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News Release

Ciba Specialty Chemicals First Half-Year Sales:

- Sales in Swiss francs up 9 percent and 12 percent in local currencies
- Sustained sales growth in a challenging business environment

Divisions	January through June 1998 in CHF m	January through June 1997 in CHF m	% change	
			in CHF	in local currencies
Additives ⁽¹⁾ (PVC Stabilisers business)	1131	1084	⁽¹⁾ 4	⁽¹⁾ 7
Consumer Care	583	590	-1	1
Performance Polymers	944	797	19	21
Pigments	636	631	1	3
Textile Dyes	705	729	-3	0
Water Treatments ⁽²⁾	288	-	-	-
Total Group	4287	3931	9	12

(1) The year-to-year percentage increases compare 1997 first half results without the division's PVC Stabilisers business. This business was swapped during the second quarter for Witco's Epoxy Systems and Adhesives business, and all revenues, retroactive to January 1, 1998, were transferred to Witco as part of the swap. The Epoxy Systems and Adhesives business, and its year-to-date revenues, were integrated into the Performance Polymers division.

(2) Water Treatments figures were consolidated from April onwards; they include all the businesses of the previous Allied Colloids.

Group Overview

Ciba Specialty Chemicals' sales between 1 January 1998 and 30 June 1998 grew 9 percent in Swiss francs and 12 percent in local currencies, compared with the same period in 1997. Total Group sales reached CHF 4.3 billion. Sales excluding the Group's Water Treatments division (which became fully consolidated effective 1 April 1998) increased by 2 percent in Swiss francs and 4 percent in local currencies. This is higher than the estimated market growth of 2 to 3 percent for 1998. All divisions contributed to the increase. Sales growth was supported by the Group's continued strong volume growth. Sales in the Americas showed a significant increase whilst sales growth in Europe was more moderate and sales in Asia were lower than 1997, but within previously stated expectations.

Divisional Overview

Additives

The division continued its strong performance of the first quarter resulting in first half sales of over CHF 1.1 billion. Sales grew by 4 percent in Swiss francs and 7 percent in local currencies. Both the Polymer Additives and Process and Lubricant Additives businesses continued their strong growth. The Imaging and Coating Additives business showed a slight increase over last year's outstanding result reflecting a lower demand in some Asian countries. The division experienced strong sales in North America, South America and most of Europe. This far outweighed the impact of weaker sales in some Southeast Asian countries. Strong volume growth continued in all business units while, at the same time, the pace of competitive price decreases declined.

Consumer Care

Sales in local markets topped the high level reached in 1997 representing a 1 percent growth in local currencies and a 1 percent decrease in Swiss francs. The Antimicrobials business continued its strong growth trend in the second quarter. Fabric Finishing could not match last year's excellent half-year results. Sales in the Americas and Europe showed a moderate increase. Results in Southeast Asia were affected by continued economic turmoil in domestic retail markets resulting in decreased local demand which affected some of the division's consumer-oriented products (for example a shift to cheaper laundry detergents). Product prices remained constant during the first half-year.

Performance Polymers

With the addition of Witco's Epoxy Systems and Adhesives business (approximately CHF 100 million) the division's sales increased to CHF 944 million, 19% higher in Swiss francs and 21% higher in local currencies compared to 1997. On a comparable basis the division recorded a 7% gain in Swiss francs (9% in local currencies) in the first half-year. In particular, Coating Systems, Heavy Electrical, Electronic Materials and Adhesives and Tooling contributed to the sales increase. The difficult economic conditions in parts of Asia were more than compensated for by gains in other areas, especially in North America while European markets exceeded last year's good results. Selective price increases were implemented in the first half. In addition the division saw a strong volume increase.

Pigments

The division increased its sales to CHF 636 million, representing a 1% increase in Swiss francs and a 3% increase in local currencies compared to the first half of 1997. The Classical Pigments business had the largest increase in sales, followed by High Performance Pigments and Masterbatches. Sales were considerably higher in the NAFTA countries, while Europe kept pace with last year's strong showing. Sales were affected by low demand in Japan and some Southeast Asian countries, though stronger sales were noted in both China and India.

Textile Dyes

Sales of CHF 705 million were a marginal increase on last year's first-half sales performance in local currencies. In Swiss francs sales were 3% below the same period last year. The division was affected by reduced demand from the world wool-processing and dyeing industries. On the other hand demand for dyeing products for other fibres increased illustrating the benefit of Ciba's broad product range for a large variety of fibres. Sales in continental Europe were very satisfactory. Business in Southeast Asia was relatively strong as large parts of the Asian textile industry redirected their business to exports, primarily to the Americas. Consequently, sales in the Americas were down. Overall Ciba's position as a global player allowed the Group to easily respond to geographic shifts in demand. Price erosion during the first quarter of 1998 appears to have slowed down in the second quarter. The division's new ink jet printing technology is experiencing a very positive response from customers and has already realised a number of large orders.

Water Treatments

In spite of the rapid and demanding integration process the Water Treatments division achieved sales growth, on a comparable basis, of 2% in Swiss francs over the second quarter of 1997. Sales in Europe and the Americas grew while sales in Asia were down only slightly. The polymers and monomers resale business and some of the other

specialty chemicals businesses saw decreases. However, growth rates in several other key areas, including sales to the paper, mining and oil business, were encouraging.

Ciba Specialty (SWX: CIBN) is a global leader in the discovery, development and manufacture of innovative materials that provide colour, performance and care for plastics, coatings, fibres, fabrics and other products and production processes. The six divisions - Additives, Consumer Care, Performance Polymers, Pigments, Textile Dyes and Water Treatments – all have leading positions in their chosen markets. Ciba Specialty Chemicals (excluding the Water Treatments division) had 1997 global sales of more than CHF 7.8 billion.

Please note: Ciba Specialty Chemicals will report its half-year financial results on 18 August 1998.

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