In touch with you - Clariant 2010

4th Swiss Bond Congress, Zurich
September 6, 2007

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Clariant 2010 – Strategy overview

Fabian Hildbrand,
Investor Relations Officer

Clariant 2010 – Strategy overview

Investment & Financing highlights

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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Objectives for Clariant 2010

Top quartile

Clariant today

Bottom quartile

ROIC

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 service-driven segments ■ Increase presence in fast-growing regions ■ Build on our innovation capabilities
People	■ Create a culture of high performance and accountability ■ Foster leadership and entrepreneurial behavior

Top quartile

Clariant Vision

Clariant 2010

Bottom quartile

ROIC

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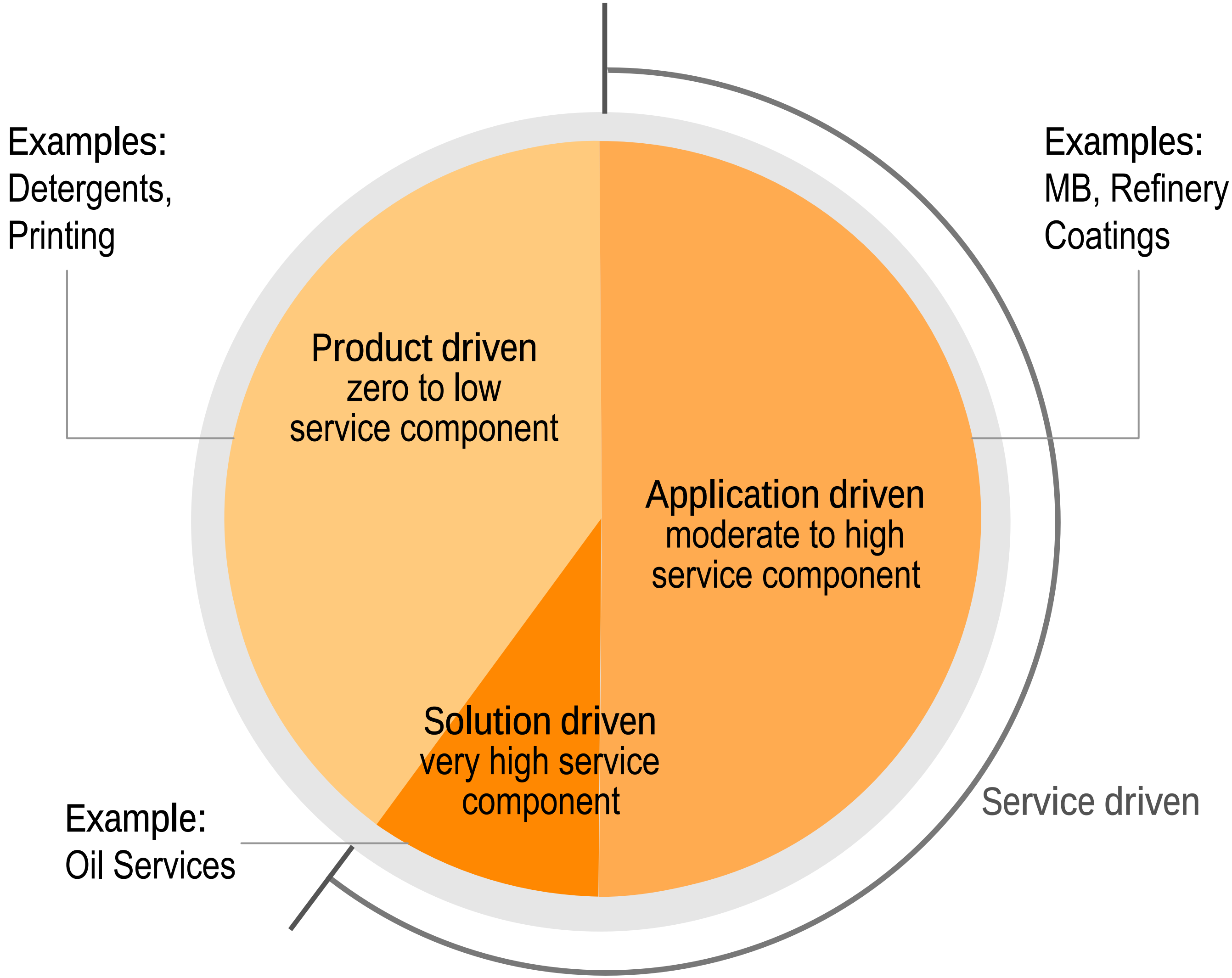
Approximately 60% of Clariant's portfolio is service-driven



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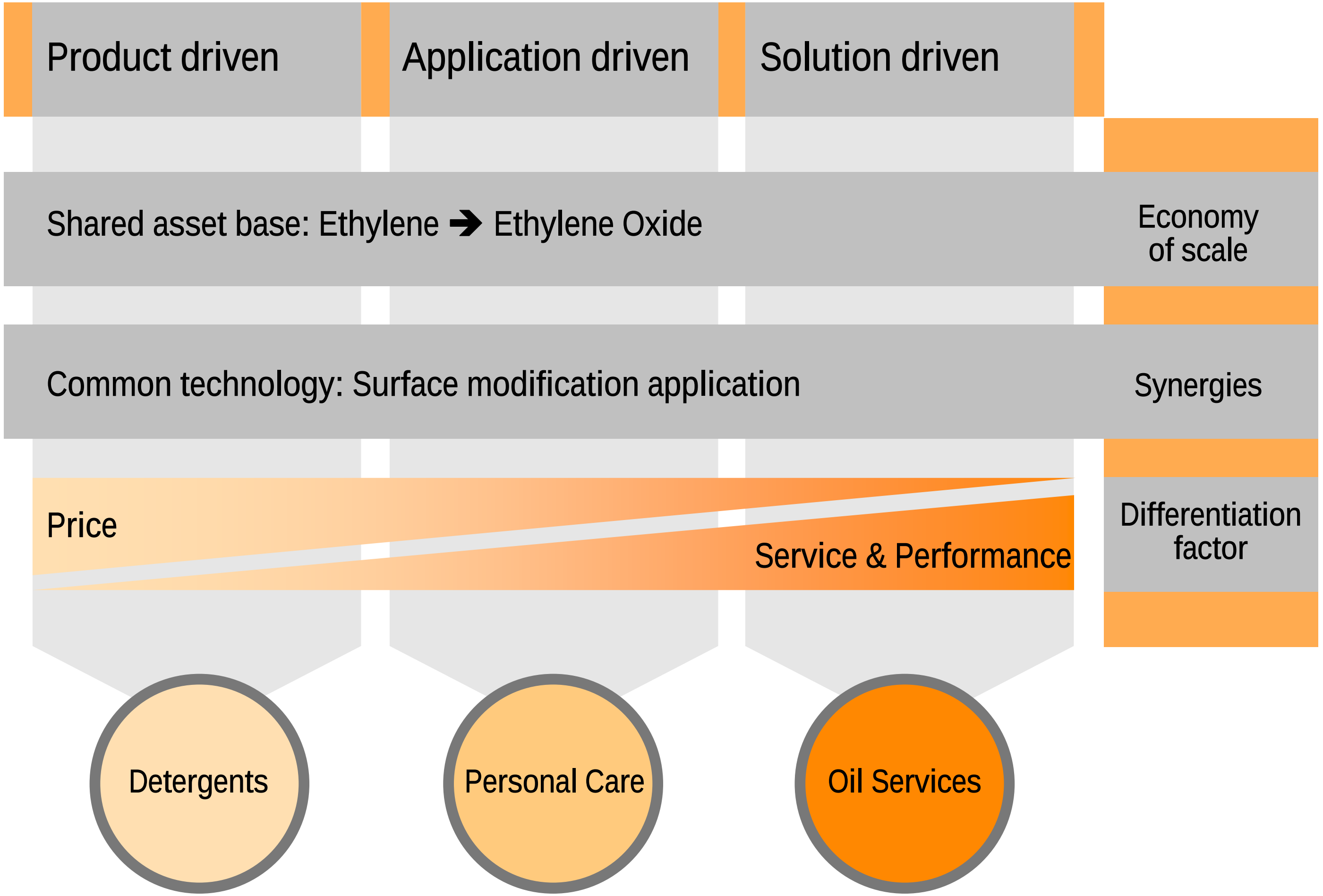
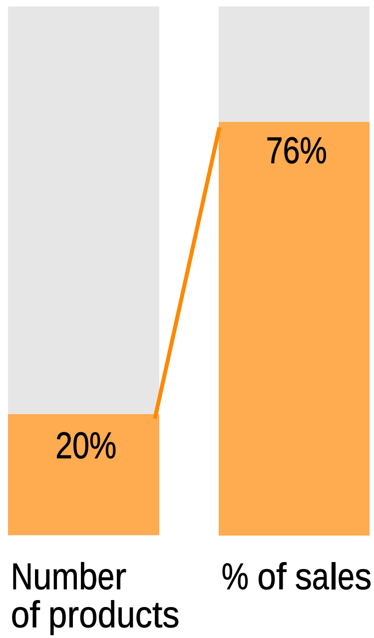
Common share of technology in diversified segments – Example: Functional Chemicals



Product pruning reduces complexity



6,000 Raw materials → 20,000* Intermediates → 50,000* Finished products

- Central sourcing and product pruning
- Focused effort to implement process across company
- Result: less complexity costs, faster supply chain, lower net working capital

Reduction of at least 25% of existing products

* excluding Masterbatches products

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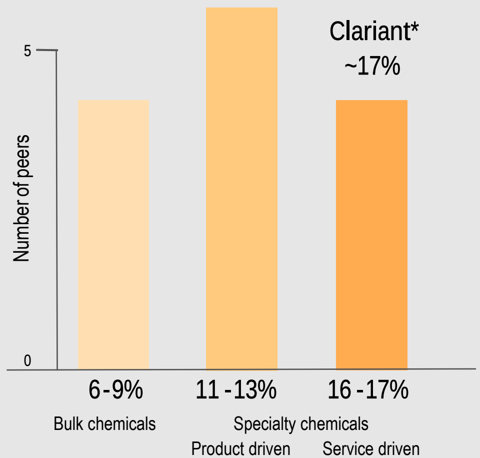
Reduce costs aggressively

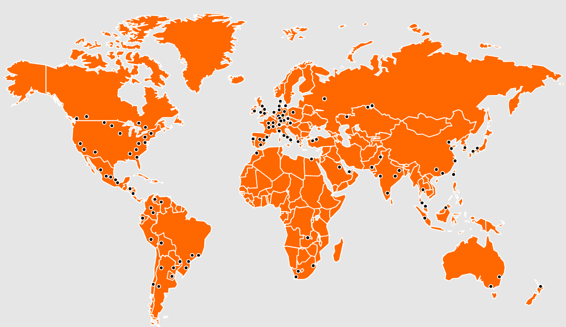
SG&A costs as percent of sales



* 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

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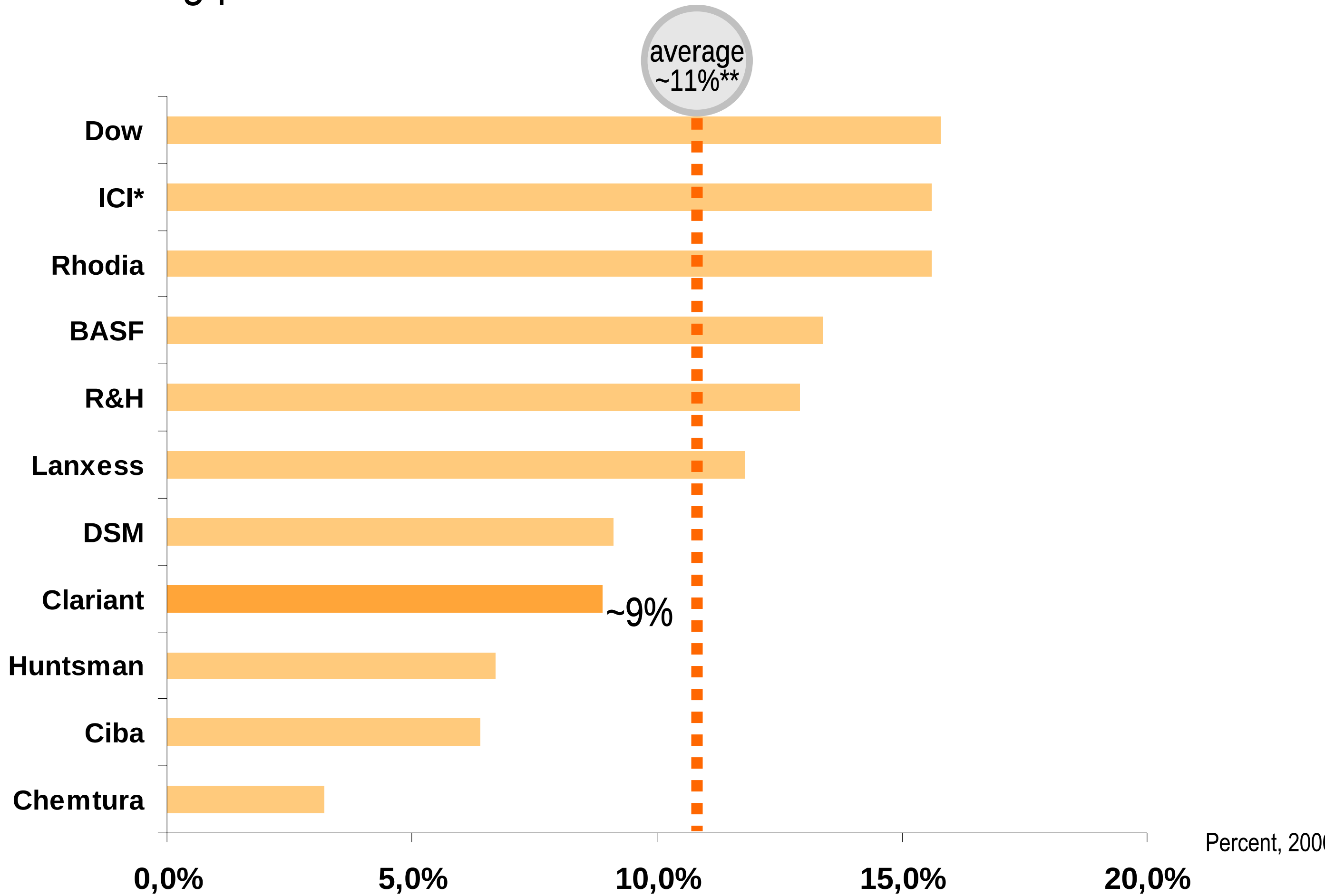
Achieving average ROIC by 2010

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

Investment & Financing highlights

Philipp Hammel,
Group Treasurer

Cash flow management

Manage product- and service-driven businesses differently

Business structure

Profit drivers

- Better price management
- Product pruning
- Site optimization
- Lower net working capital
- Lower cost structure

Cash from operations CHF 600-800 mn annually

~50%

Maintenance and growth investments

~20%

Improvement measures

~30%

- Dividends
- Innovation
- Add-on acquisitions

Focus on cash flow generation and stringent cash allocation

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Investment highlights

- Well-balanced diversified portfolio with leading market positions
- Confirming mid-term targets to achieve above average return on invested capital by end of 2009
- 2007 is the first phase in the strategic plan, particularly placing a strong emphasis on improving cash flow
- Commitment to investment grade credit rating and strong financial profile

Focus on strategy implementation and cash flow

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Investment & Financing highlights

Successfully changed our external funding structure in 18 months! *(in CHF)*

November 2005		June 2007
0.7 bn	Total amount of **local bank borrowings & ABS usage** have decreased (target reached to actively reduce "structural subordination"!) by roughly CHF 100-200 mn	0.5 bn
1.0 bn	**Long term bank financings** have been almost fully eliminated in December 2005 by paying down two large bank syndicates (> 20 banks)	
0.7 bn	**Capital markets funding** has replaced all long term bank funding (+ slightly less expensive – more FX risk at Headquarters)	1.6 bn
2.2 bn	Pleasant **equity** development thanks to sizeable positive FX-translation effects and retained earnings!	2.6 bn

Net debt, however, has increased from CHF 1.42 bn to CHF 1.65 bn as a result of higher ***NWC requirements!***

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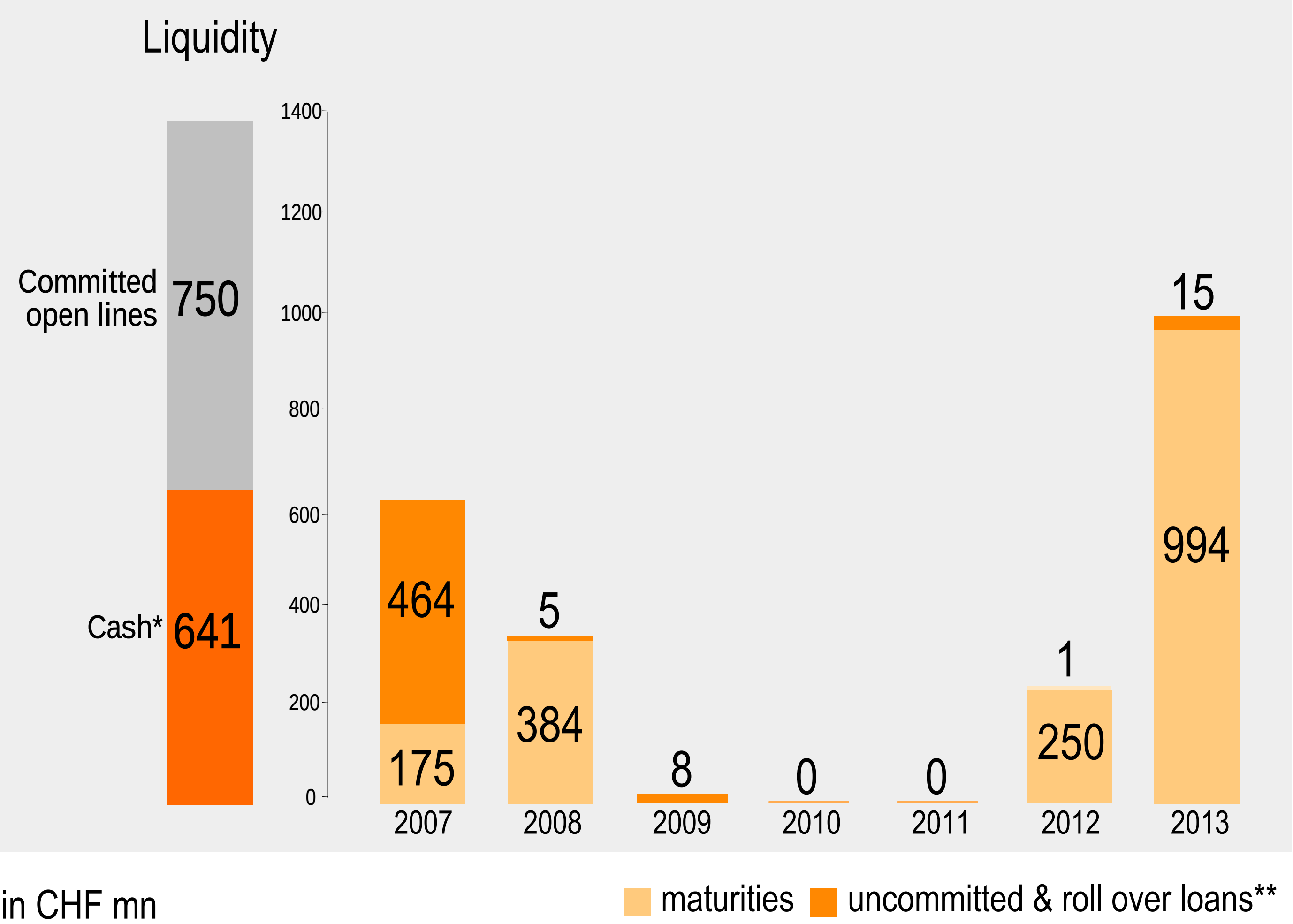
Investment & Financing highlights

Successful launch of CHF 250 mn bond

Debt maturity profile on June 30, 2007



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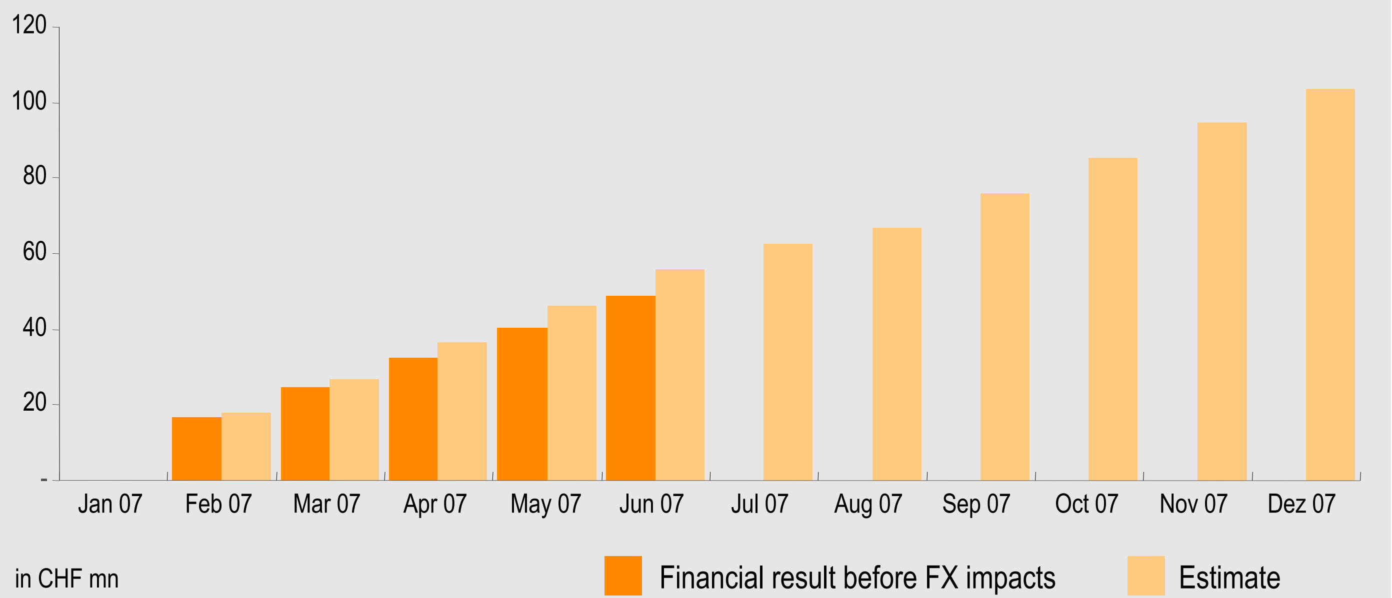
Financial net result (before FX impacts) development 2007

Interest result year-to-date is better than estimated values at the beginning of the year. However: The absolute magnitude of it still remains beyond acceptable levels. We pay for our high NWC and below-potential generation of Free Cash Flow !

Financial Net Result – Comparison to Estimate



CHF 100 mn more of net debt on average throughout the year makes us pay an approx. CHF 5 to 8 mn higher financial expenses-bill annually !

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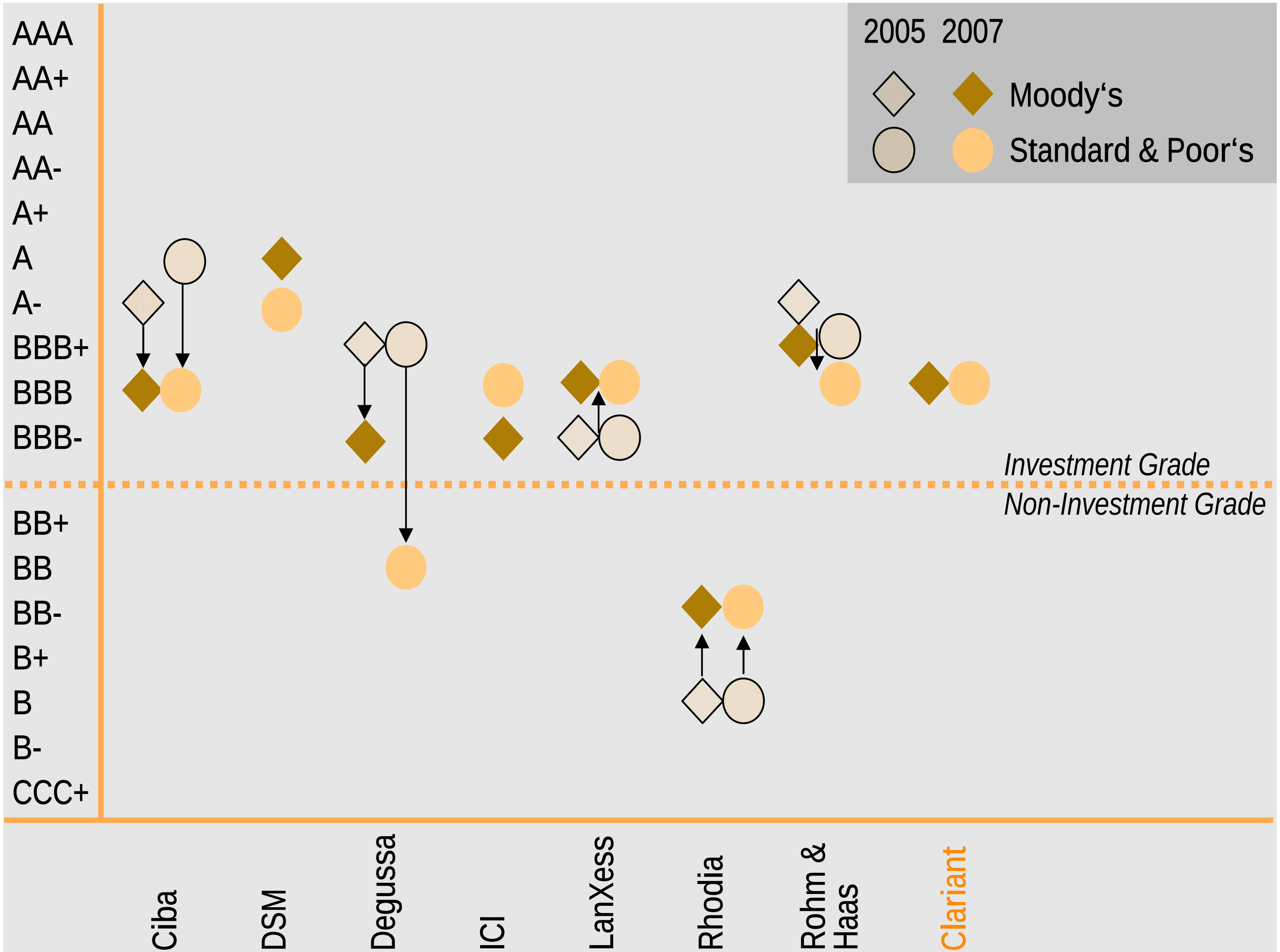
Investment & Financing highlights

Rating of selected peers



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Current issues

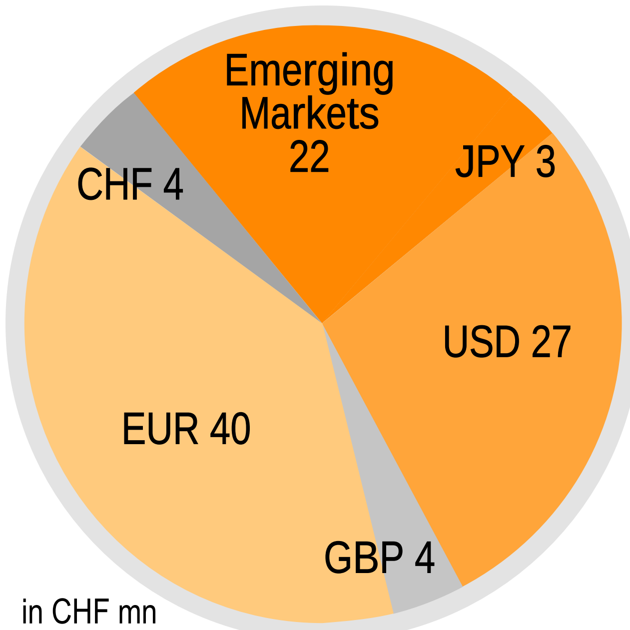
Industry related	■ Pricing power ■ Raw material / energy cost increases ■ Event risk
Clariant business profile	■ "Clariant 2010" effectiveness ■ Overweighted European asset base
Clariant financial profile	■ Operating margin development ■ Working capital management ■ Risk from pension plans ■ Leverage: Net debt / EBITDA

Clariant 2010 –
Strategy overview

Investment & Financing highlights

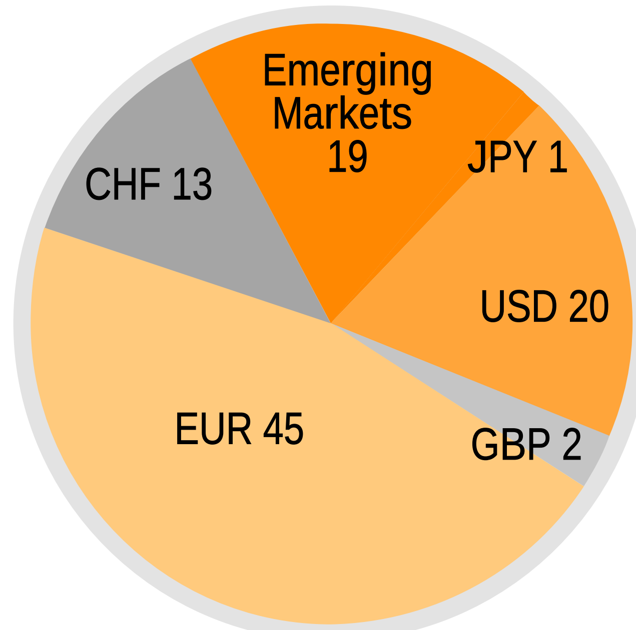
First Half 2007 – Sales and cost structure

Global sales distribution in %



in CHF mn

Global cost distribution in %



Sales impact of 10% (value shift)	of USD (- related) currencies = ~ 3.5 to 4.0 % of EUR (- related) currencies = ~ 4.0 to 5.0 %
Operating income impact of 10% (value shift)	of USD (- related) currencies = ~ CHF 60-80 mn of EUR (- related) currencies = ~ CHF 20-50 mn

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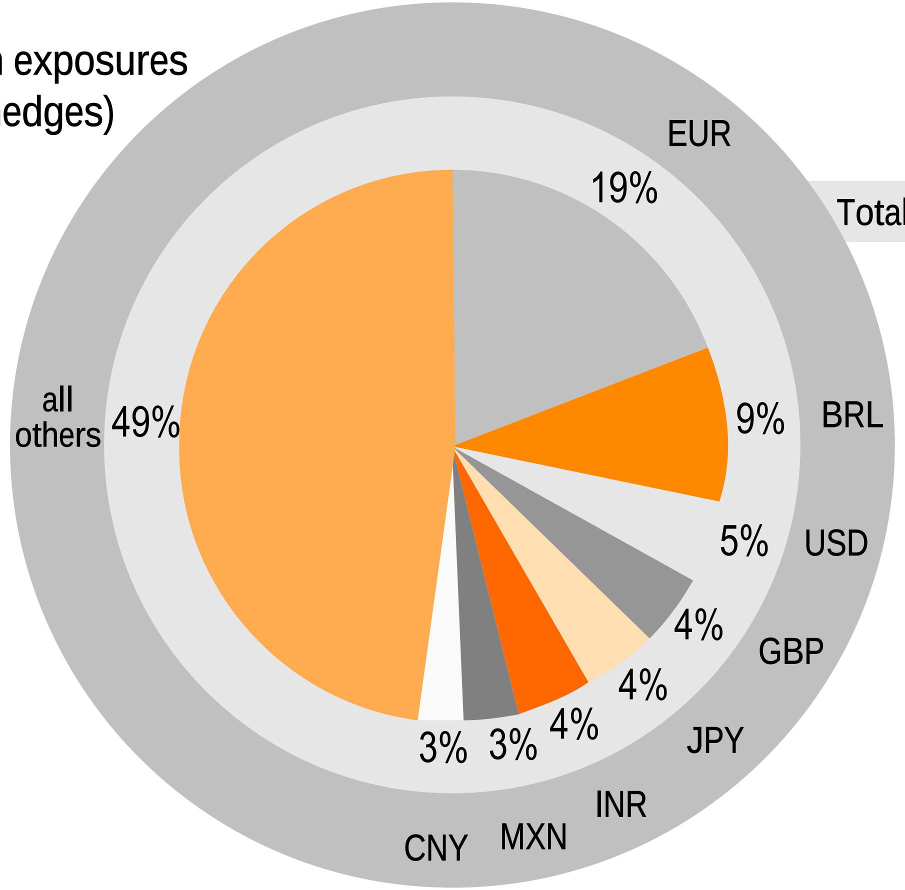
Investment & Financing highlights

Eight major currencies account for 50% of Group translation exposure

Net translation exposures
(post natural hedges)

Total size CHF 2.6 bn



- The FX-fluctuations <u>versus the CHF</u> mainly convert directly into the consolidated equity position (no P&L effect)
- The FX-fluctuations of AR/AP do convert directly into the P&L (FX-result)

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Investment & Financing highlights

FX transaction & translation policy

Transaction

- Promote the natural hedge ➔ cheapest
- Net out the exposures and selectively hedge mainly via forwards
- Hedge ratio: zero to 80% of net exposure
- Main difficulties: calculation of appropriate exposures
- Main currency pair: EUR/USD
- Effects almost fully in the P&L, most of it above the EBIT-line (competitive prices)
- Only effects from financial hedging are fully below the EBIT-line (part of financial result)

Translation

- Strive for FX-synchronized financing of our assets
- Normally the FX-fluctuations do partly offset each other
- In times of „CHF safe haven-function“ the equity-hit can be sizeable

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Calendar

Calendar of upcoming corporate events

November 7, 2007	Nine Month Results 2007
December 12-13, 2007	Merrill Lynch Conference, London
February 14, 2008	Full Year Results 2007
April 10, 2008	13th Annual General Meeting, Basel
April 30, 2008	First Quarter Results 2008
July 29, 2008	First Half Results 2008
November 4, 2008	Nine Month Results 2008

Backup

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Treasury Organization

Group Treasury in Muttenz

Chief Financial Officer
- Patrick Jany

Group Treasurer
- Philipp Hammel

Other Departments in Group Finance
Controlling, Accounting, Tax, Reporting, Investor Relations...

Assistant to Group Treasurer
- Regina Johner

Front Office

Group Treasury Credit Risk Management (GTCRM)
- Brigitta Bildstein
- Françoise Misslin
- Frank Schmid

Group Treasury Finance (GTF)
- Thomas Goerdt
- Stephan Heimberg
- Walter Fowlkes

Group Treasury Financial Risk & Asset Management (GTFRAM)
- Neil Harnisch
- Daniel Leuthardt
- Herbert Wetter
- Patrick Winterberg

Middle Office

Group Treasury Control (GTC)
- Michael Finkelstein
- Regina Johner
- Sara Mancinelli
- Tamara Platzer
- Thomas Tröster

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Target site structure

Target site structure	Actions

World factories

- Concentration of chemical production at regional strategic sites

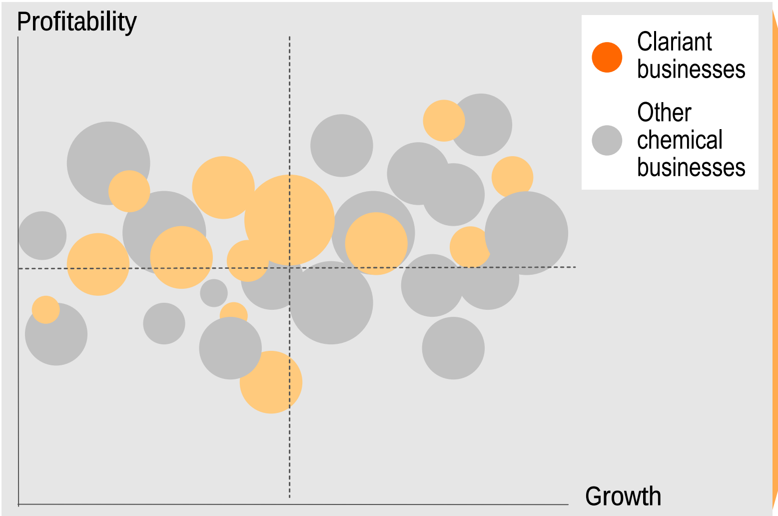
Locale production

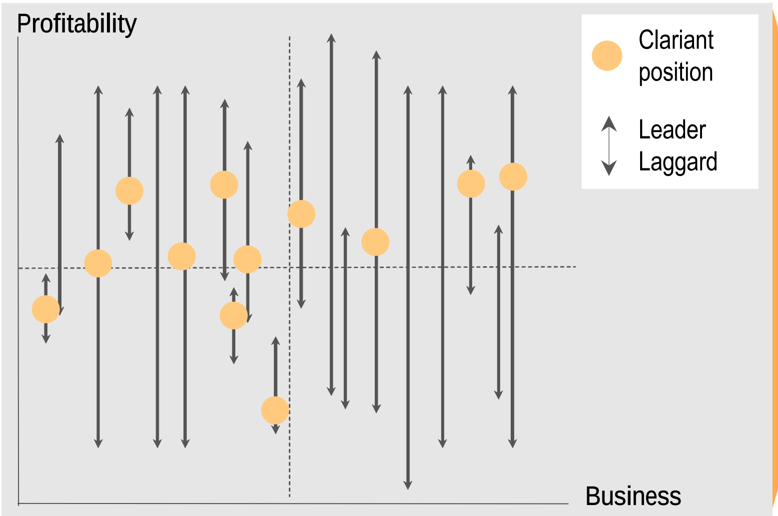
- Small, local sites with minimum infrastructure/ overheads for service-driven/ transport (cost) sensitive business

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

Building on our strengths, focusing on execution





Clariant's portfolio is in mid-range of the overall specialty chemicals landscape

Significant improvement potential within our own portfolio

Very large profitability spread within each segment

Key targets to achieve above average ROIC by end of 2009

ROIC composition			End 2009 targets*
ROIC	Operating margin	Sales	3-4% p.a.
		EBIT	~9%
	Asset turns	Fixed assets	invest 4-5% of sales p.a.
		Net working capital	reduction by 3-4% of sales
		Operating cash flow	CHF 600-800 mn p.a.

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

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Top priority businesses for growth investment

Top priority businesses to grow strategically	Businesses to grow selectively	Businesses to maintain and manage for cash
■ Coatings ■ Masterbatches ■ New businesses ■ Non-impact Printing ■ Process Chemicals – Oil Services – Functional Fluids – Refinery Chemicals	■ Leather ■ Paper ■ Performance Chemicals – Personal Care – Crop Protection – Construction Chemicals ■ Process Chemicals – Metal Working – Mining ■ Plastics ■ Specialties ■ Spec. Intermediates ■ Sulfur Dyes ■ Textile Chemicals	■ Biocides ■ Detergents ■ Printing Inks ■ Raw Materials ■ Textile Dyes
~30% High	~50% Medium	~20% Low

Percent of Group sales
Fund allocation

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Top priority regions for growth investment

Top priority regions to grow strategically	Regions to grow selectively	Regions to maintain present position
■ Greater China	■ Western Europe	■ Latin America
■ India	■ Pakistan	■ Japan
■ Middle East	■ Southeast Asia	■ South Korea
■ Eastern Europe	■ Turkey	■ Australia
■ North America		■ Africa
Percent of Group sales: ~25%	~55%	~20%
Fund allocation: High	Medium	Low

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Top 5 products in percentage of total raw material costs

Ranking	Product
1	Ethylene & -Oxide
2	Vinylacetate
3	Polyethylene
4	Titanium Dioxide
5	Acrylates