



Full-Year 2008 Results

17 February 2009



Exactly your chemistry.

Highlights 2008 & full-year results

Financial results fourth quarter 2008

Business review

Strategy update

Outlook

Full-year 2008 – highlights

- Operating margin and cash flow guidance for 2008 achieved, despite unprecedented business conditions in the fourth quarter
- Higher sales prices (+7%) offset rising raw material costs (+15%)
- Gross margin slightly down due to low capacity utilization in the fourth quarter
- Net working capital improved substantially towards the end of the year
- Solid debt maturity profile and liquidity position – no debt refinancing until 2011
- Initiatives launched to strengthen focus on cash generation and sustainably reduce cost base
- Clear focus 2009 on cash generation, cost cutting, complexity reduction

First important steps achieved, but many more ahead

Full-year 2008 – financials

	FY/08	FY/07
Sales in CHF million	8 071	8 533
Sales growth in local currencies	1%	4%
Gross margin	28.7%	29.2%
EBIT margin before exceptionals	6.6%	6.3%
Operating cash flow in CHF million	391	540
Net income in CHF million	-37*	5

* incl. CHF 180 million impairment in Textile and Leather business



Financial Results Fourth Quarter



Exactly your chemistry.

Fourth quarter 2008 – financials

	Q4/08	Q4/07
Sales in CHF million	1 744	2 086
Sales growth in local currencies	-9%	3%
Gross margin	25.2%	27.8%
EBIT margin before exceptionals	2.4%	5.8%
Operating cash flow in CHF million	217	220
Net income in CHF million	-207*	-17

* incl. CHF 180 million impairment in Textile and Leather business

Resilience in Latin America, reduced demand elsewhere

Sales growth in local currencies

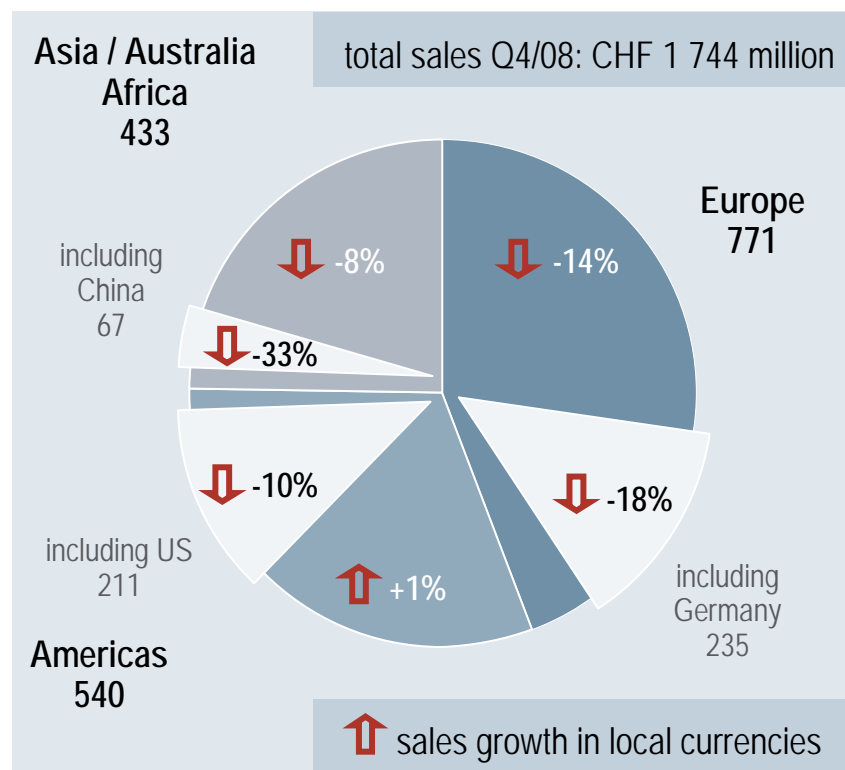
Q4/08

Q4/07

-9%

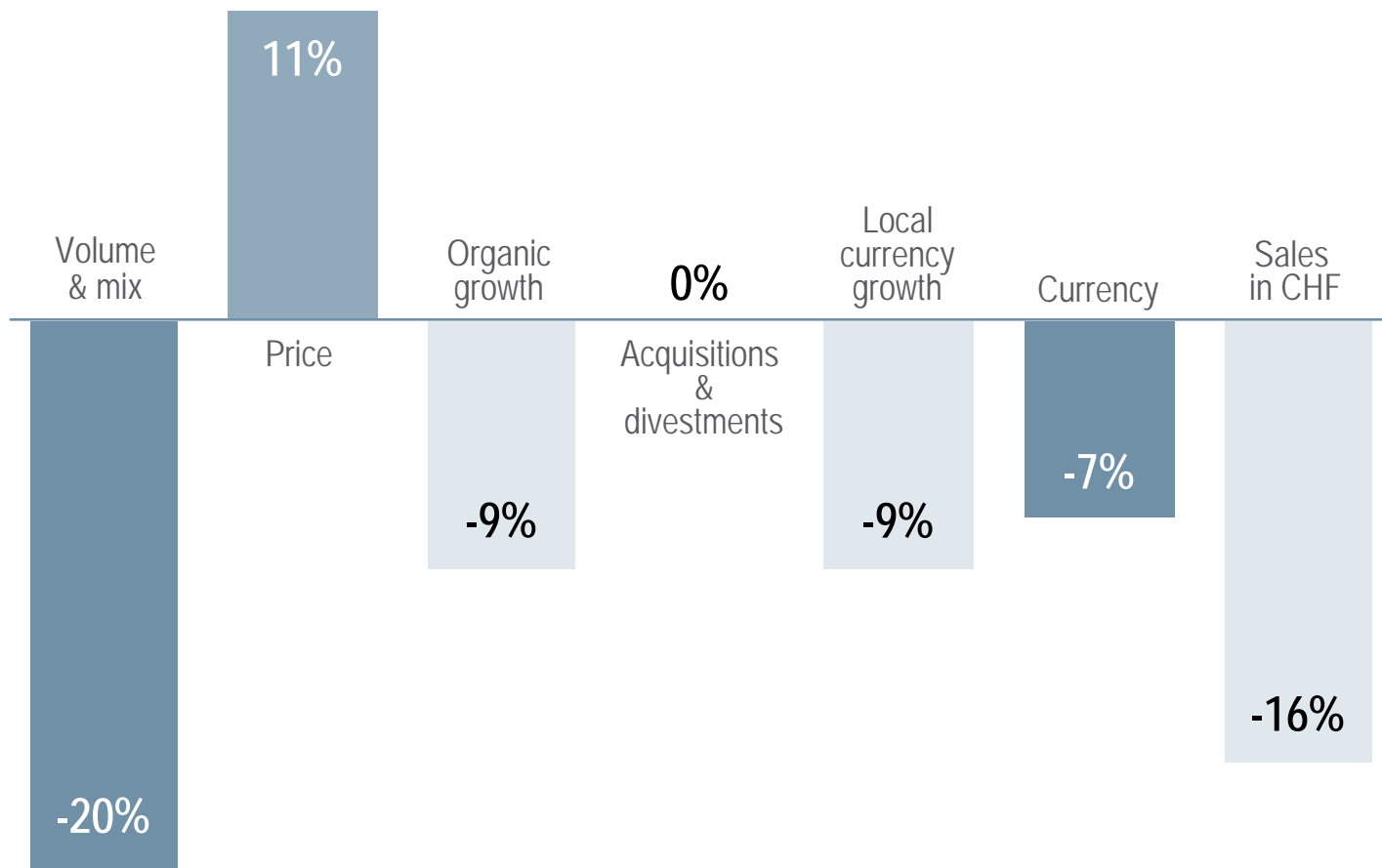
3%

- Sales down 9% in local currency (+3% in Q1/08, +5% in Q2/08, +5% in Q3/08)
- Latam robust with sales growth of 8% in local currency
- China extremely weak
- Global demand falling towards the end of the quarter



Volumes down substantially

Fourth quarter 2008 versus fourth quarter 2007



Operating income

	Q4/08	Q4/07
EBIT before exceptionals <small>in CHF million</small>	42	122
EBIT margin before exceptionals	2.4%	5.8%

- Price increases of 11% compensate for a 14% increase in raw material costs
- Volume drop impacted gross margin and led to significant idle facility costs
- SG&A costs reduced by 14% or CHF 59 million year-on-year
- Net effect of two one-off items on operating income as expected – cracker shut-down in Germany, reversal of inventory revaluation in Q3/08
- Currency-related positive impact on operating income of CHF 2 million (Q1/08: CHF –36 million; Q2/08: CHF –23 million; Q3/08: –11 million)

Cash flow and financial result

	Q4/08	Q4/07
Operating cash flow in CHF million	217	220

- Cash flow at previous year level
 - aggressive inventory reduction in all businesses
 - strong focus on overdues to keep receivables under control

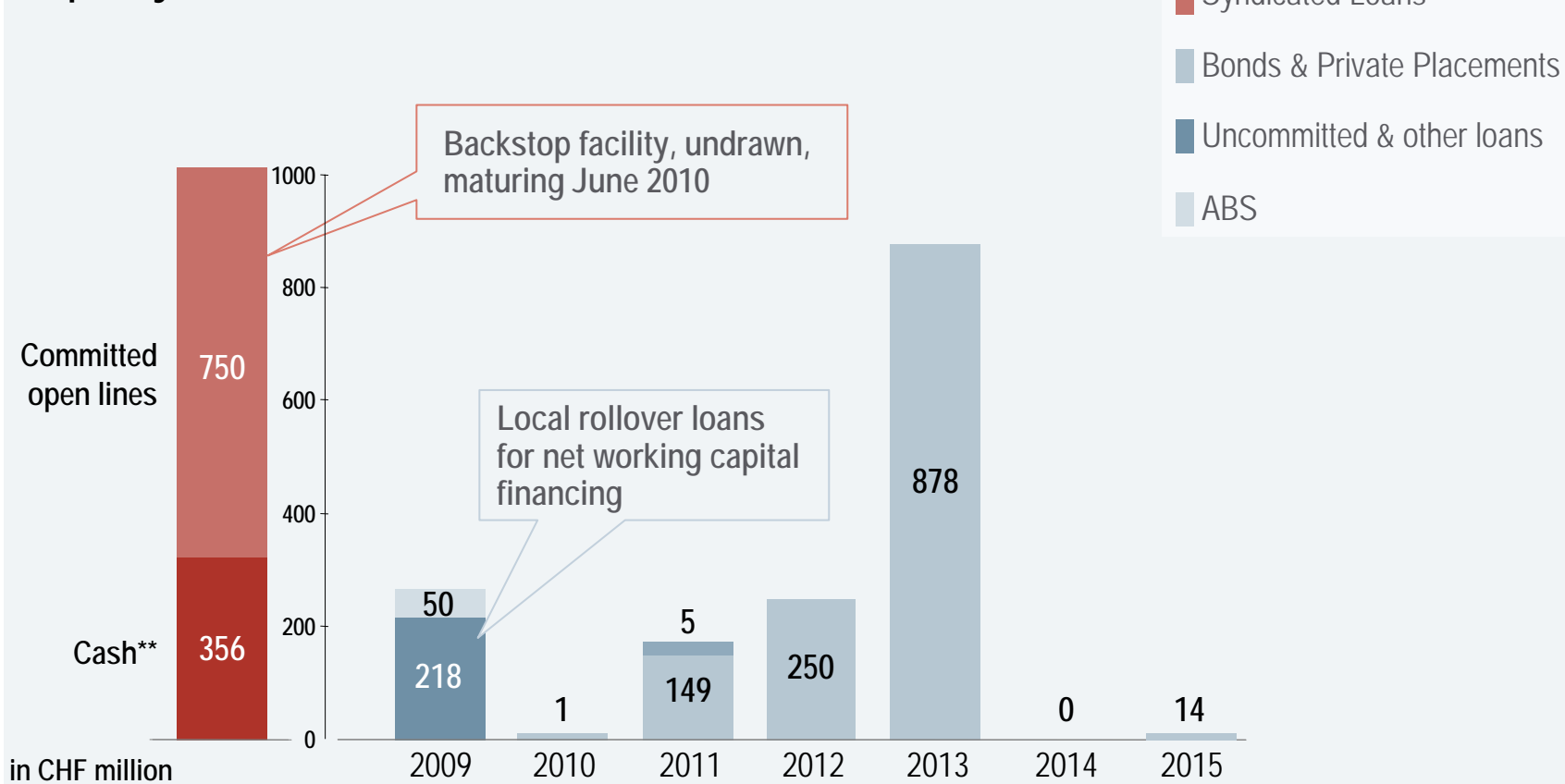
	Q4/08	Q4/07
Financial result in CHF million	-40	-9

- Lower financial result entirely due to foreign exchange losses of CHF 18 million vs. gain of CHF 12 million in Q4/07 – strengthening of the Swiss franc
- Net debt down to CHF 1 209 million from CHF 1 432 million by the end of Q3/08
- Lower interest expenses of CHF 21 million vs. CHF 24 in Q4/07

Debt maturity profile as of Dec. 31, 2008

Liquidity headroom*

Maturities of financial debt



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



Business Review



Exactly your chemistry.

Responses to the downturn in fourth quarter 2008

- Safeguard strong cash flow by
 - aggressive destocking of inventories
 - focus on receivables, minimize overdues
 - reduced approval of capex projects

- Personnel measures
 - short-time work at some plants
 - reduction of holiday and overtime accounts
 - termination of contractor work

- Temporary production cut-backs

Textile, Leather & Paper Chemicals

	Fourth quarter 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	429		553		-22	-13
EBITDA before exceptionals	11	2.6	52	9.4	-79	-73
Operating income before exceptionals	-5	-	34	6.1	-	-
Operating income	-189	-	25	4.5	-	-



Business trends

- Unprecedented sales price increases compensate for higher raw material costs
- Sharp drop in sales volumes impacting operating profit; accelerating in December
- SG&A costs massively reduced across the division
- CHF 180 million impairment in Textile and Leather
- Selby production site closed by end 2008, Horsforth closure on track for mid 2009

	Fourth quarter 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	370		490		-24	-20
EBITDA before exceptionals	46	12.4	67	13.7	-31	-27
Operating income before exceptionals	27	7.3	41	8.4	-34	-30
Operating income	31	8.4	-48	-	165	172



Business trends

- Inventory destocking and weakness in demand
- Substantial cost reductions achieved
- Idle facility costs impacting profitability
- Market-driven reorganization of the Plastics business
- Wax emulsions business Dick Peters (NL) sold to Altana

	Fourth quarter 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	258		315		-18	-11
EBITDA before exceptionals	8	3.1	32	10.2	-75	-67
Operating income before exceptionals	0	0.0	28	8.9	-	-96
Operating income	0	0.0	25	7.9	-	-98



Business trends

- Slowdown in demand spread to all world regions
- Packaging applications relatively resilient to downturn
- Destocking along the value chain
- Rite Systems / Ricon colors integrated
- Strategically located new production plant in China opened

	Fourth quarter 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	687		728		-6	3
EBITDA before exceptionals	80	11.6	78	10.7	3	12
Operating income before exceptionals	64	9.3	61	8.4	5	14
Operating income	59	8.6	60	8.2	-2	7



Business trends

- Strong demand in less GDP-sensitive businesses such as Personal Care or Detergents & Intermediates
- Record season for De-icing business
- Gross margin stable year-on-year
- Weakness in industrial activities e.g. Construction
- Impact of cracker shutdown in Germany as expected

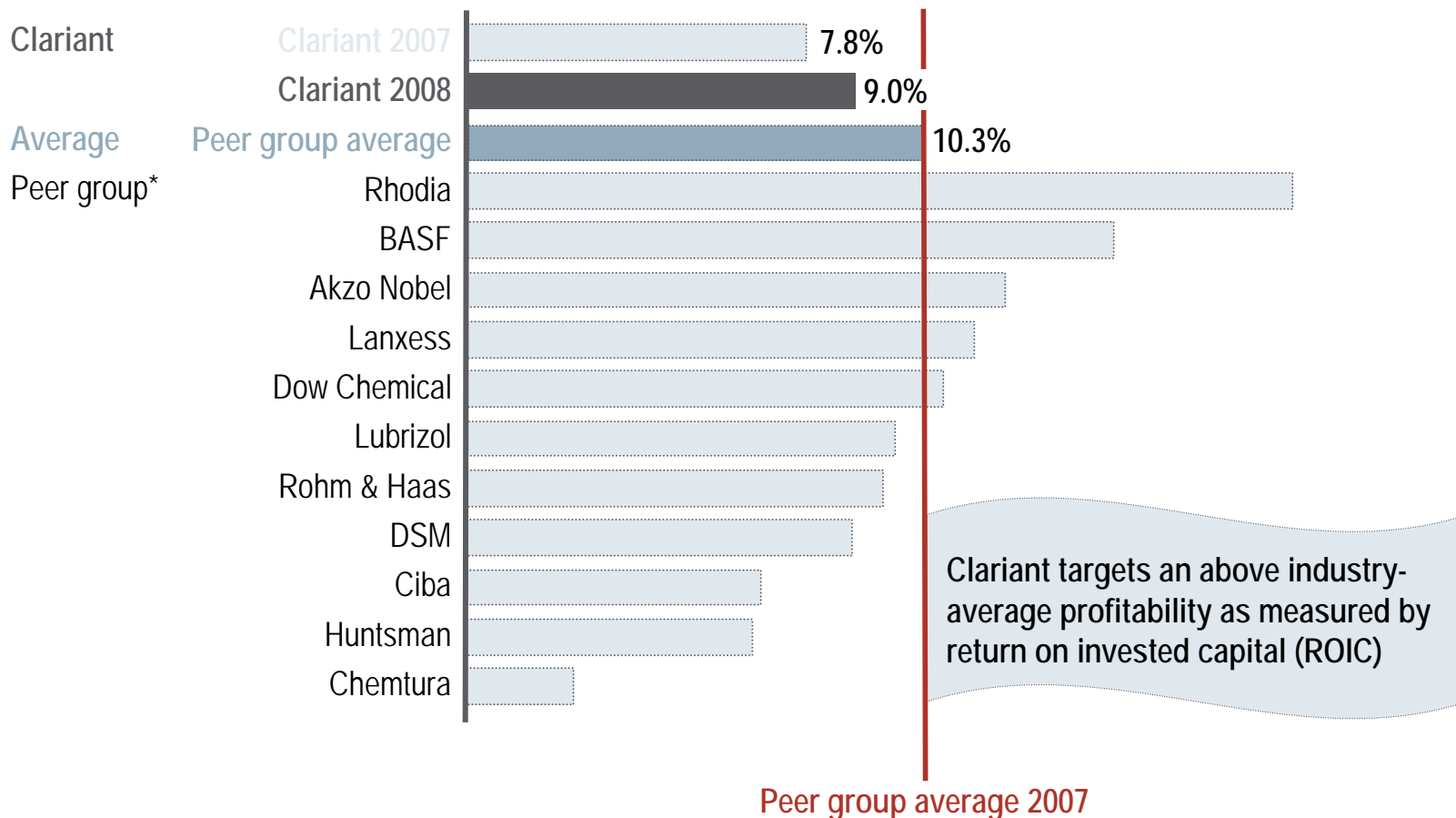


Strategy update



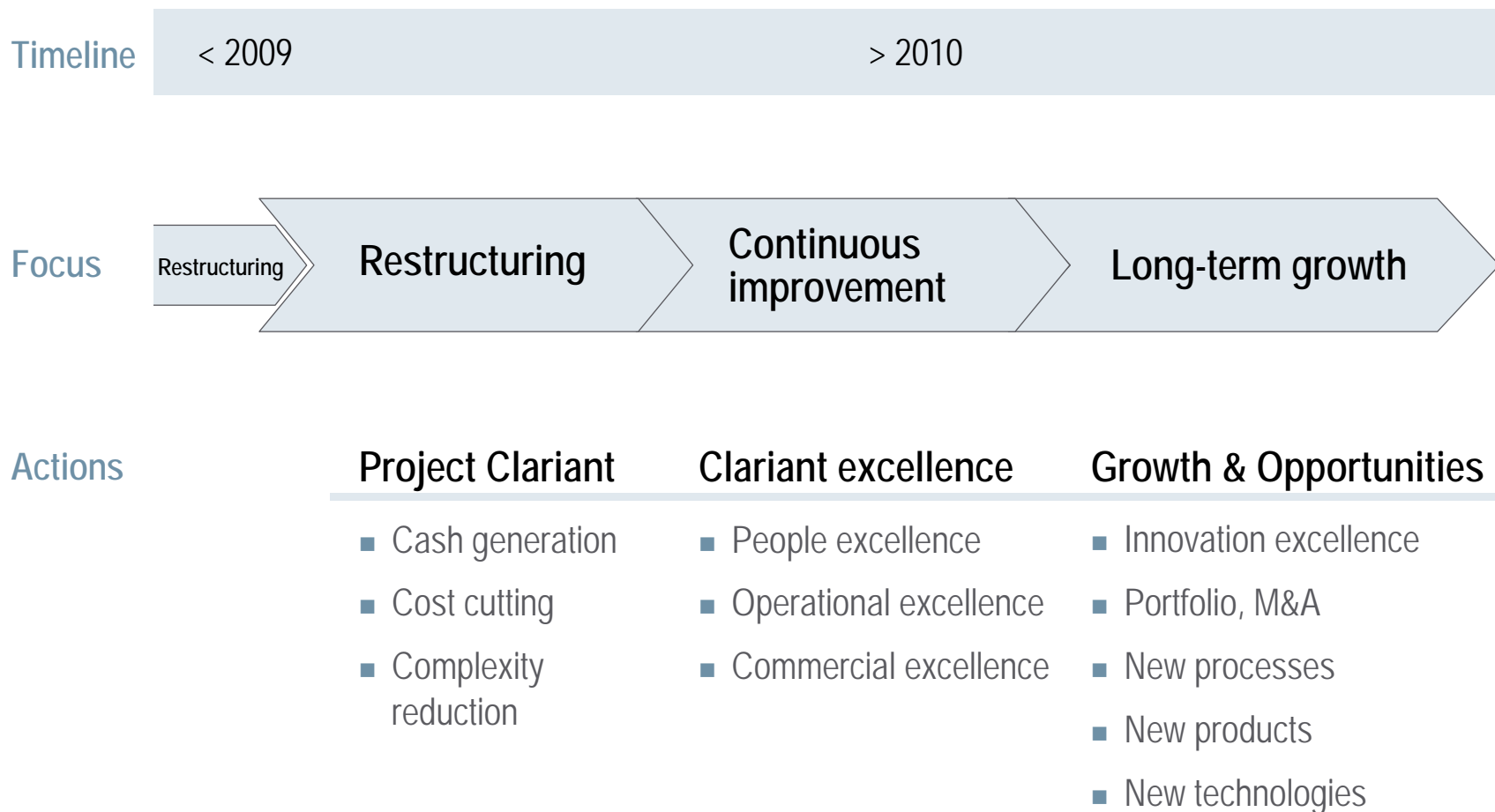
Exactly your chemistry.

Despite improvement, dissatisfaction with our ROIC



* peer group based on business model / business structure – source: Company Annual Reports 2007, Clariant

Our roadmap – three steps to build a sustainable platform

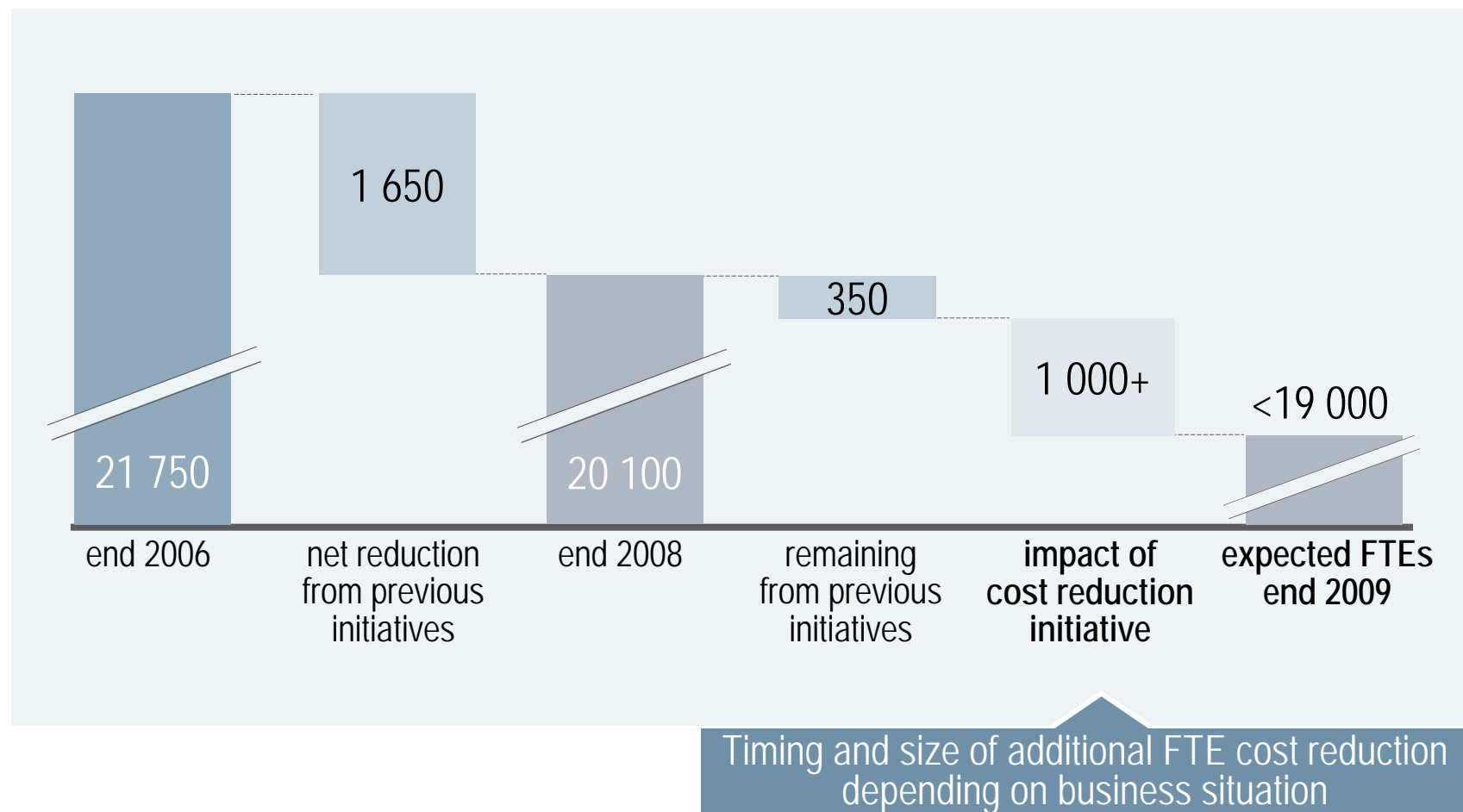


Project Clariant initiatives

CASH		
	Sustainable NWC reduction	<ul style="list-style-type: none">■ Clear targets and owners■ Crisis production planning■ Sustainable processes
	Procurement savings	<ul style="list-style-type: none">■ Tightly manage purchasing■ Renegotiate contracts
COSTS		
	Personnel cost reductions	<ul style="list-style-type: none">■ Cost reduction, at least 1 000 FTEs (possibly further reductions contingent on situation)■ Define Corporate Center■ Restructure Business Services■ Reduce divisional SG&A costs
COMPLEXITY		
	Product pruning	<ul style="list-style-type: none">■ Prune tail end of product portfolio (enabling reduced SG&A and working capital)
	Country pruning	<ul style="list-style-type: none">■ Reduce country presences (enabling reduced SG&A and working capital)

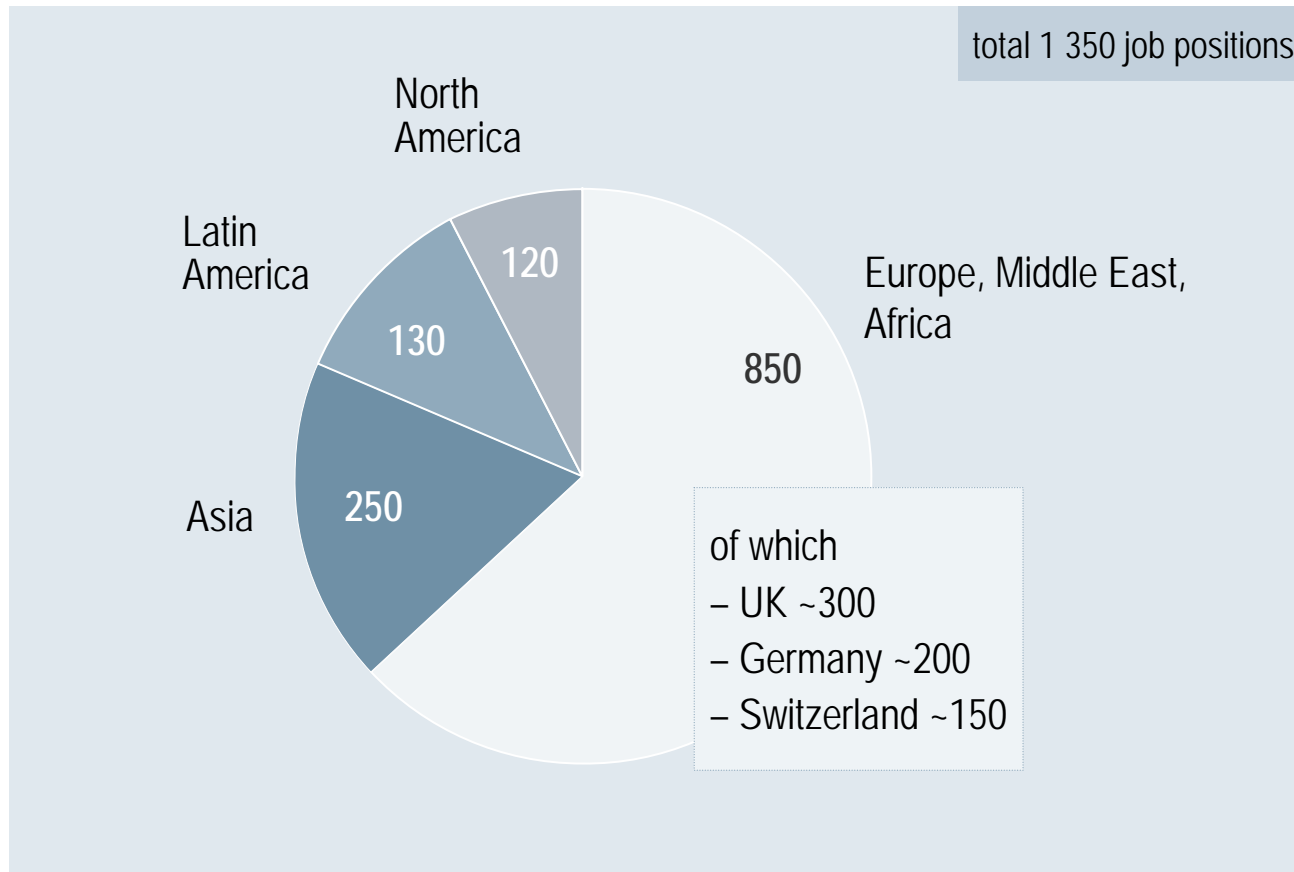
Cost reduction initiative will significantly lower headcount base

Number of positions



Regional split of headcount reduction effective in 2009

- Headcount reduction in all regions, but focus on Europe





Outlook



Exactly your chemistry.

Environment

- The worst and most unpredictable economic environment for decades
- No evidence that the global economy will recover soon from depressed levels
- Inventory destocking expected to continue in the coming months

Clariant

- Implement initiatives to address economic slowdown and unsatisfactory performance
- 2009: a clear focus on cash generation, cost cutting and complexity reduction
- Restructuring costs of CHF 200–300 million in 2009
- Confirm 2010 target of above industry-average ROIC

Calendar of upcoming corporate events

April 2, 2009	Annual General Meeting, Basle
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May 6, 2009	First Quarter 2009 Results
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July 30, 2009	Half Year 2009 Results
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November 4, 2009	Nine Months 2009 Results
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Dr. Ulrich Steiner
Head of Investor Relations

Phone +41 (0) 61 469 67 45
Mobile +41 (0) 79 297 27 07
email ulrich.steiner@clariant.com

Jaideep Pandya
Investor Relations Officer

Phone +41 (0) 61 469 67 49
Mobile +41 (0) 79 702 97 41
email jaideep.pandya@clariant.com

Edith Kahlmeier

Phone +41 (0) 61 469 67 48
Fax +41 (0) 61 469 67 67
email edith.kahlmeier@clariant.com

Mirjam Grieder

Phone +41 (0) 61 469 67 66
Fax +41 (0) 61 469 67 67
email mirjam.grieder@clariant.com





Backup Slides FY 2008



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Full-year 2008 – key financial group figures

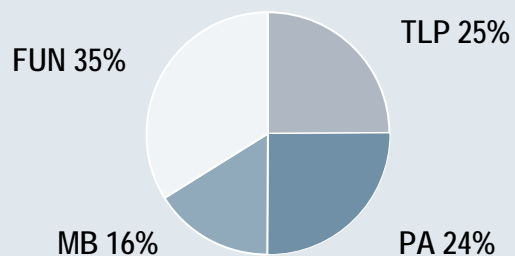
	Full-year 2008			
	2008		2007	
	CHF million	% of sales	CHF million	% of sales
Sales	8 071	100.0%	8 533	100.0%
<i>Local currency growth (LC)</i>	<i>1%</i>			
<i>- Organic growth rate*</i>	<i>1%</i>			
<i>- Acquisitions/Divestments</i>	<i>0%</i>			
<i>Currencies</i>	<i>-6%</i>			
Gross profit	2 314	28.7%	2 488	29.2%
EBITDA before exceptionals	783	9.7%	812	9.5%
EBITDA	691	8.6%	628	7.4%
Operating income before exceptionals	530	6.6%	539	6.3%
Operating income	229	2.8%	278	3.3%
Net income from continuing operations	-28		108	1.3%
Operating cash flow (total operations)	391		540	
Discontinued operations				
Sales	0		82	
Net loss from discontinued operations	-9		-103	

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

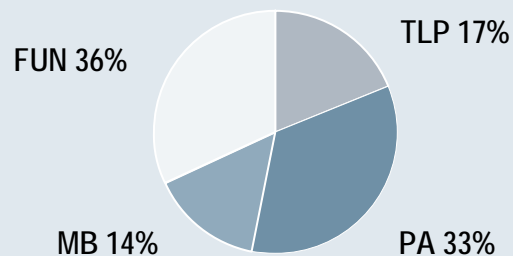
Sales and EBITDA margins by divisions – full-year 2008

	Full-year 2008			
	Sales		EBITDA Margin in %*	
	CHF million	% LC	2008	2007
Textile, Leather & Paper Chemicals	2 020	-6%	7.5	9.3
Pigments & Additives	1 948	0%	15.0	13.4
Masterbatches	1 278	-1%	9.5	11.1
Functional Chemicals	2 825	9%	11.2	9.5
Total Group	8 071	1%	9.7	9.5

Sales



EBITDA*



* before exceptional items

Regional sales growth – full-year 2008

Sales growth in local currencies

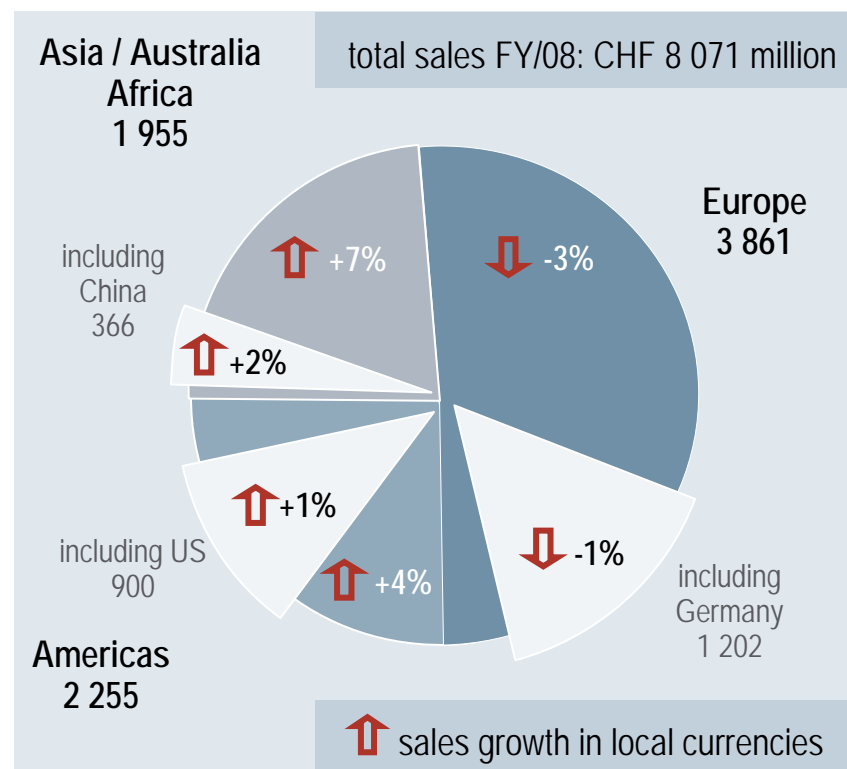
FY/08

FY/07

1%

4%

- Sales up 1% in local currencies
- Sales prices up 7%, volume down 6%
- Raw material costs increase by 15%, fully absorbed by higher sales prices
- Negative FX impact equivalent to -6% of sales



Cash flow – full-year 2008

	Full-year 2008	
	2008	2007
	CHF million	CHF million
Net income	-37	5
Depreciation, amortization & impairment	462	357
Other	118	143
Operating cash flow before working capital changes	543	505
Changes in working capital and provisions	-152	35
Operating cash flow	391	540
Capital expenditure	-181	-393
<i>thereof: Property, Plant & Equipment</i>	<i>-308</i>	<i>-335</i>
<i>thereof: Changes in current financial assets</i>	<i>135</i>	<i>-116</i>
<i>thereof: Acquisitions, divestments and other</i>	<i>-8</i>	<i>58</i>
Cash flow before financing	210	147

Financial result – full-year 2008

	Full-year 2008	
	2008	2007
	CHF million	CHF million
Interest income	14	26
Other financial income	3	5
Total financial income	17	31
Interest expenses	-85	-107
<i>thereof: effect of discounting of non-current provisions</i>	<i>-8</i>	<i>-3</i>
Other financial expenses	-17	-18
Currency result, net	-53	23
Total financial expenses	-155	-102
Total financial result	-138	-71

Textile, Leather & Paper Chemicals – full-year results

	Full-year 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	2 020		2 332		-13	-6
EBITDA before exceptionals	152	7.5	217	9.3	-30	-22
Operating income before exceptionals	87	4.3	145	6.2	-40	-30
Operating income	-131	-6.5	40	1.7	–	–



Business trends

- Unprecedented sales price increases compensate for higher raw material costs
- Sharp drop in sales volumes impacting operating profit; accelerating in December
- SG&A costs massively reduced across the division
- CHF 180 million impairment in Textile and Leather
- Selby production site closed by end 2008, Horsforth closure on track for mid 2009

Pigments & Additives – full-year results

	Full-year 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	1 948		2 076		-6	0
EBITDA before exceptionals	293	15.0	278	13.4	5	12
Operating income before exceptionals	216	11.1	192	9.2	13	20
Operating income	198	10.2	77	3.7	157	172

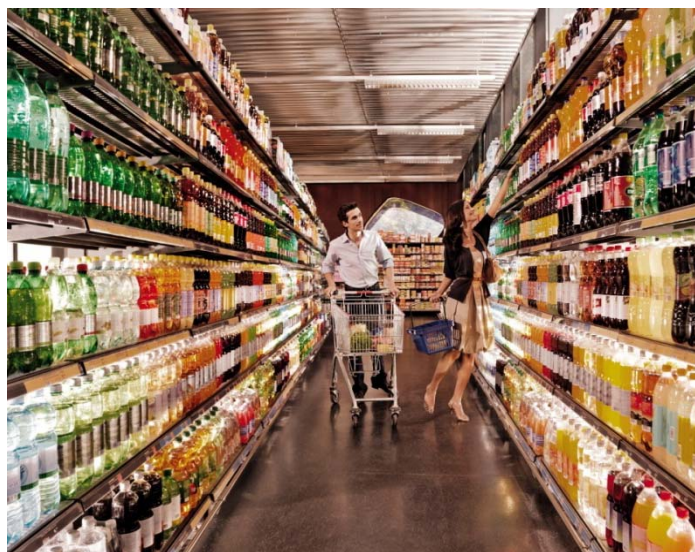


Business trends

- Inventory destocking and weakness in demand
- Substantial cost reductions achieved
- Idle facility costs impacting profitability
- Market-driven reorganization of the Plastics business
- Wax emulsions business Dick Peters (NL) sold to Altana

Masterbatches – full-year results

	Full-year 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	1 278		1 380		-7	-1
EBITDA before exceptionals	122	9.5	153	11.1	-20	-14
Operating income before exceptionals	89	7.0	124	9.0	-28	-22
Operating income	76	5.9	102	7.4	-25	-19



Business trends

- Slowdown in demand spread to all world regions
- Packaging applications relatively resilient to downturn
- Destocking along the value chain
- Rite Systems / Ricon colors integrated
- Strategically located new production plant in China opened

Functional Chemicals – full-year results

	Full-year 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	2 825		2 745		3	9
EBITDA before exceptionals	316	11.2	262	9.5	21	28
Operating income before exceptionals	249	8.8	194	7.1	28	37
Operating income	236	8.4	194	7.1	22	30



Business trends

- Strong demand in less GDP-sensitive businesses such as Personal Care or Detergents & Intermediates
- Record season for De-icing business
- Gross margin stable year-on-year
- Weakness in industrial activities e.g. Construction
- Impact of Cracker shutdown in Germany as expected

Fourth quarter 2008 – key financial group figures

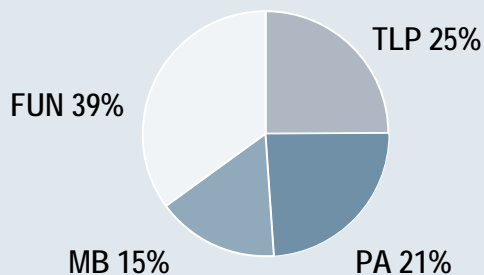
	Fourth quarter 2008			
	2008		2007	
	CHF million	% of sales	CHF million	% of sales
Sales	1 744		2 086	
<i>Local currency growth (LC)</i>	-9%			
<i>- Organic growth rate*</i>	-9%			
<i>- Acquisitions/Divestments</i>	0%			
<i>Currencies</i>	-7%			
Gross profit	440	25.2%	580	27.8%
EBITDA before exceptionals	104	6.0%	194	9.3%
EBITDA	102	5.8%	90	4.3%
Operating income before exceptionals	42	2.4%	122	5.8%
Operating income	-148		7	0.3%
Net income from continuing operations	-199		-21	
Operating cash flow (total operations)	217		220	
Discontinued operations				
Sales	0		1	
Net loss from discontinued operations	-8		4	

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

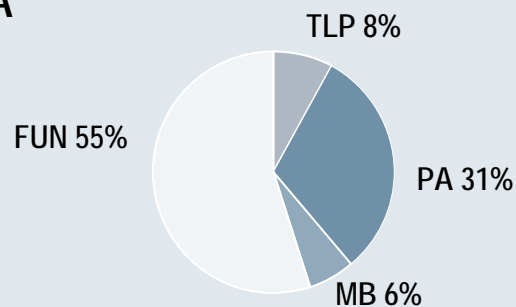
Sales and EBITDA margins by divisions – fourth quarter 2008

	Fourth quarter 2008			
	Sales		EBITDA Margin in %*	
	CHF million	% LC	2008	2007
Textile, Leather & Paper Chemicals	429	-13%	2.6	9.4
Pigments & Additives	370	-20%	12.4	13.7
Masterbatches	258	-11%	3.1	10.2
Functional Chemicals	687	3%	11.6	10.7
Total Group	1 744	-9%	6.0	9.3

Sales



EBITDA*



* before exceptional items

Cash flow – fourth quarter 2008

	Fourth quarter 2008	
	2008	2007*
	CHF million	CHF million
Net income	-207	-17
Depreciation, amortization & impairment	250	83
Other	46	0
Operating cash flow before working capital changes	89	66
Changes in working capital and provisions	128	154
Operating cash flow	217	220
Capital expenditure	-54	-263
<i>thereof: Property, Plant & Equipment</i>	-98	-115
<i>thereof: Changes in current financial assets</i>	9	-132
<i>thereof: Acquisitions, disposals and other</i>	35	-16
Cash flow before financing	163	-43

Financial result – fourth quarter 2008

	Fourth quarter 2008	
	2008	2007
	CHF million	CHF million
Interest income	2	7
Other financial income	0	1
Total financial income	2	8
Interest expenses	-21	-24
thereof effect of discounting of non-current provisions	-3	-1
Other financial expenses	-3	-5
Currency result, net	-18	12
Total financial expenses	-42	-17
Total financial result	-40	-9

Well diversified product portfolio

Divisions

■ Textile, Leather & Paper

■ Pigments & Additives

■ Masterbatches

■ Functional Chemicals

Textile: 14%

Leather: 5%

Paper: 6%

Chemical Management Solutions: 8%
- oil services, mining services

Coatings Business: 7%

Industrial & Consumer Care: 17%
- personal care, industrial applications,
industrial & home care, other

Plastics Business: 4%

Specialties Business: 10%
- special inks, flame retardants, other

Regional Businesses: 10%

Base Products: 3%
- publication inks, polymer additives, other

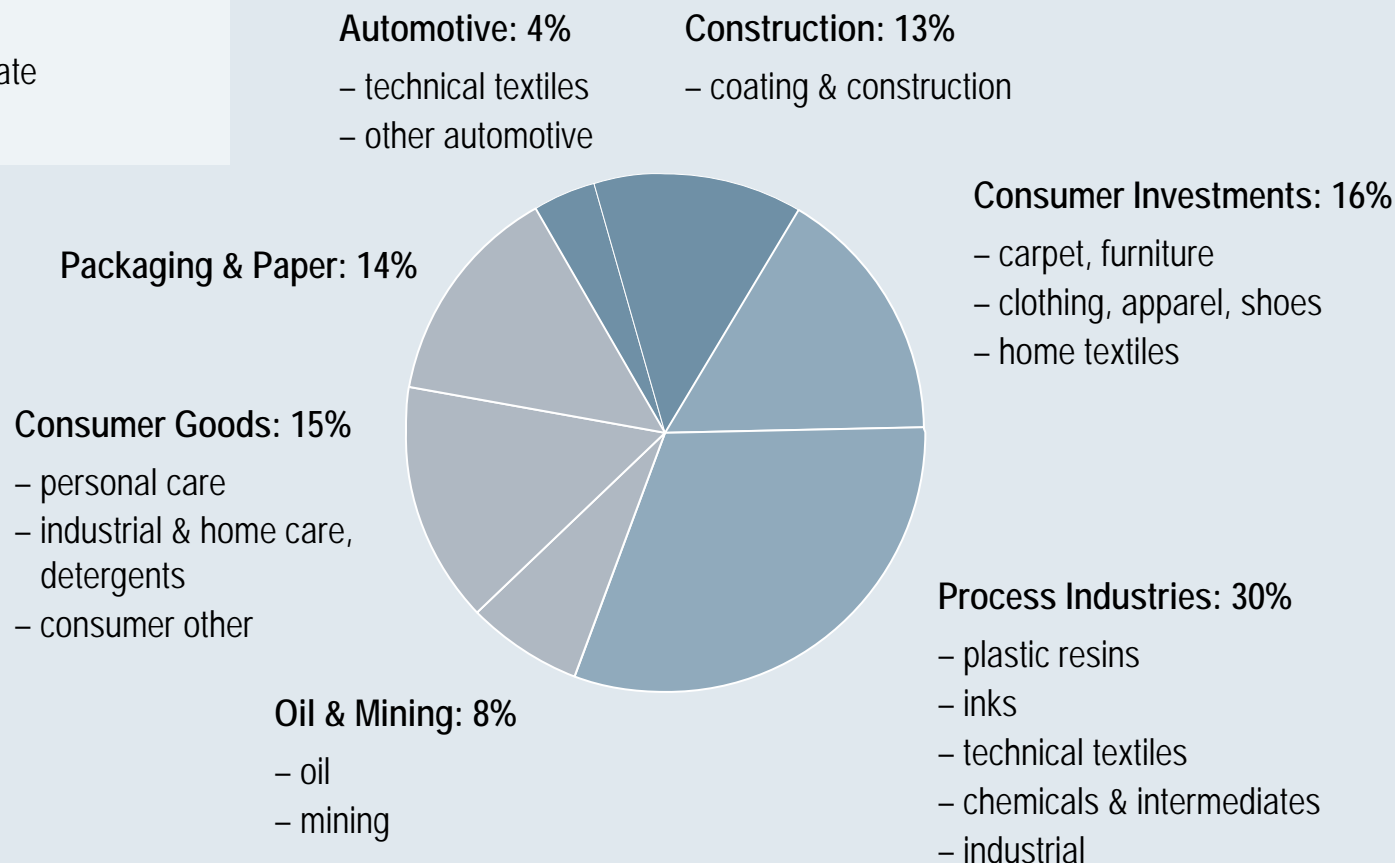
Concentrates: 16%

Business unit sales in percentage of group sales (FY 2008, sales CHF 8.1 bn)

Broad customer market segmentation

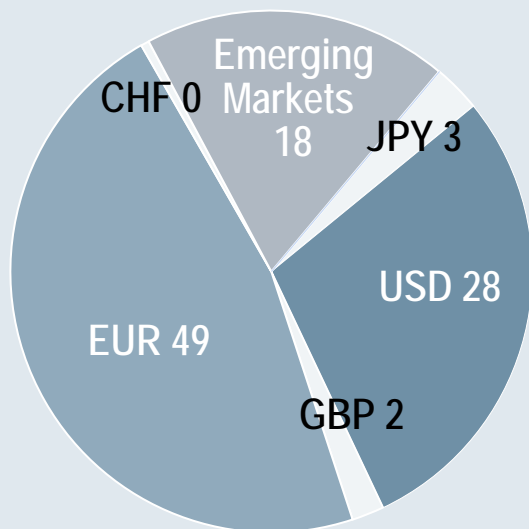
Sensitivity to GDP growth

- high
- moderate
- limited

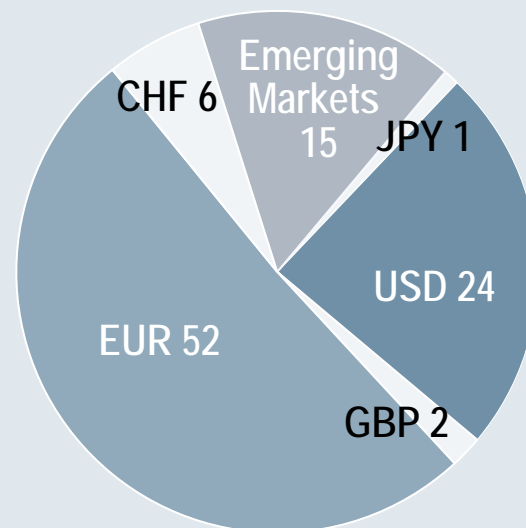


Sales and cost structure – full-year 2008

Global sales distribution in %



Global cost distribution in %

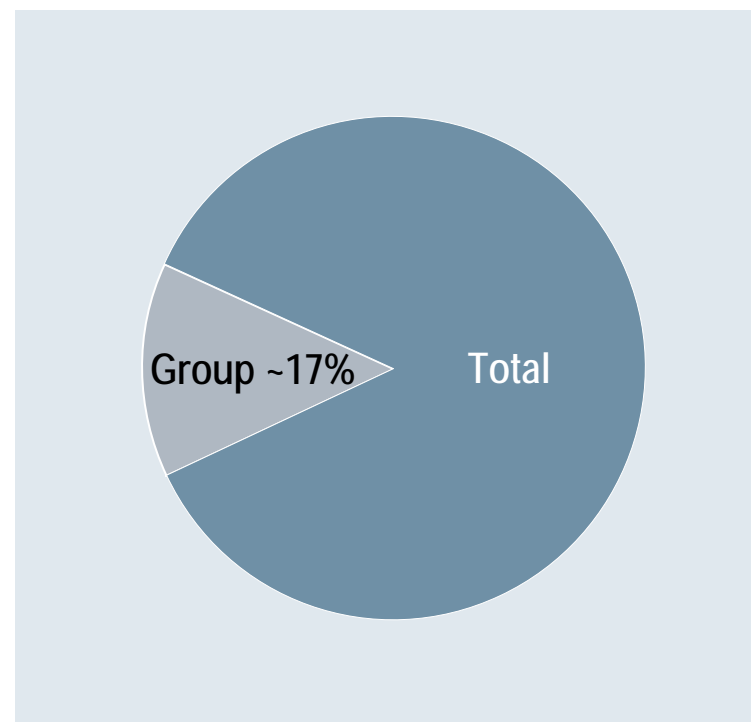


These distributions represent an approximation to total cash in- and outflows and are closely linked to transaction exposures

Top 5 products in percentage of total raw material costs

Ranking	Product
1	Ethylene & -Oxide
2	DAST*
3	Paraffins
4	VAM
5	Fatty Alcohol

* *4,4-diaminostilbene-2,2-disulphonic acid*



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