative ROIC basis



* Adjusted for pension liabilities

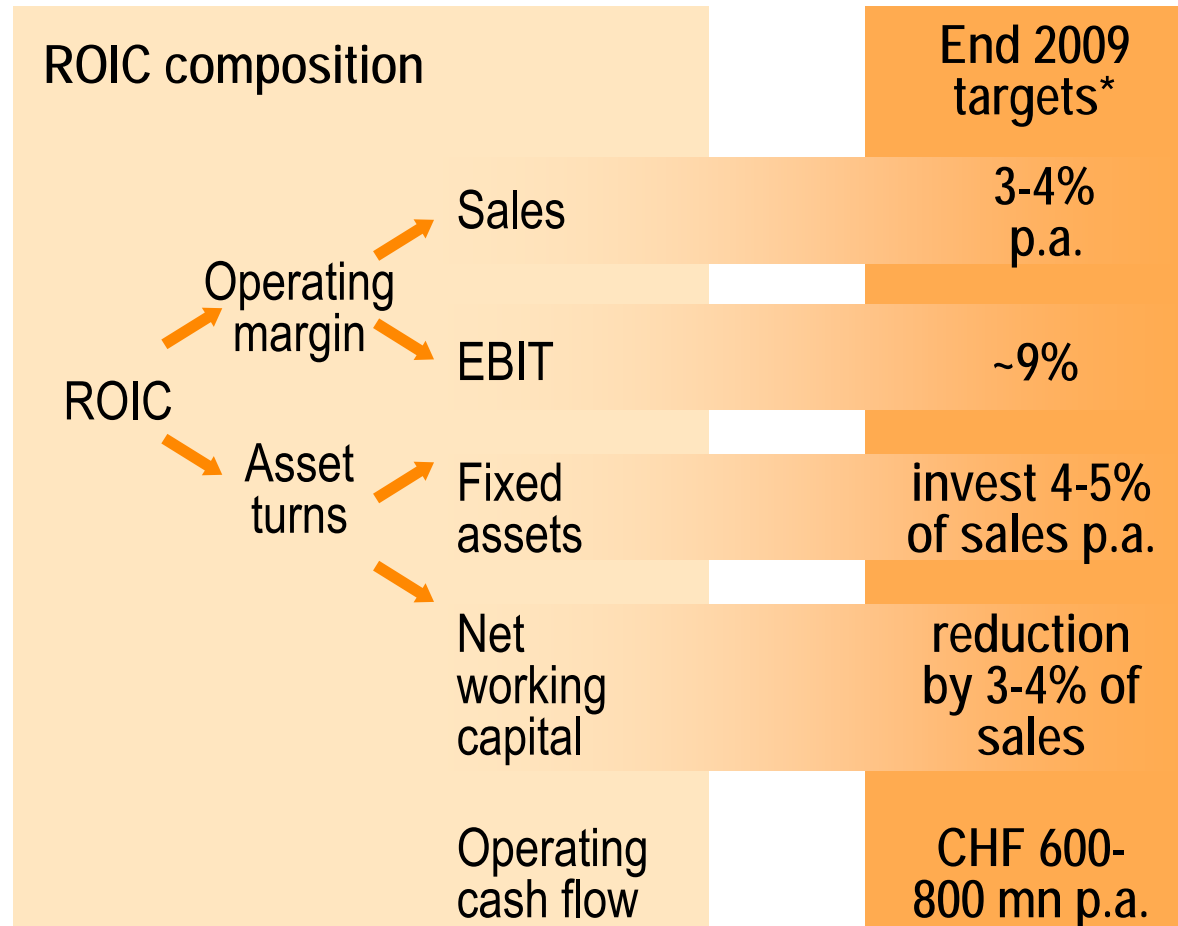
** Average excludes Clariant as well as top and bottom performers

Notes: - Peers defined from capital market perspective, under present market conditions

- ROIC – before exceptionals, including net goodwill

Source: annual reports

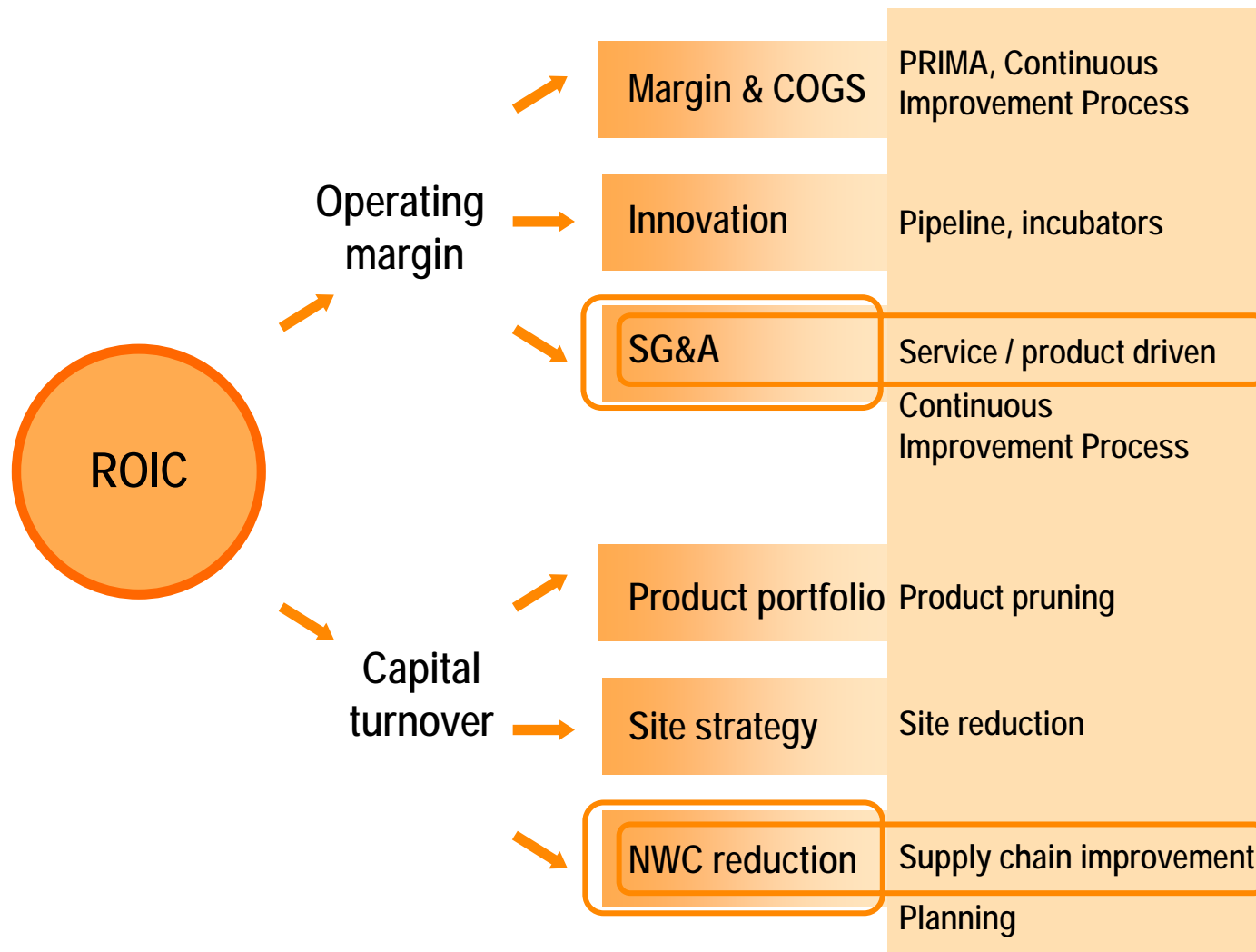
Key targets to achieve above average ROIC by end of 2009



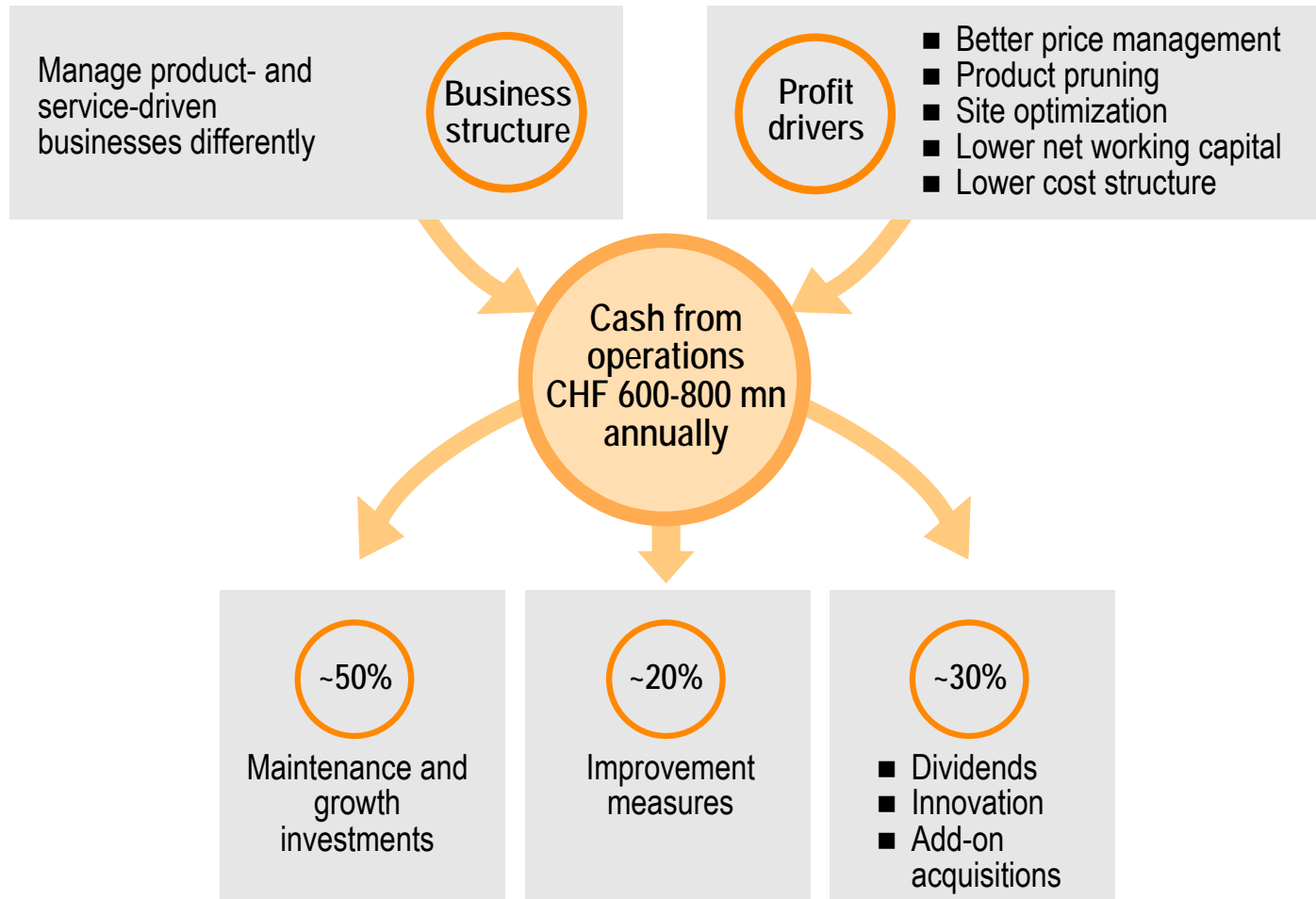
ROIC calculated on after-tax basis; tax rate assumed to be at 25% (Clariant's long-term target)

* based on current environment

A set of clear actions on the key levers



Cash flow management



Focus on cash flow generation and stringent cash allocation



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Strategic direction: Building on our strengths, focusing on execution

Actions



Achieve competitive cost position in all businesses



Differentiate service- and product-driven businesses & manage them accordingly



Focus on expanding and extending selected service-driven businesses



Invest in top priority businesses and regions and develop new technologies



Drive sustainable change through performance management

Clariant 2010

- Become one of the leading specialty chemical players
- Deliver above average ROIC before 2010
- Grow at or above GDP
- Improve profitability of current businesses through focusing on SG&A and NWC
- Focused measures
- Implement portfolio pruning and site strategy
- Strong focus on cash flow



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Calendar of upcoming corporate events

January 18-20, 2007

UBS Conference, Gstaad

February 20, 2007

Full Year 2006 Results

April 2, 2007

Annual General Meeting, Basel

May 8, 2007

First Quarter 2007 Results

August 2, 2007

Half Year 2007 Results



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Disclaimer

This presentation contains certain statements that are neither reported financial results nor other historical information. This presentation also includes forward-looking statements.

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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Backup

Merrill Lynch Conference, November 30, 2006



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Textile, Leather & Paper Chemicals (TLP) Division

Division overview

Activities

- Leading global supplier of specialty chemicals and dyes for textile, leather and paper industries

Core technologies

- Polymer dispersions, OBAs, sulphur dyes, fluorinated polymers, silicones, reactive, acid, direct and disperse dyes
- Surfactants, ethoxylates & pigment dispersions

Assets

- 45 sites in the world

Top priorities

- Increase exposure to fast-growing markets and leverage globalization trends
- Leverage our broad technology platform and invest in innovation to maintain our leadership
- Prune product portfolio and reduce complexity of our production and sales network

Pigments & Additives (PA) Division

Division overview

- Create value by providing color and service solutions
- No. 1 in pigments, key player in additives market niches
- Ability to offer unique services globally
- Productive innovation processes integrating R&D, technology and marketing strengths
- Main product families: pigments, special dyes, polymer additives, flame retardants, waxes & intermediates

Top priorities

- Reduce complexity
 - Prune product portfolio
 - Reduce the number of plants
 - Increase capacity utilization through process optimization
- Leverage innovation
 - Boost new business development
 - Be more selective in R&D
- Grow faster than our industry
 - Grow in Asia & special markets
 - Differentiate product-driven from service-driven business models
 - Be more front-end driven

Masterbatches (MB) Division

Division overview

- Globally no. 1 with strong position in packaging, consumer goods, automotive and fiber
- Mostly local/regional business leveraged through global network (61 sites in 35 countries)
- Customer- and application-specific products that require formulation and process expertise
- Superior service and product offering makes Clariant the partner of choice for global customers

Top priorities

- Achieve above market-sales growth through a service-driven focus on attractive market segments and regions
- Deliver sustainable improvement in operational results through effective price, cost and asset management
- Exploit further add-on acquisition opportunities and successfully integrate Ciba masterbatch business

Functional Chemicals (FUN) Division

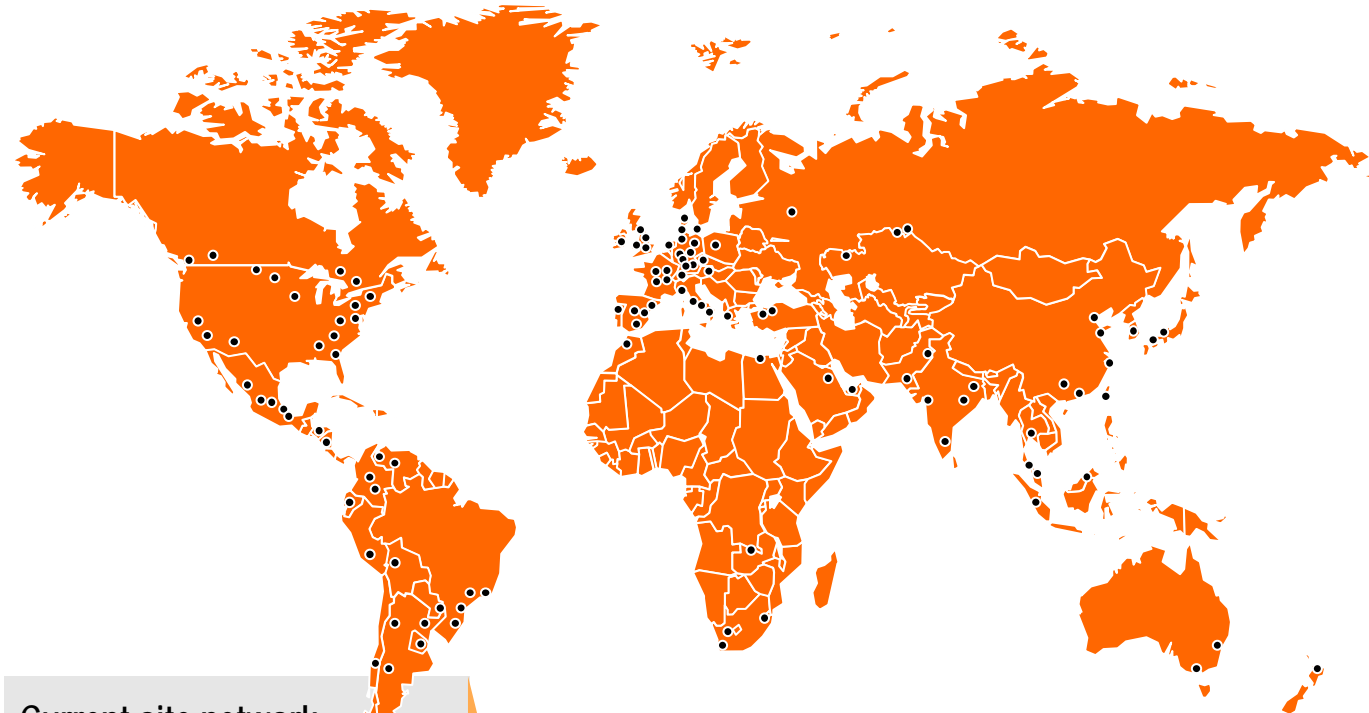
Division overview

- The ability to modify surfaces and interfaces is the key to solving our customers' needs
- Market segments served as diverse as personal care, metal and mining, crop protection and oil services
- We leverage a common asset platform to manage our service-driven and product-driven businesses
- Front-end driven organization effectively integrates production, R&D and sales/marketing

Top priorities

- Strong growth in fast-developing Asian markets supported by local and regional investments
- Growth in mature markets through shift of product portfolio to higher value creating products and further development of service concepts
- Continuous focus on complexity reduction and supply chain improvements

Clariant worldwide network



Current site network

- Strong global footprint
- 130 production sites
- Legacy site structure built on a country and divisional basis
- Many medium size sites

Scope for optimization

Target site structure

Target site structure



World factories

- Concentration of chemical production at regional strategic sites



Locale production

- Small, local sites with minimum infrastructure/overheads for service-driven/transport (cost) sensitive business

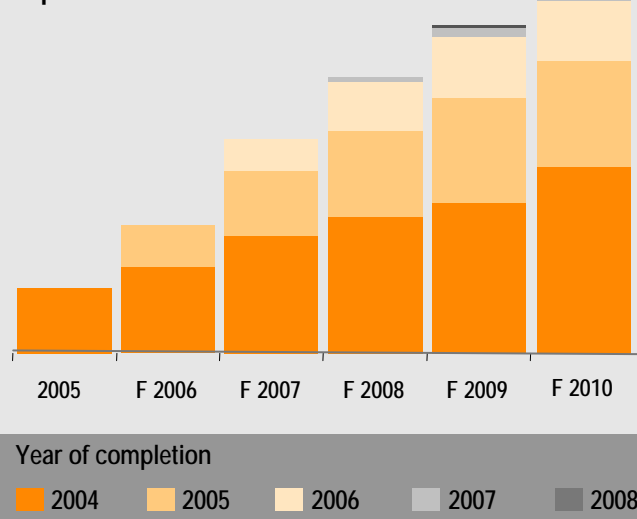
Actions

- Reduce number of sites by 10% over next 3 years
- Continually optimize investment allocation with business and regional growth strategy
- Leverage technology by increasingly utilizing synergies to create more flexible sites

Success from innovation

Our innovation pipeline is a strong revenue contributor

Pipeline in CHF mn



- CHF 1.4 bn innovation pipeline
- Increase pipeline by CHF 100 mn p.a.
- Spend CHF 25 mn p.a. into incubators for new technology
- 25% of sales with products younger than 5 years

R&D spend: 3% of total sales – quality over quantity

Financial summary

- Sound operational and financial platforms
- Significant potential for value creation through performance management and accountability
- Focus on cash flow generation
- Clear prioritization of resources to high priority businesses and regions
- External growth options limited to add-on acquisitions to strengthen existing business
- Stable financial policy
 - Dividend between 25-35% of recurring net result
 - Maintain solid investment grade ratings