



Nine Months / Third Quarter 2008 Results

November 4, 2008

Hariolf Kottmann, CEO, & Patrick Jany, CFO



Exactly your chemistry.

Agenda

Highlights & financial results nine months 2008

Financial results third quarter

Business review

Outlook

Nine months 2008 – highlights

- Solid performance as a result of higher sales prices and lower costs
- Price increases of 6% compensate for a 15% increase in raw material costs
- Disappointing cash flow development due to high inventories
- Solid debt maturity profile and liquidity position
- Full-year guidance confirmed:
 - operating margin before exceptionals 6.5% – 6.8%, above 2007
 - continuing strong operating cash flow
- Accelerated restructuring to address underlying challenges

Solid result, addressing challenges ahead

Nine months 2008 – financials

	9M/08	9M/07
Sales in CHF million	6 327	6 447
Sales growth in local currencies	5%	4%
Gross margin	29.6%	29.6%
EBIT margin before exceptionals	7.7%	6.5%
Operating cash flow in CHF million	174	320
Net income in CHF million	170	22



Financial Results Third Quarter

Patrick Jany, CFO



Exactly your chemistry.

Third quarter 2008 – financials

	Q3/08	Q3/07
Sales in CHF million	2 094	2 111
Sales growth in local currencies	5%	2%
Gross margin	29.4%	28.9%
EBIT margin before exceptionals	8.5%	5.8%
Operating cash flow in CHF million	147	266
Net income in CHF million	78	-51

Strong sales growth, slowing dynamics in China and Germany

Sales growth in local currencies

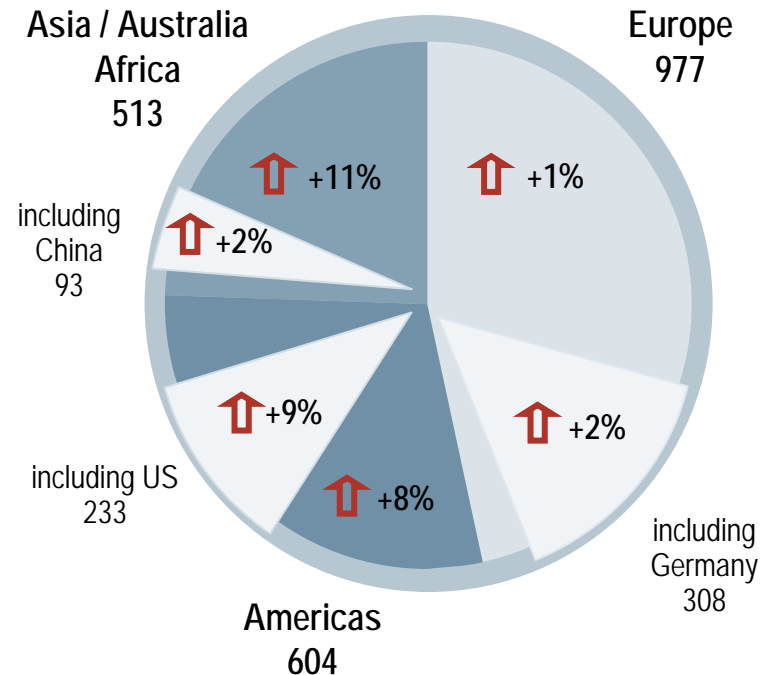
Q3/08


Q3/07

5%

2%

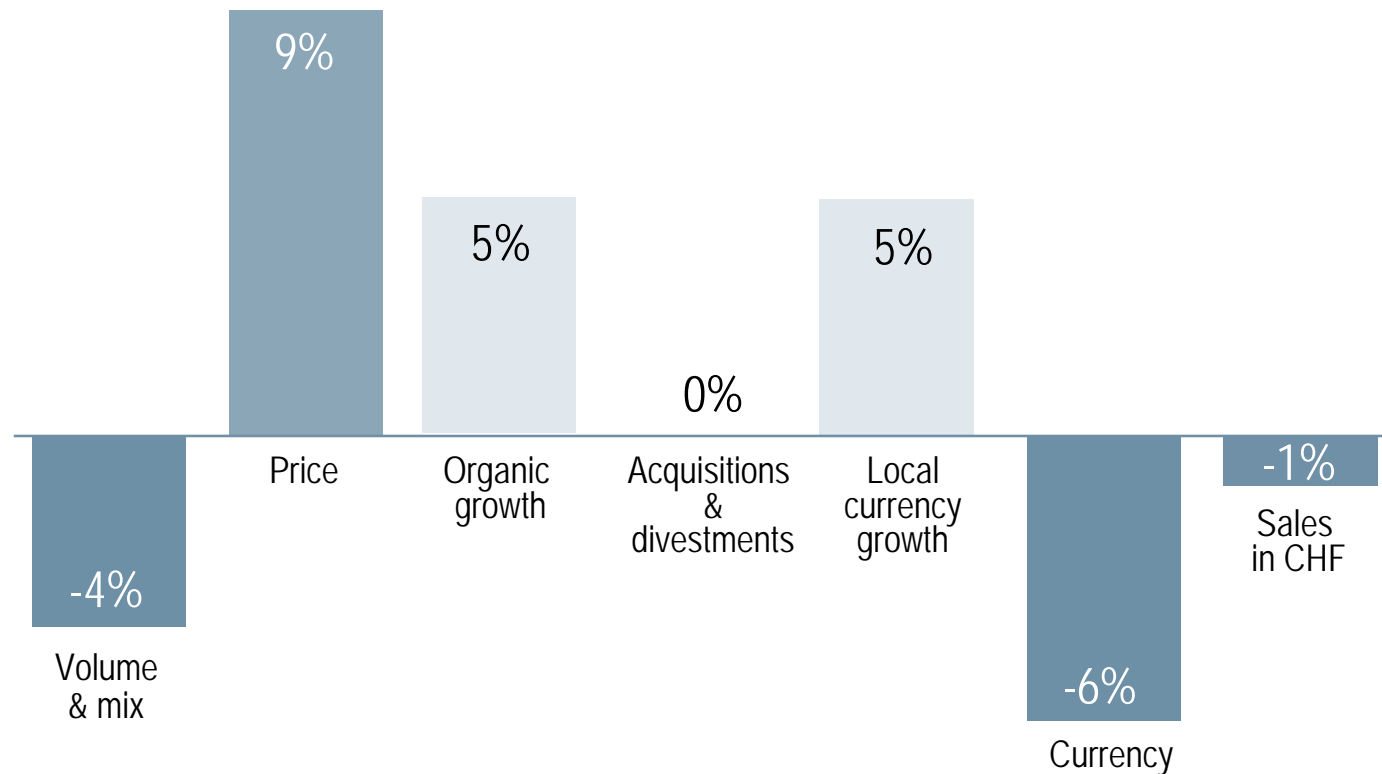
- Sales up 5% in local currencies (+3% in Q1/08, +5% in Q2/08)
- Prices up 9%, volume down 4%
- Slowing growth dynamics in China and Germany: +27% and +7% in Q2/08
- Negative FX impact equivalent to -6% of sales, mainly from weak USD (-5% in Q1/08, -8% in Q2/08)



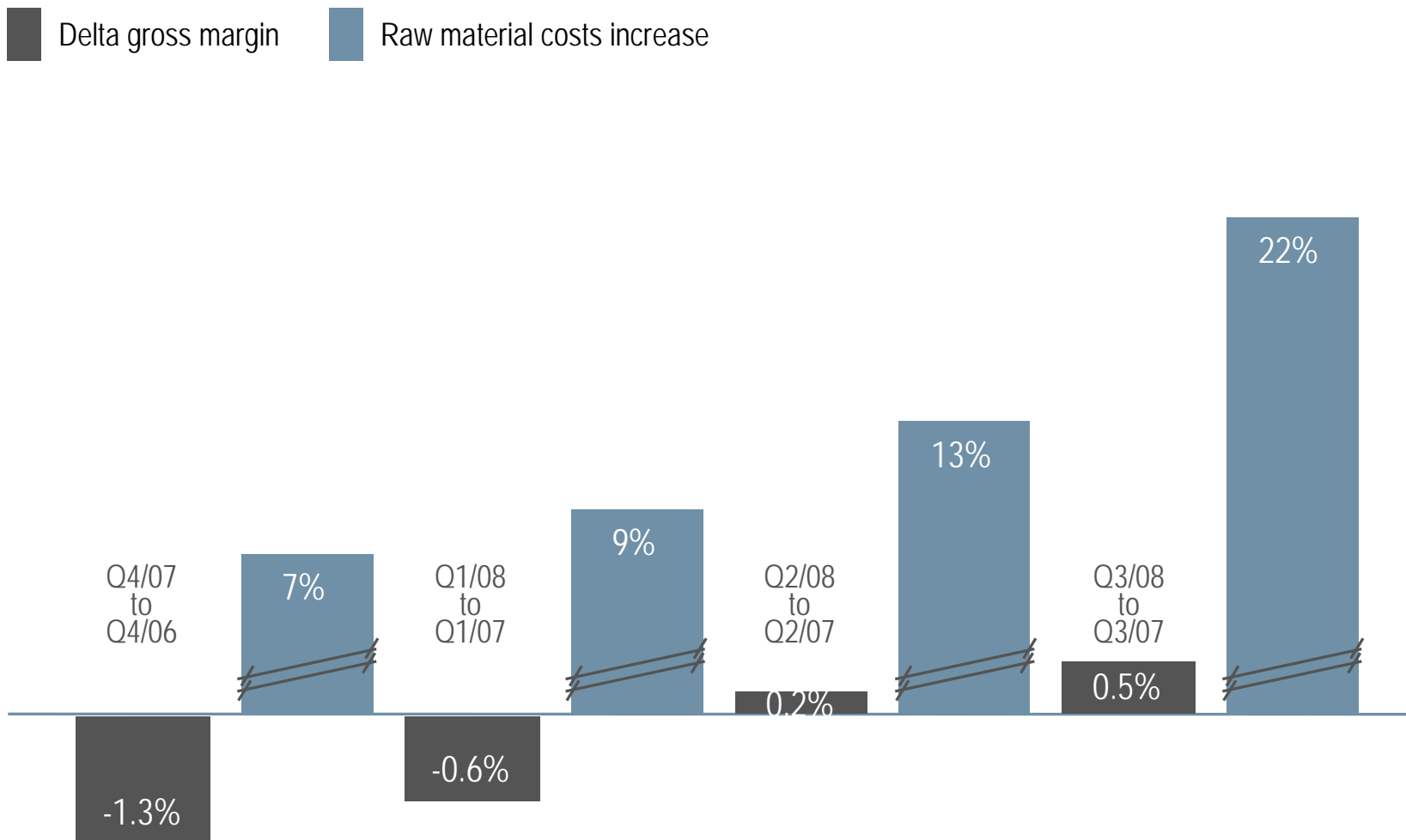
 sales growth in local currencies

Strong sales price increases offset lower volumes

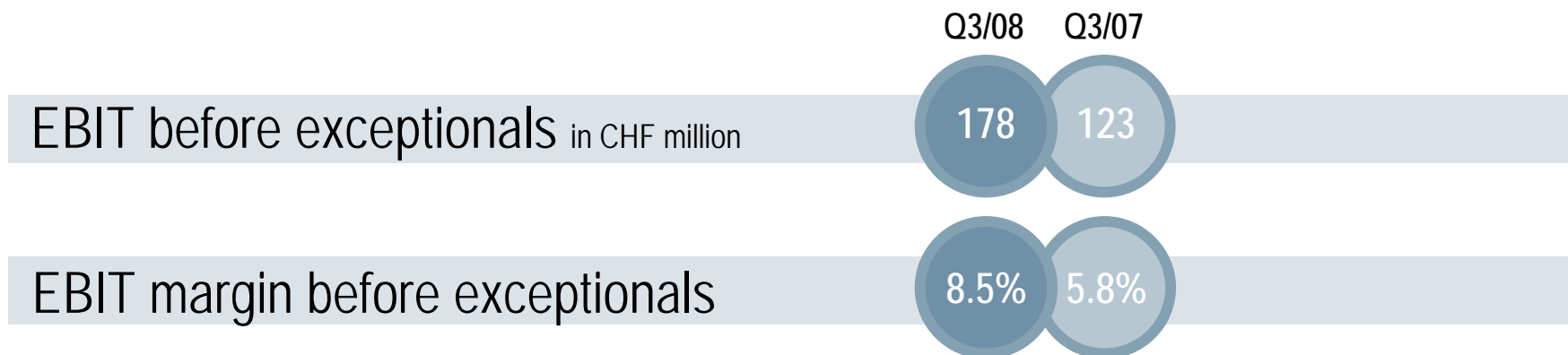
Third quarter 2008 versus Third quarter 2007



Gross margin improving



Operating income margin rises



- Price increases of 9% compensate for a 22% increase in raw material costs
- Sales, general and administration costs fall to 19.3% of sales from 21.1% in Q3/07
- Operating income margin before exceptionals rises to 8.5% from 5.8% in Q3/07
- Net positive impact of inventory revaluation on gross income and EBIT of approximately CHF 30 million
- Currency-related negative impact on operating income of CHF -11 million, compared to CHF -36 million in Q1/08 and CHF -23 million in Q2/08

Cash flow and financial result

Operating cash flow in CHF million

Q3/08

Q3/07

147

266

- Cash flow negatively impacted by high inventories
 - inventories build-up in anticipation of tight supply situations
 - revaluation of inventory due to rising raw material prices

Financial result in CHF million

-12

-43

- Improvement entirely due to foreign exchange gains of CHF 13 million vs. loss of CHF 19 million in Q3/07
- Net debt down to CHF 1 432 million from CHF 1 476 million by the end of Q2/08



Business Review

Patrick Jany, CFO



Exactly your chemistry.

Textile, Leather & Paper Chemicals

	Third quarter 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	521		581		-10	-3
EBITDA before exceptionals	43	8.3	46	7.9	-7	7
Operating income before exceptionals	26	5.0	28	4.8	-7	15
Operating income	7	1.3	-59	-10.2	-	-



Business trends

- Double-digit volume decreases in Textiles and Leather
- Weak automotive and upholstery demand in Leather
- Unprecedented sales price increases in all three segments
- Strong cost reductions to support operating margin
- Closure of Selby and Horsforth sites according to plan

Pigments & Additives

	Third quarter 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	510		525		-3	3
EBITDA before exceptionals	91	17.8	73	13.9	25	34
Operating income before exceptionals	71	13.9	53	10.1	34	45
Operating income	66	12.9	28	5.3	136	148

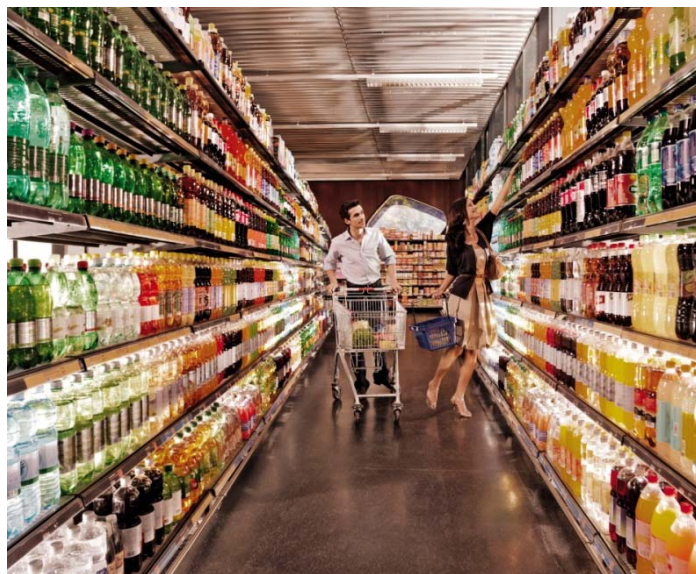


Business trends

- Profitable growth, but signs of weakness in Plastics and Base Products
- Strength in emerging markets; Europe and the US weak
- Coatings suffered from weakening automotive and paints demand in Europe and North America
- Higher sales prices offset rising raw materials costs
- Operating margin improved due to implementation of restructuring measures and focus on cost leadership

Masterbatches

	Third quarter 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	338		343		-1	6
EBITDA before exceptionals	37	10.9	37	10.8	0	6
Operating income before exceptionals	28	8.3	29	8.5	-3	5
Operating income	17	5.0	28	8.2	-39	-33



Business trends

- Solid performance supported by cost reductions in a weaker demand environment
- Rapidly slowing automotive, construction and textile markets impacted in Europe and North America
- Strong growth in Latin America and the Middle East
- Price initiatives offset much higher raw material costs
- Rite Systems / Ricon Colors acquisition contributing positively to result

Functional Chemicals

	Third quarter 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	725		662		10	15
EBITDA before exceptionals	84	11.6	52	7.9	62	71
Operating income before exceptionals	67	9.2	35	5.3	91	105
Operating income	66	9.1	35	5.3	89	104



Business trends

- Volumes resilient against economic downturn so far
- Positive trend continued in all regions
- Diversified portfolio to support robust sales growth, notably in Oil Services and Crop Protection businesses
- Continuing margin improvements year-on-year on the back of strong sales price increases
- Personal Care developed very favorably



Outlook

Patrick Jany, CFO



Exactly your chemistry.

Clariant's answer to today's challenges

Global economic slowdown



- Decisively drive costs down and accelerate restructuring in 2009/2010

Volatility in FX rates



- Global asset base as a natural hedge
- Partly hedging net USD transaction exposure

High and volatile raw materials & energy costs



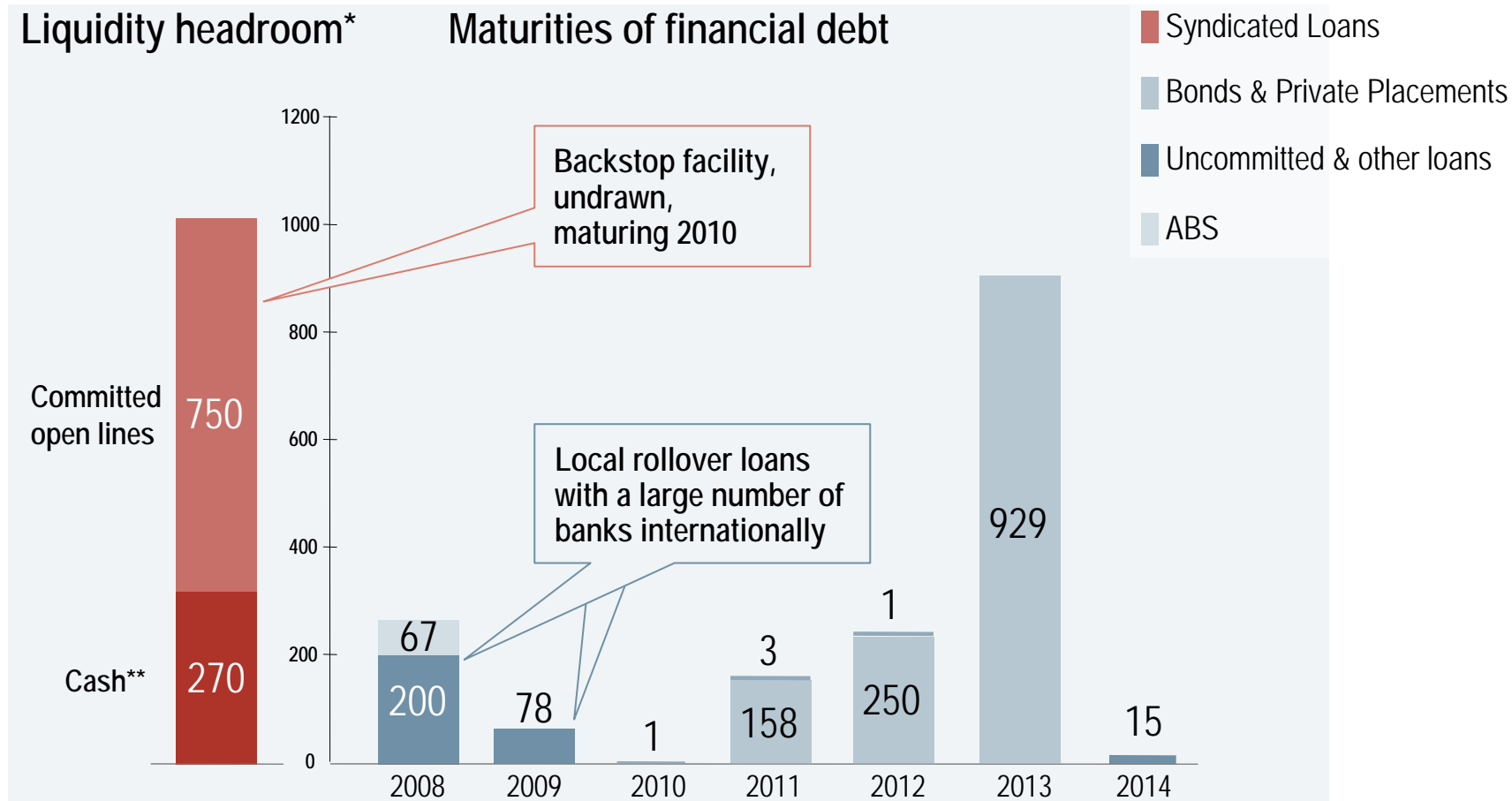
- Global procurement organization, sourcing flexibility
- Price increases to defend gross margin

Credit markets, liquidity



- No debt maturities until 2011
- Local rollover loans diversified on large no. of banks

Debt maturity profile on September 30, 2008



in CHF million

* total committed and uncommitted facilities at headquarters > CHF 1 billion ** including short-term deposits (90-365 days)

Short-term outlook on Q4/2008

Environment

- Economic downturn has reached Clariant's customer segments
- Industrial consumers rapidly adapting to weakening demand
- Sharp slowdown in global GDP growth
- Raw material costs peaked in Q3/08, energy costs continuing to rise

Clariant

- Seasonal weakness intensified by general weakness in demand
- Focus on cash flow generation, cost reduction and price increases
- Negative impact of around CHF 10 to 15 million on operating income from an ethylene cracker maintenance shutdown

Outlook for 2008 confirmed

- Improving operating margin before exceptional items compared to 2007, between 6.5% and 6.8%
- Continuing strong cash flow generation

Calendar of upcoming corporate events



Exactly your chemistry.

February 17, 2009

Full Year 2008 Results

April 2, 2009

Annual General Meeting, Basel

May 6, 2009

First Quarter 2009 Results

July 30, 2009

Half Year 2009 Results

November 4, 2009

Nine Months 2009 Results

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Backup Slides



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Nine months 2008 – key financial group figures

	Nine months 2008			
	2008		2007	
	CHF million	% of sales	CHF million	% of sales
Sales	6 327	100%	6 447	100%
Local currency growth (LC)	5%			
- Organic growth rate*	4%			
- Acquisitions/Divestments	1%			
Currencies	-7%			
Gross profit	1 874	29.6%	1 908	29.6%
EBITDA before exceptionals	679	10.7%	618	9.6%
EBITDA	589	9.3%	538	8.3%
Operating income before exceptionals	488	7.7%	417	6.5%
Operating income	377	6.0%	271	4.2%
Net income from continuing operations	171	2.7%	129	2.0%
Operating cash flow (total operations)**	174		320	
Discontinued operations				
Sales	0		81	
Net loss from discontinued operations	-1		-107	

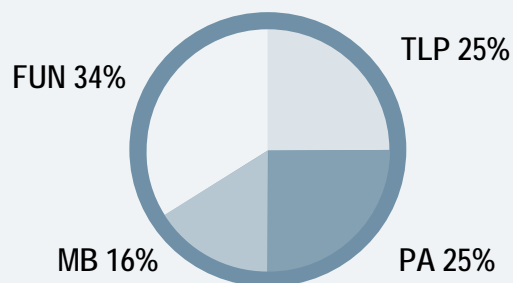
* organic growth: volume and price effects excluding the impact of changes in foreign currency exchange rates and acquisitions/divestments

** the presentation of the cash flow statement was changed to provide additional relevant information. Comparative information was reclassified accordingly

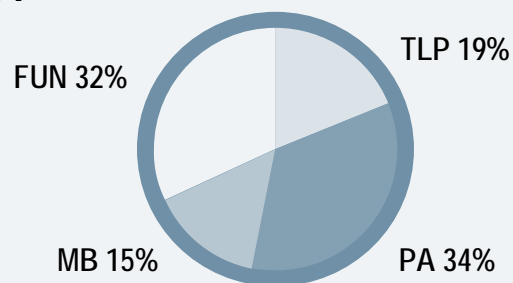
Sales and EBITDA margins by divisions – nine months 2008

	Nine months 2008			
	Sales		EBITDA Margin in %*	
	CHF million	% LC	2008	2007
Textile, Leather & Paper Chemicals	1 591	-3%	8.9	9.3
Pigments & Additives	1 578	6%	15.7	13.3
Masterbatches	1 020	2%	11.2	11.4
Functional Chemicals	2 138	12%	11.0	9.1
Total Group	6 327	5%	10.7	9.6

Sales



EBITDA*



* before exceptional items

Regional sales growth – nine months 2008

Sales growth in local currencies

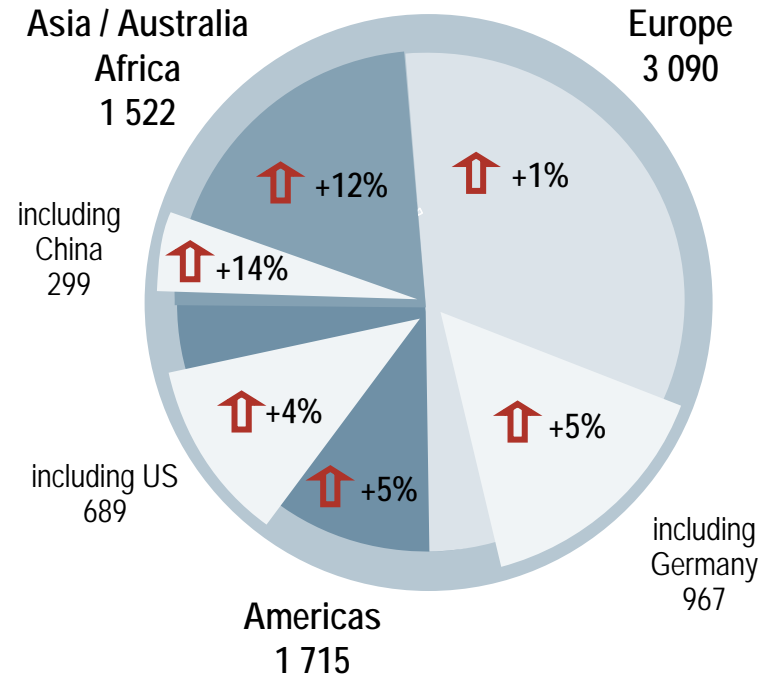
9M/08


9M/07

5%

4%

- Sales up 5% in local currencies
- Prices up 6%, volume down 1%
- Negative FX impact equivalent to –7% of sales, mainly from weak USD



 sales growth in local currencies

Cash flow – nine months 2008

	Nine months 2008	
	2008	2007*
	CHF million	CHF million
Net income	170	22
Depreciation, amortization & impairment	212	274
Other	72	143
Operating cash flow before working capital changes	454	439
Changes in working capital and provisions	-280	-119
Operating cash flow	174	320
Capital expenditure	-51	-155
<i>thereof: Property, Plant & Equipment</i>	-177	-211
<i>thereof: Changes in current financial assets</i>	126	56
Acquisitions, divestments and other	-76	25
Cash flow before financing	47	190

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Financial result – nine months 2008

	Nine months 2008	
	2008	2007
	CHF million	CHF million
Interest income	11	19
Interest expenses	-64	-83
Other financial income & expenses	-10	-9
Net interest result	-63	-73
Currency result, net	-35	11
Total financial result	-98	-62

Textile, Leather & Paper Chemicals – nine months results

	Nine months 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	1 591		1 779		-11	-3
EBITDA before exceptionals	141	8.9	165	9.3	-15	-7
Operating income before exceptionals	92	5.8	111	6.2	-17	-7
Operating income	58	3.6	15	0.8	287	349



Business trends

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Pigments & Additives – nine months results

	Nine months 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	1 578		1 586		-1	6
EBITDA before exceptionals	247	15.7	211	13.3	17	24
Operating income before exceptionals	189	12.0	151	9.5	25	34
Operating income	167	10.6	125	7.9	34	41

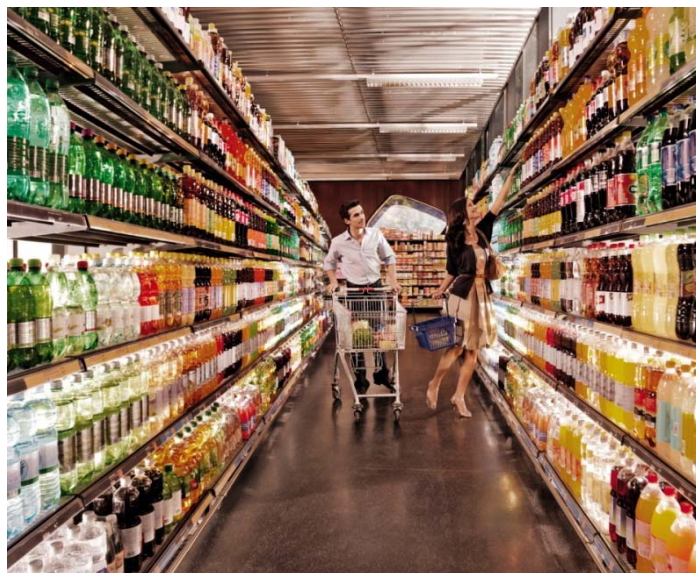


Business trends

- Profitable growth, but signs of weakness in Plastics and Base Products
- Strength in emerging markets; Europe and the US weak
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Masterbatches – nine months results

	Nine months 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	1 020		1 065		-4	2
EBITDA before exceptionals	114	11.2	121	11.4	-6	1
Operating income before exceptionals	89	8.7	96	9.0	-7	-1
Operating income	76	7.5	77	7.2	-1	6



Business trends

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Functional Chemicals – nine months results



Exactly your chemistry.

	Nine months 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	2 138		2 017		6	12
EBITDA before exceptionals	236	11.0	184	9.1	28	36
Operating income before exceptionals	185	8.7	133	6.6	39	48
Operating income	177	8.3	134	6.6	32	41



Business trends

- Volumes resilient against economic downturn so far
- Positive trend continued in all regions
- Diversified portfolio to support robust sales growth, notably in Oil Services and Crop Protection businesses
- Continuing margin improvements year-on-year on the back of strong sales price increases
- Personal Care developed very favorably

Third quarter 2008 – key financial group figures

	Third quarter 2008			
	2008		2007	
	CHF million	% of sales	CHF million	% of sales
Sales	2 094		2 111	
Local currency growth (LC)	5%			
- Organic growth rate*	5%			
- Acquisitions/Divestments	0%			
Currencies	-6%			
Gross profit	615	29.4%	611	28.9%
EBITDA before exceptionals	242	11.6%	188	8.9%
EBITDA	198	9.5%	132	6.3%
Operating income before exceptionals	178	8.5%	123	5.8%
Operating income	119	5.7%	5	0.2%
Net income from continuing operations	79	3.8%	-45	-2.1%
Operating cash flow (total operations)**	147		266	
Discontinued operations				
Sales	0		0	
Net loss from discontinued operations	-1		-6	

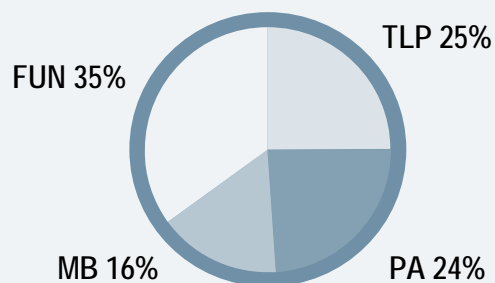
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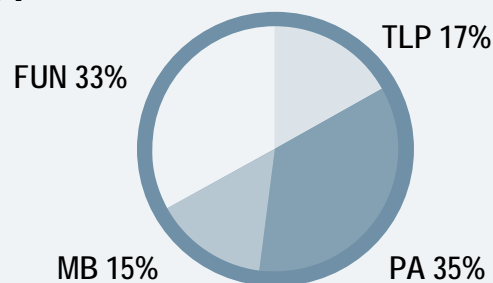
Sales and EBITDA margins by divisions – third quarter 2008

	Third quarter 2008			
	Sales		EBITDA Margin in %*	
	CHF million	% LC	2008	2007
Textile, Leather & Paper Chemicals	521	-3%	8.3	7.9
Pigments & Additives	510	3%	17.8	13.9
Masterbatches	338	6%	10.9	10.8
Functional Chemicals	725	15%	11.6	7.9
Total Group	2 094	5%	11.6	8.9

Sales



EBITDA*



* before exceptional items

Cash flow – third quarter 2008

	Third quarter 2008	
	2008	2007*
	CHF million	CHF million
Net income	78	-51
Depreciation, amortization & impairment	79	127
Other	6	25
Operating cash flow before working capital changes	163	101
Changes in working capital and provisions	-16	165
Operating cash flow	147	266
Capital expenditure	-69	100
<i>thereof: Property, Plant & Equipment</i>	<i>-70</i>	<i>-79</i>
<i>thereof: Changes in current financial assets</i>	<i>1</i>	<i>179</i>
Acquisitions, disposals and other	-44	23
Cash flow before financing	34	389

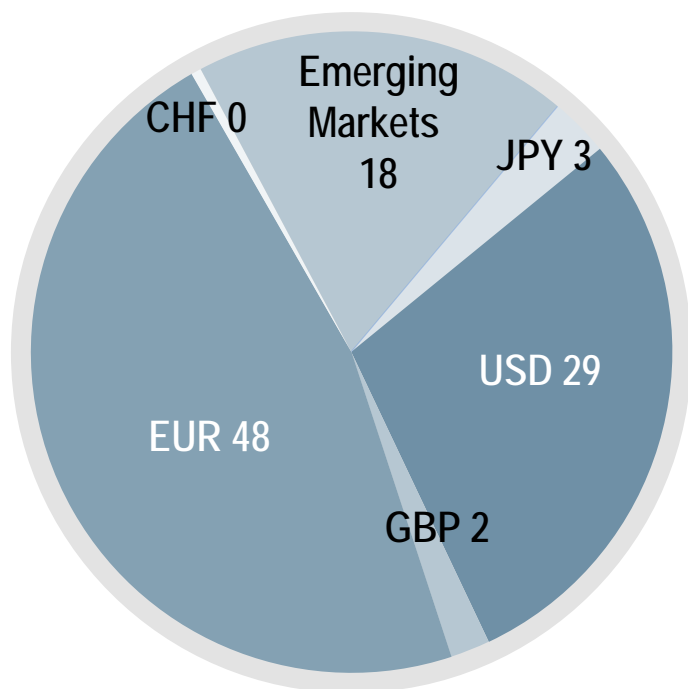
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Financial result – third quarter 2008

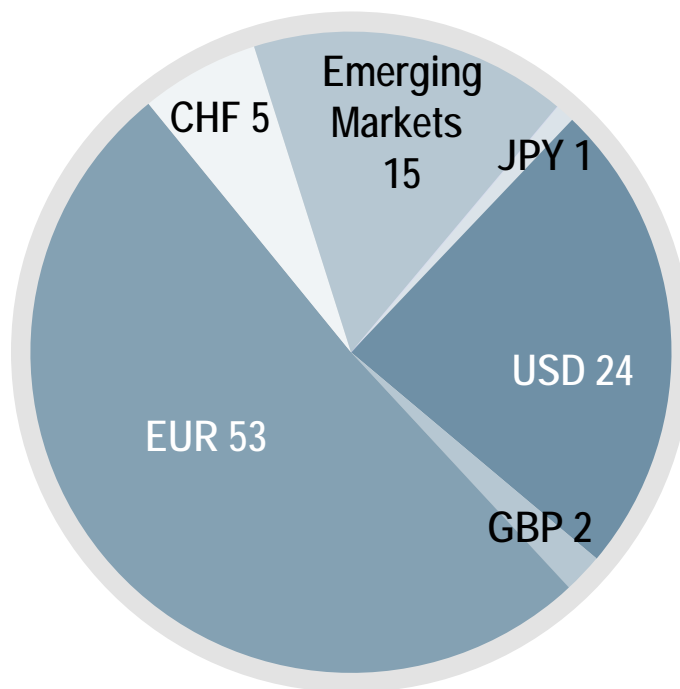
	Third quarter 2008	
	2008	2007
	CHF million	CHF million
Interest income	3	8
Interest expenses	-24	-29
Other financial income & expenses	-4	-3
Net interest result	-25	-24
Currency result, net	13	-19
Total financial result	-12	-43

Sales and cost structure first half-year 2008

Global sales distribution in %

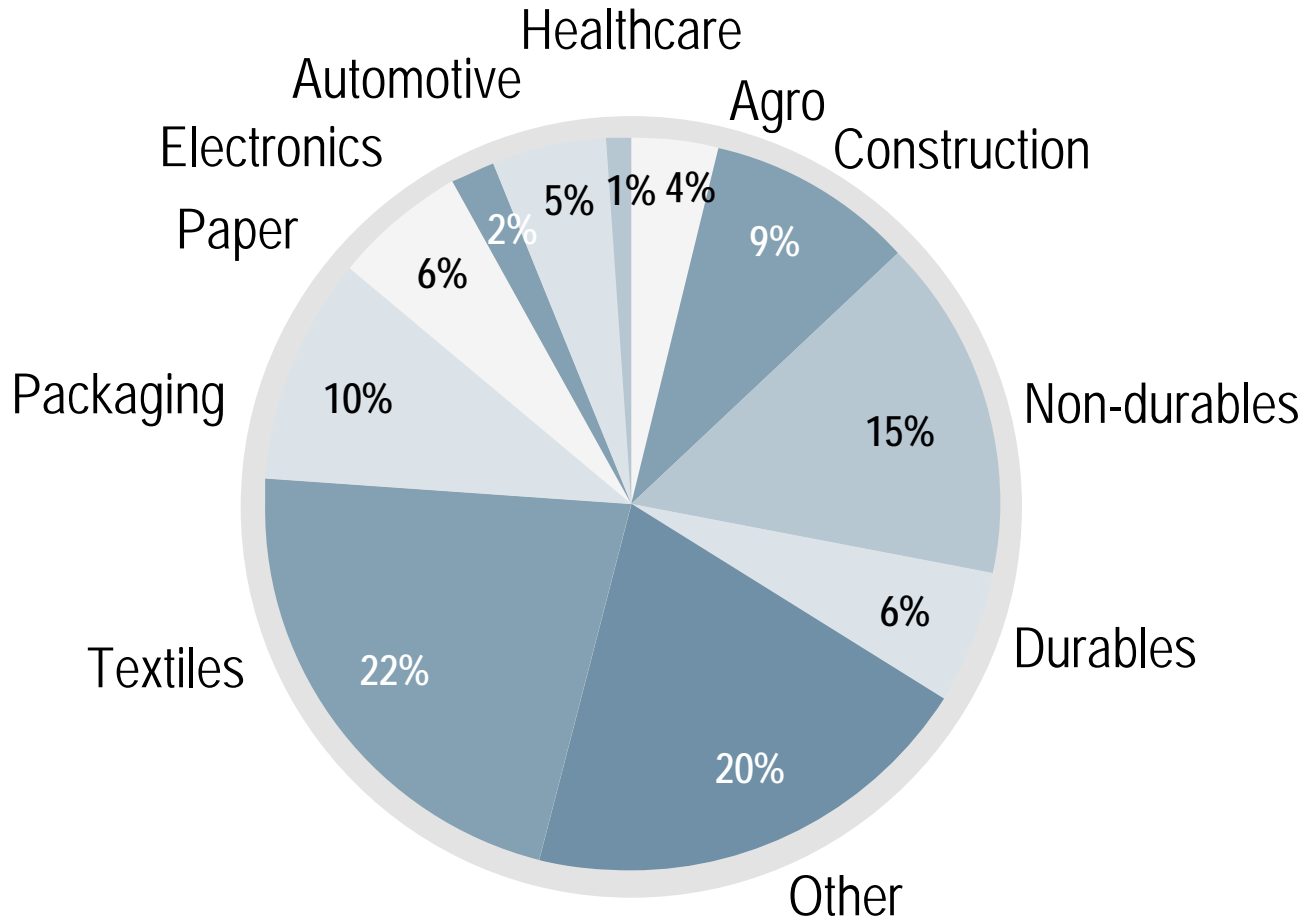


Global cost distribution in %



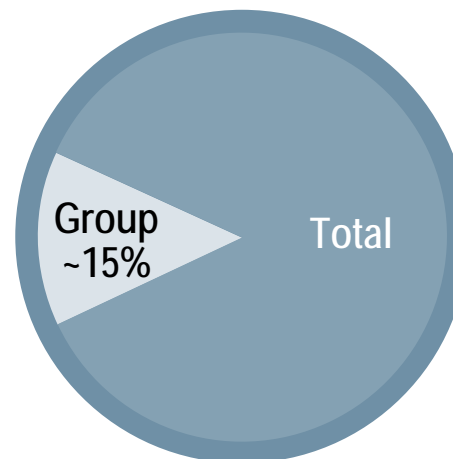
These distributions represent an approximation to total cash in- and outflows and are closely linked to transaction exposures

Divisional sales full year 2007 in end-user markets



Top 5 products in percentage of total raw material costs

Ranking	Product
1	Ethylene & -Oxide
2	Polyethylene
3	Vinyl acetate
4	Acetic Acid
5	Acrylates



Businesses and market segments

Textile, Leather & Paper Chemicals

- Textile
- Leather
- Paper

Pigments & Additives

- Business Unit Coatings
- Business Unit Plastics
- Business Unit Specialties
- Business Unit Base Products

Masterbatches

- Packaging
- Consumer Goods
- Textiles
- Automotive
- Major Resin Producers

Functional Chemicals

- Chemical Management Solutions
- Industrial & Consumer Care
- Regional Business Units e.g. Detergents & Intermediates

Disclaimer

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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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