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21 October 1998
Basel, Switzerland

News Release

Ciba Specialty Chemicals Nine Month Sales

- Sales rise 8 percent in Swiss francs and 11 percent in local currencies
- Above-market growth under challenging business and currency conditions
- Ciba expects moderately higher 1998 operating income at the lower end of its targets
- The Group confirms projected benefits of more than CHF 100 million in 1999 from integration and other projects

Divisions	January through Sept 1998 in CHF m	January through Sept 1997 in CHF m	% change	
			in CHF	in local currencies
Additives	1,675	1,624	3	6
Colors	1,820	1,890	-4	-1
Consumer Care	1,049	1,027	2	5
Performance Polymers	1,387	1,212	14	17
Water Treatments ⁽¹⁾	492	-	-	-
Other		191		
Total Group	6,423	5,944	8	11

Please note: This table reflects the new Company structure on a comparable basis. For further information, please refer to a more detailed table at the end of this release.

(1) consolidated since 1 April 1998

Group Overview

Ciba Specialty Chemicals posted a further sales increase between 1 January 1998 and 30 September 1998 despite tougher market and unfavourable currency conditions. Group sales grew 8 percent in Swiss francs and 11 percent in local currencies to CHF 6.423 billion over the same period in 1997. Excluding the Water Treatments division, which became fully consolidated effective 1 April 1998, sales fell 1 percent in Swiss francs and rose 2 percent in local currencies. This lies above the latest 1998 global market growth projection of 1 to 2 percent, which has been revised amid the effects

of the Asian economic crisis. Volume growth supported sales. Price reductions partly offset volume growth. Regionally, sales in local currencies in continental Europe recorded gains, while sales in the UK declined. Sales in the Americas rose but weakened in the U.S. in September. Sales rose sharply in India and stabilised in the rest of Asia, albeit at lower levels than in the same period in 1997. Growth was achieved despite a weaker euro, yen and other Asian currencies, and in September, a weakening U.S. dollar.

Divisional Overview

Additives

Additives topped last year's strong performance, with sales rising 3 percent in Swiss francs and 6 percent in local currencies to CHF 1.675 billion. Volume growth for the division was strong, which more than offset competitive price decreases. Growth was led by the Polymer Additives and the Process and Lubricant Additives businesses. Imaging and Coatings Additives nearly equalled last year's impressive sales in local currencies, with additional growth expected as a result of the transfer of coatings additives technology from the Water Treatments division.

Colors

Ciba Specialty Chemicals' newest division – Colors – began operating on 1 September following the merger of the former Textile Dyes and Pigments divisions. Sales totalled CHF 1.820 billion, down 4 percent in Swiss francs and 1 percent in local currencies. Pigments sales rose 2 percent in local currencies, while the former Textile Dyes division's sales fell 3 percent due to conditions in the textiles industry. Volume growth was offset by price adjustments.

Consumer Care

The division posted sales of CHF 1.049 billion, up 2 percent in Swiss francs and 5 percent in local currencies. Excluding the Chelates business, which was recently divested, sales rose 3 percent in Swiss francs and 6 percent in local currencies. Volume grew despite softer paper and textile markets. Sales rose in Whiteners, Antimicrobials and Specialty Colors. Fabric Finishing's sales were slightly below the same period last year. The creation of the new Fabric Processing and Finishing business is on track for completion by year-end.

Performance Polymers

Sales totalled CHF 1.387 billion, a gain of 14 percent in Swiss francs and 17 percent in local currencies. Excluding Witco's epoxy and adhesives business, which was integrated 1 January 1998, the division recorded a moderate sales increase. Volume growth outpaced price decreases. All businesses exceeded last year's sales, with the exception of the Structural Composites business. Measures are underway as part of the Profit Recovery Programme, and the Group also is continuing to explore strategic options for the division.

Water Treatments

Sales of the Water Treatments division, the core business of the former Allied Colloids acquired on 1 April 1998, totalled CHF 492 million. Volume rose during the six-month period, but pricing pressures nearly offset those gains. The Paper, Mineral Processing and Pollution businesses experienced sales growth, while sales posted by the Polymer Resale business were slightly behind the comparable period last year. The integration of Water Treatments into the Group is on track for completion by year-end, with synergies confirmed according to forecasts and additional benefits expected in 1999.

Outlook

Despite difficult market conditions, Ciba Specialty Chemicals expects 1998 sales to slightly exceed market growth. Group operating income in 1998, excluding restructuring costs, is expected to be moderately higher than in the previous year. This lies within the Group's full-year EBITDA margin target of 16 to 17 percent of sales, though probably at the lower end of that range due to unfavourable currency conditions and expected results from Performance Polymers and Textile Dyes.

The Group confirms projected benefits in 1999 from integration and other projects. The Water Treatments integration, the creation of the new Colors division as well as additional Company-wide profit improvement projects are expected to boost annual operating income by more than CHF 100 million starting next year.

Ciba Specialty Chemicals (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 five divisions - Additives, Colors, Consumer Care, Performance Polymers 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.

Forward-looking statements contained in this release and in other distributed materials are qualified in their entirety as there are certain important factors that could cause results to differ materially from those anticipated. **Investors are cautioned that all forward-looking statements involve risks and uncertainty.** In addition to the factors discussed in this release, 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, the Company's ability to continue to receive adequate products from its vendors on acceptable terms and to continue to obtain sufficient financing to meet its liquidity needs, effects of overall economic conditions, including currency fluctuations, inflation and consumer confidence.

Please note: Ciba Specialty Chemicals will report its 1998 financial results on 23 February 1999.

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Detailed Table

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Other ⁽⁶⁾		191		
Total Group	6,423	5,944	8	11

(1) Additives sales do not include CHF 151 million in first, second and third quarter 1997 sales from the former vinyl stabilisers business, which was transferred to Witco under the swap for its epoxy systems business (which subsequently became part of Performance Polymers). In addition, Additives includes CHF 24 million in 1998 sales (since 1 April) from the transfer of the coatings business from the Water Treatments division (the former Allied Colloids).

(2) Colors sales represent the combination of the former Pigments and Textile Dyes divisions. Pigments sales for the first nine months of 1998 were CHF 945 million (-1% in Swiss francs and +2% in local currencies). Textile Dyes sales for the first nine months were CHF 875 million (-7% in Swiss francs and -3% in local currencies). Sales totals for Colors for the first nine months do not include CHF 147 million in 1997 and CHF 138 million in 1998 textiles dyeing and auxiliaries business sales, which were transferred from Textile Dyes to Consumer Care (see footnote 3 below). 1997 sales for Colors also do not include CHF 40 million from the former Pigments division following the de-consolidation of Daihan Swiss.

(3) Consumer Care's new Fabric Processing and Finishing business officially became effective 1 October 1998. Totals include CHF 138 million in 1998 textiles dyeing and auxiliaries business sales (which were transferred from Textile Dyes) as well as CHF 51 million in sales (since 1 April 1998) from the transfer of the textiles dyeing and auxiliaries business from the Water Treatments division. To assist with a pro forma comparison against 1997, Consumer Care sales for the first nine months of 1997 include CHF 147 million in sales from the former Textile Dyes division.

(4) Performance Polymers sales include CHF 134 million in 1998 sales from the former Witco epoxy systems business (which was transferred to Polymers as part of the swap with Witco for the Additives division vinyl stabilisers business effective 1 January 1998).

(5) Water Treatments sales do not include CHF 24 million in 1998 sales (since 1 April) from the coatings business, which was transferred to the Additives division. Sales also do not include CHF 51 million of 1998 sales (since 1 April) from the textiles dyeing and auxiliaries business, which was transferred to the Consumer Care division (see footnotes 1 and 3 above).

(6) The CHF 191 million refers to CHF 151 million in 1997 sales of the Additives division for the former vinyl stabilisers business (which was transferred 1 January 1998 to Witco); and CHF 40 million in 1997 sales from the former Pigments division following the de-consolidation of Daihan Swiss.