



Exactly your chemistry.

First Quarter 2010 Results

29 April 2010

Highlights – first quarter 2010

- **Double-digit sales growth** on strong rebound of volumes, but sales still clearly below pre-crisis levels of 2008
- **Successful gross margin management** despite a slightly negative impact from unfavorable development of sales prices/raw material costs
- **Improved operating result** year-on-year and quarter-on-quarter due to
 - higher gross margin resulting mainly from lower idle facility costs and a negligible impact from inventory devaluation
 - successful implementation of cost reduction measures
- **Strong cash flow from operations** driven by improved operating result
- **Guidance 2010 raised:**
 - mid single-digit sales growth in local currencies (from low single-digit)
 - operating margin above FY 2008 level of 6.6% (from >6%)

Financial results first quarter

	Q1/10	Q1/09	in CHF	in LC
Sales in CHF mn	1 817	1 604	+13%	+16%
Gross Margin*	28.7%	18.9%		
EBIT before exceptionals in CHF mn	183	-13		
EBIT margin before exceptionals	10.1%	-0.8%		
Net income / loss in CHF mn	10	-91		
Operating cash flow in CHF mn	159	156		

* restated gross margin includes freight costs as of 1 January 2010 / reported gross margin in first quarter 2009 was 23.6%

Double-digit volume growth in all regions

Sales growth in local currencies

Q1/10

Q1/09

16%

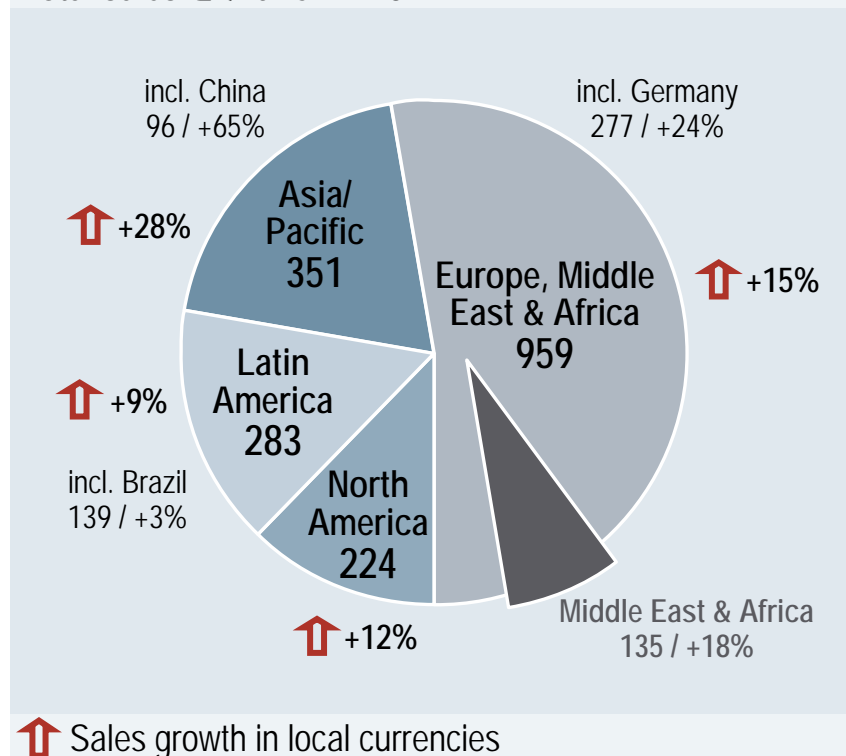
-19%

Sales mix:

- Volume +20%
- Price -4%
- Acq./div. 0%
- Currency -3%

- Double-digit volume growth in all regions, but sales still 10-15% below pre-crisis levels
- Quarter-on-quarter sales improvement mainly in Europe and North America
- Strong rebound in Germany, continued dynamic growth in China year-on-year

Total sales Q1/10: CHF 1 817 mn



Business unit sales, EBITDA and EBIT margins

First quarter 2010

Business Unit / Reporting Segment:	Sales CHF mn	Change		EBITDA** margin %	EBIT** margin %
		% CHF	% LC		
BU Industrial & Consumer Specialties	420	11	14	18.1	16.0
BU Masterbatches	321	23	26	12.5	10.0
BU Pigments	281	17	19	19.2	16.0
BU Textile Chemicals	204	13	15	7.4	4.4
BU Oil & Mining Services	148	-5	-5	14.9	14.2
BU Leather Services	84	65	66	13.1	11.9
Performance Chemicals*	359	7	10	14.5	11.4
Group total	1 817	13	16	12.9	10.1

* includes the four Business Units Additives, Detergents & Intermediates, Emulsions, Paper Specialties

** before exceptional items

Environment

- No evidence of a sustained recovery of the global economy
- Positive impulses from Asia and Latin America
- Business activity stabilized in Europe and North America
- Raw material costs to further rise heading into the seasonally weaker second half of the year

- 2009 and 2010 are years of restructuring
- Cash generation, cost reduction, complexity reduction remain top priorities

2010 guidance:

- Mid single-digit sales growth in local currency compared to 2009
- Operating income margin before exceptional items above FY 2008 level of 6.6%
- Operating cash flow will remain strong
- Restructuring costs of CHF 250 to 300 million
- Further job reductions in 2010 expected
- Return on invested capital (ROIC) above industry average by the end of 2010