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Basel, Switzerland

News Release

Ciba Specialty Chemicals Nine-Month Sales:

- Third quarter shows further advances in divisional sales
- Cumulative sales rise 3% in Swiss francs, 4% in local currencies
- Divisional profit outlook confirmed, but somewhat higher unfavourable impact from Hexcel stake expected

Divisions	January through Sept. 1999 in CHF m	January through Sept. 1998* in CHF m	% change	
			in CHF	in local currencies
Additives	2 534	2 167	17	17
<i>Additives (excluding Water Treatments)</i>	1 778	1 675	6	6
<i>Water Treatments</i>	756	492	5	6
Colors	1 774	1 820	(2)	(2)
<i>Inks, Paints and Plastics</i>	963	949	2	2
<i>Textiles</i>	811	871	(7)	(6)
Consumer Care	1 037	1 049	(1)	1
Performance Polymers	1 288	1 387	(7)	(6)
Total Group	6 633	6 423	3	4

*The 1998 sales include the results of the business from Allied Colloids for the six-month period since April 1, 1998, the date of the acquisition.

Overview

Ciba Specialty Chemicals posted third quarter sales of CHF 2.3 billion - up 6 percent from the third quarter in 1998. This good performance led to sales of CHF 6.633 billion for the first nine months of 1999, an increase of 3 percent in Swiss francs and 4 percent in local currencies over the same cumulative period last year. Excluding the Water Treatments business, which became fully consolidated effective 1 April 1998, sales were 1 percent lower in Swiss francs and 1 percent lower in local currencies. Volume growth supported sales but was partly offset by price reductions. Regionally, sales were still lower in Europe. The recovery was most visible in Asia and South America.

Divisional Overview

Additives

Additives (without Water Treatments) again topped the strong performance recorded in the comparable period last year, with sales rising 6 percent in Swiss francs and 6 percent in local currencies to CHF 1.778 billion in the first nine months. Volume growth for the division was strong, counteracting competitive price pressure. Growth was led by the Imaging and Coating Additives business, with Polymer Additives and Process and Lubricant Additives also improving further.

The Water Treatments business unit posted sales of CHF 756 million, up 5 percent in Swiss francs and 6 percent in local currencies, on a comparable basis. Volume growth outpaced price declines. The Pollution Control and Paper Technology businesses remained on their growth paths, while sales posted by the industry segments Extractive Industries and Co-Producers/Specialty Monomers remained stable.

Colors

The division's sales declined only slightly, by 2 percent in Swiss francs and 2 percent in local currencies to CHF 1.774 billion. Despite improvements in the third quarter, cumulative sales in the colours for Textiles business remained below previous year levels due to volume and price declines tied to the difficult market environment. In the business unit colours for Inks, Paints and Plastics, a strong volume increase offset price decreases.

Consumer Care

The Consumer Care division posted stable sales of CHF 1.037 billion, down 1 percent in Swiss francs but up 1 percent in local currencies. Volume further increased, with slightly lower prices. Higher sales were recorded by Antimicrobials and the Fabric Processing and Finishing business. Home and Personal Care specialties maintained their high double-digit sales growth, with Whiteners recovering further from a weak start to the year.

Performance Polymers

In line with the new strategic focus on profitable growth, sales of lower value-added products continued to decline while those of specialties continued to show an improving trend in the third quarter. Sales totalled CHF 1.288 billion, down 7 percent in Swiss francs and 6 percent in local currencies. The sales decrease was primarily attributable to volume declines. While Structural Composites showed increasing sales, the other industry segments recorded lower sales compared with the same period in 1998.

Outlook

Ciba Specialty Chemicals is convinced that the industry is emerging from its lows, especially in view of an improving economic environment. The sales development in the third quarter continued to show a recovery from the lows at the beginning of the year. Assuming the improvement in the business climate continues, full-year sales are expected to be clearly higher than in 1998. At the same time, operational initiatives are delivering benefits and are expected to further support margins during the remainder of the year. Because of the weak beginning to the year, divisional profitability should develop in line

with the forecast margin decline of 1 percent or somewhat more as compared with the full year 1998.

Ciba expects a negative impact on its results from its equity-consolidated investment in Hexcel Corporation. With the Spin-off from Novartis in March 1997, the Company obtained a non-controlling minority stake of 49 percent in the US-based, publicly listed Hexcel, which holds a strong market position as a supplier to the highly cyclical aerospace industry. Hexcel recently announced a consolidation plan and a weak outlook for the third quarter. This is expected to have a negative effect of CHF 90 to 110 million on Ciba's consolidated results, about CHF 50 million more than previously forecast, when compared with the full year 1998.

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.

Forward-Looking Statements

Forward-looking statements contained herein 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 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, 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 1999 financial results on 23 February 2000 and its first-quarter sales on 13 April 2000, the day of the Annual General Meeting.

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