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15 April 1999
Basel, Switzerland

News Release

Ciba Specialty Chemicals First Quarter Sales:

- Sales Rise 6% in Swiss Francs and 10% in Local Currencies
- Management Confirms Cautious 1999 Outlook Due to Tough Market Conditions

Divisions	January through March 1999 in CHF m	January through March 1998 in CHF m	% change	
			in CHF	in local currencies
Additives	803	569	41	46
<i>Additives (excluding Water Treatments)</i>	559	569	(2)	1
<i>Water Treatments*</i>	244	0	-	-
Colors	560	613	(9)	(6)
<i>Inks, Paints and Plastics</i>	304	319	(5)	(2)
<i>Textiles (excluding Fabric Finishing)**</i>	256	294	(13)	(11)
Consumer Care	330	341	(3)	2
Performance Polymers	411	467	(12)	(9)
Total Group	2 104	1 990	6	10

This table presents the new Company divisional structure on a comparable basis. Accordingly, the sales figures for 1998 have been reclassified. For purposes of transparency, the sales for the Water Treatments, Inks Paints and Plastics and the Textiles business units have been broken out.

*The Water Treatments business was acquired on 1 April 1998. Therefore, no sales figures are included in the 1998 first quarter. Since 1 January 1999, the Water Treatments division has been part of the Additives division.

**In the second half of 1998, the Fabric Finishing business of the former Textile Dyes division was transferred to the Consumer Care division. The previously reported Textile Dyes first quarter 1998 sales have been reduced by CHF 48 million and recorded, for comparative purposes, in the Consumer Care division.

Group Overview

Ciba Specialty Chemicals posted sales of CHF 2.104 billion for the first three months of 1999 – an increase of 6 percent in Swiss francs and 10 percent in local currencies over the first quarter of 1998. A substantial contribution was made by the former Allied Colloids, which was included in first quarter sales for the first time since being

consolidated last April. Excluding that business, sales totalled CHF 1.827 billion, which represents a decrease of 8 percent in Swiss francs and 5 percent in local currencies. The first quarter saw a continuation of the very difficult end-user market conditions that began to develop in the second half of 1998 and intensified in the fourth quarter. Weaker sales were recorded in both January and February, with some improvement seen in March. In general, prices were lower due to intense competition in all sectors, and not all divisions could compensate through volume gains. Geographically, on a comparable basis (excluding the former Allied Colloids), there were signs of strengthening in Asia, with a particularly strong performance in China and several Southeast Asian countries. Sales in the Western Hemisphere were higher in local currencies in Canada and in Central and South America compared to the first quarter in 1998. Sales in Europe were weaker than in the same quarter last year.

Divisional Overview

Additives

Additives recorded first quarter sales of CHF 803 million, of which CHF 244 million was attributable to Water Treatments (part of the former Allied Colloids) which joined the Additives division as a new business unit effective 1 January 1999. As the former Allied Colloids was consolidated into Ciba as of 1 April 1998, comparable sales for the first quarter of 1998 are not available. For the remainder of the Additives division, sales were down 2 percent in Swiss francs but up 1 percent in local currencies. Polymer Additives, Imaging and Coating Additives, and Process and Lubricant Additives all recorded higher sales in local currencies compared to the strong first quarter of 1998. Water Treatments sales improved toward the end of the quarter.

Colors

The Colors division posted sales of CHF 560 million, which marks a 9 percent decrease in Swiss francs and a 6 percent decrease in local currencies. Conditions in the global textiles industry remained depressed in the first quarter although colours for Textiles saw some improvement toward the end of the quarter. Colours for Inks, Paints and Plastics recorded marginally lower sales in local currencies compared to the first quarter of 1998, and the business showed signs of strengthening toward the end of the quarter.

Consumer Care

The Consumer Care division posted sales of CHF 330 million, down 3 percent in Swiss francs but up 2 percent in local currencies. Strong sales were recorded by Antimicrobials and the recently created Fabric Processing and Finishing business. Fabric and Personal Care product lines recorded triple-digit sales increases in local currencies. Sales in Whiteners and Specialty Colors were lower compared to a strong first quarter in 1998.

Performance Polymers

Sales totalled CHF 411 million, a decrease of 12 percent in Swiss francs and 9 percent in local currencies. Sales in all business units were lower compared to the first quarter

of 1998. The Heavy Electrical and Structural Composites businesses recorded slightly lower sales compared to last year's strong first quarter, though both businesses showed clear signs of strengthening as the quarter ended. Sales for Adhesives and Tooling could not match last year's strong performance. Coatings and Electronic Materials faced more difficult market conditions and recorded lower sales.

Outlook

Ciba Specialty Chemicals will generate cost savings of CHF 150 million in 1999 through a series of restructuring programmes already underway. Ciba continues to pursue improvements in the area of asset management and purchasing, a further reduction in capital expenditure and strict cost controls. These measures will soften the impact of the difficult market conditions on 1999 results but probably cannot fully offset them. The negative end-user market trends which developed in the second half of 1998, especially in the fourth quarter, continued unabated in the first two months of 1999. Although some improvement was noted in March, it is still too soon to consider this an upward trend and confirms management's expectations that 1999 will be a difficult year. Management continues to expect that should current trends continue, it will not be possible to maintain 1998 EBITDA margin levels and that a weakening of a least 1 percentage point and possibly even somewhat more cannot be excluded.

Ciba Specialty Chemicals (SWX:CIBN) is a leading company dedicated to producing high-value effects for our customers' products. Our specialty chemicals, added in small quantities, enhance the performance, look and feel of the final product. Business success is driven by our long-term strategy of innovation and continuous operational improvements. Ciba brings new and creative thought to the processes and products of our customers in more than 117 countries. Ciba generated sales of more than CHF 8.4 billion in 1998 and spent 300 million on R&D to foster innovation across the Company.

Please note: In accordance with the stated policy of Ciba Specialty Chemicals, the Company does not publish quarterly profit information. Ciba Specialty Chemicals will report its half-year financial results on 17 August 1999.

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