

Ciba Specialty Chemicals

First half year 2006
Strategic direction
Operational Agenda

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Q2'06 Supplemental Information
for Conference Call
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Results Q2 2006 continuing operations

MCHF	Q2 2006	Δ% CHF	I.c.	Incl. Restr./ impairm.	
				Q2 2006	Δ% CHF
Sales	1640	+ 8	+ 6		
Operating income	150	+ 26		143	+ 88
as % of sales	9.2			8.7	
Income	64	0		59	+ 76
as % of sales	3.9			3.6	
EPS ⁽¹⁾	0.97			0.90	

Significantly improved operating income

(1) basic and diluted, in CHF



Segment sales Q2'2006

MCHF	Q2'06 CHF	$\Delta\%$ ⁽¹⁾ CHF	$\Delta\%$ ⁽¹⁾ I.c.	Curr.	Vol.	Price
Plastic Additives	538	+14	+12	+2%	+12%	0%
Coating Effects	494	+8	+7	+1%	+10%	-3%
Water & Paper	608	+4	+1	+3%	+2%	-1%
Group ⁽²⁾	1 640	+8	+6	+2%	+7%	-1%

Strong growth in Plastic Additives and Coating Effects

(1) compared to Q2'2005
(2) continued operations



Segment EBIT Q2'2006

	EBIT ⁽¹⁾ Q2'06	EBIT ⁽¹⁾ Q2'05	EBITDA ^(1,2) Q2'06
Plastic Additives	14.7%	11.9%	19.2%
Coating Effects	14.1%	13.4%	19.6%
Water & Paper Treatment	3.8%	5.1%	9.9%
Group ⁽³⁾	9.2%	7.9%	14.6%

Strong PA margin; WPT negative one-time effects

(1) in % of sales, excluding restructuring, impairment and other charges
(2) excluding restructuring, impairment and other charges
(3) continued operations



Outlook 2006

Assumptions:

- Business conditions to remain similar to those of H1 2006
- Utility and raw material costs at high levels
- No currency deterioration

Outlook 2006⁽¹⁾:

- Sales in local currencies expected to be higher than 2005
- EBIT⁽²⁾ in CHF above 2005, EBIT margin⁽²⁾ around 2005 levels
- Net income⁽²⁾ in CHF above previous year
- Free cash flow: Strong improvement

Strengthening Ciba's position in 2006

(1) continuing operations

(2) excluding restructuring, impairment and other charges



Forward-Looking Statements

Forward-looking statements and information contained in this Report are qualified in their entirety as there are certain important factors that could cause results to differ materially from those anticipated. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believe", "expect", "may", "are expected to", "will", "will continue", "should", "would be", "seek" or "anticipate" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. Such statements reflect the current views and estimates of the Company with respect to market conditions and future events and are subject to certain risks, uncertainties and assumptions. Investors are cautioned that all forward-looking statements involve risks and uncertainty. In addition to the factors discussed above, among the factors that could cause actual results to differ materially are the following: the timing and strength of new product offerings, pricing strategies of competitors, introduction of competing products by other companies, lack of acceptance of new products and services by the Company's targeted customers, changes in the Company's business strategy, the Company's ability to continue to receive adequate raw materials from its suppliers 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 and various other factors. Furthermore, the Company does not assume any obligation to update these forward-looking statements.

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This presentation is not and under no circumstances is to be construed as an offer to purchase or sell any securities issued by Ciba Specialty Chemicals and does not constitute an offer or solicitation for investment or funds.

Non-U.S. GAAP Measures

The presentation today includes the display of some company financial indicators that do not directly conform to United States Generally Accepted Accounting Principles ("U.S. GAAP"). Management is of the opinion that these financial indicators are an important measure of comparative operating performance and financial stability of the businesses of the Company, and provide investors with additional insight into the ongoing operations of the business. However, these supplementary financial indicators should be considered in addition to, and not as a substitute for U.S. GAAP measures of operating performance and financial stability. Furthermore, these financial indicators may not be consistent with similar measures provided by other companies.

Information regarding the reconciliation between the U.S. GAAP and non-U.S. GAAP measures are available, with today's presentation, on the Investor Relations section of our website at <http://www.cibasc.com> and definitions are provided in the "Glossary of Financial Terms" in the Financial Review of the Annual Report.

Q2'06 Performance: EBIT, EBITDA per segment

EBIT ⁽¹⁾	EBIT Q2 06	EBIT Q2 05	EBIT Margin ⁽²⁾	EBIT Margin ⁽²⁾
	MCHF	MCHF	Q2 06	Q2 05
Plastic Additives	78	56	14.7%	11.9%
Coating Effects	70	61	14.1%	13.4%
Water & Paper T.	23	30	3.8%	5.1%
Corporate	-21	-28		
Group ⁽³⁾	150	119	9.2%	7.9%

EBITDA ⁽⁴⁾	EBITDA Q2 06	EBITDA Q2 05	EBITDA Margin ⁽²⁾	EBITDA Margin ⁽²⁾
	MCHF	MCHF	Q2 06	Q2 05
Plastic Additives	104	78	19.2%	16.5%
Coating Effects	97	88	19.6%	19.3%
Water & Paper T.	60	70	9.9%	12.0%
Corporate	-21	-20		
Group ⁽³⁾	240	216	14.6%	14.2%

(1) before restructuring, impairment and other charges

(2) in % of sales, before restructuring, impairment and other charges

(3) continued operations

(4) adjusted EBITDA, before restructuring, impairment and other charges

Q2'06 Performance: Sales per segment

Sales	%Change Q2'05	Total		Vol./	
		in CHF	Curr.	Mix	Price
Plastic Additives	14%	2%	12%	0%	
Coating Effects	8%	1%	10%	-3%	
Water & Paper T.	4%	3%	2%	-1%	
Group ⁽¹⁾	8%	2%	7%	-1%	

(1) continued operations



HY'06 Performance: Sales & EBITDA per segment

Sales	%Change HY'05	Total		Vol./	
		in CHF	Curr.	Mix	Price
Plastic Additives	15%	4%	11%	0%	
Coating Effects	9%	3%	9%	-3%	
Water & Paper T.	5%	4%	0%	1%	
Group ⁽¹⁾	9%	3%	6%	0%	

EBITDA ⁽²⁾	EBITDA HY'06		EBITDA HY'05		EBITDA Margin ⁽³⁾	
	MCHF	MCHF	MCHF	MCHF	HY'06	HY'05
Plastic Additives	203	166	18.9%	17.7%		
Coating Effects	177	174	18.0%	19.4%		
Water & Paper T.	110	137	8.9%	11.7%		
Corporate	-49	-44				
Group ⁽³⁾	441	433	13.4%	14.4%		

(1) continued operations

(2) adjusted EBITDA, before restructuring, impairment and other charges

(3) in % of sales, before restructuring, impairment and other charges

