
Ciba Specialty Chemicals

2002 Company profile

Corporate Profile
Ciba Specialty Chemicals
February 2002



Ciba Specialty Chemicals

Overview

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Who we are

- **Ciba Specialty Chemicals is a leading company dedicated to producing high-value effects for its 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.**

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Shareholder structure

- **Listed on**
 - Swiss Exchange (virt-x)
 - New York Stock Exchange
- **72 million shares**
 - of which
 - 6 million shares Ciba treasury stocks
 - 66 million shares in market
 - 50 % of owners known
 - > more than 50 % Swiss owned
 - > rest Europe, USA and Asia



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Vision

We create effects to improve the quality of life

- Color
- Performance
- Protection
- Strength



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Improving the quality of life

Color

differentiating and decorating plastics, paper, textiles, metal and more



Performance

adding functionality and efficiency to products and processes



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Improving the quality of life

Protection

helping to shield people and products from UV radiation, fire, germs and more



Strength

adding durability against heat, corrosion and wear



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Mission

Ciba Specialty Chemicals is a global leader, committed to be number one in all our chosen markets. We strive to be the partner of choice for customers seeking innovative effects to enhance the performance of their products.

We endeavor to be the employer of choice for the best people. We are determined to create value for our shareholders.



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Values

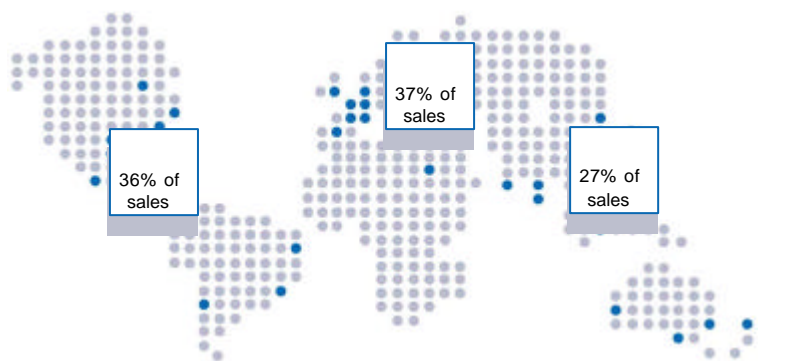
- Performance
- Customers first
- Innovation
- Leadership
- Sustainability



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Balanced global presence



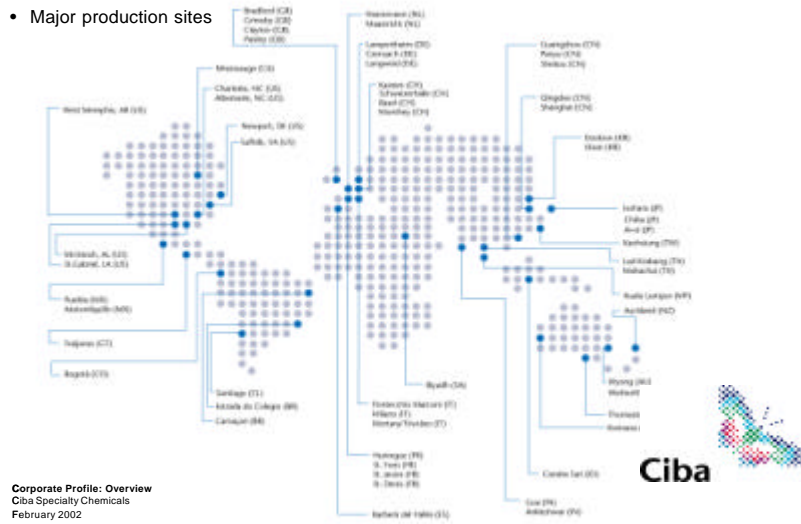
- 19'700 employees around the world
- Sales in 120 countries
- 64 production sites in 25 countries
- 16 research centers in 9 countries

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Where we are

- Major production sites

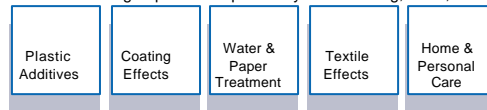


Company structure



Segments

Five industry-focused business groups with responsibility for marketing, sales, R&D, production and technology



Group Services

Support the segments in these areas



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Segments focused on customer industries

Plastic Additives
Industries:
•Plastics
•Lubricants

Water & Paper Treatment
Industries:
•Water
•Paper
•Pollution Control

Home & Personal Care
Industries:
•Home & Fabric Care
•Personal Care



Coating Effects
Industries:
•Paints
•Imaging & Inks
•Electronics
•Plastics

Textile Effects
Industry
•Textiles



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Core competency links

Segment	Optical Brighteners	Antioxidants	Antimicrobials	Color	Colloid Chemistry	UV Protection
Plastic Additives	X	X	X	X		X
Coating Effects	X	X		X	X	X
Water & Paper Treatment	X		X	X	X	
Textile Effects	X		X	X	X	X
Home & Personal Care	X	X	X	X	X	X



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Market links

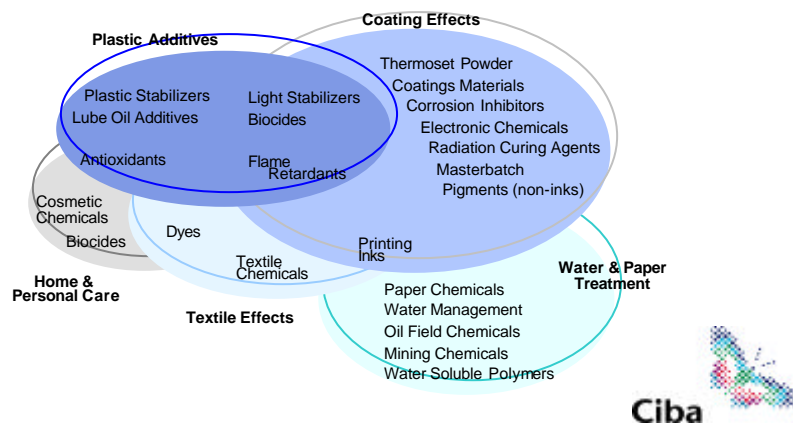
Segment	Automotive	Textiles	Cosmetics	Packaging	Paper	Electronics
Plastic Additives	X	X		X		X
Coating Effects	X	X		X	X	X
Water & Paper Treatment		X		X	X	
Textile Effects	X	X	X		X	
Home & Personal Care		X	X			



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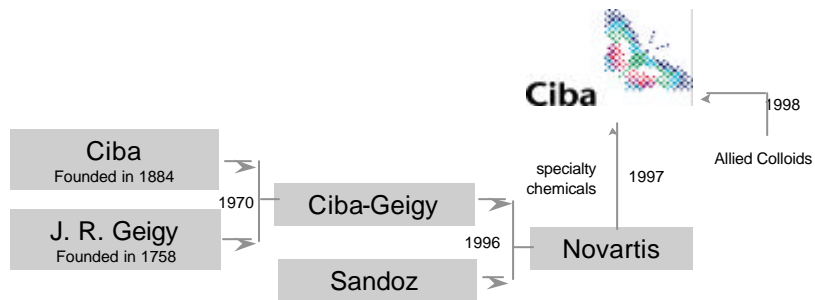
Focused portfolio with 5 strong segments

- Full use of technology synergies



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History



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Strategy



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2002 Global initiatives

- Profitable growth
 - Focus on the market
- Innovation
 - New markets, new solutions
- People
 - Clear vision, lean structure
- Cash flow
 - Key for growth



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A winning strategy

- Serving the customer
- Three business models
- Innovation
- Best-in-class manufacturing
- People

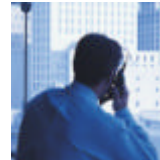


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Serving the customer

- One strong brand
- Five strong industry focused segments
- Leading market positions in chosen industries
- Single point of contact for accessing our products and services
- Products, integrated solutions and services tailored to customers needs
- Balanced geographical presence
- Mid-sized acquisitions to complement overall offering



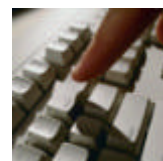
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Serving the customer

E-business made easy

mybusiness@cibasc

- Designed with our customers' needs in mind
- 24 hours / 7 days online convenience
- Online ordering across Ciba Specialty Chemicals' product lines
- Technical and marketing support at your fingertips

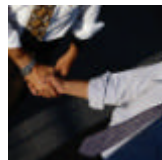


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Three business models

Three models serving a common customer base

- Specialties: Product leadership
- Semi-specialties: Operational excellence
- Services: Customer intimacy



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Specialties: Product leadership

Product differentiation and positioning

- **Quantum leap innovation fund**
- **Example: Business Line Electronic Materials**
 - New breakthrough products
 - Color filters for flat screen panels
 - Photo initiators for UV curing of color filters
 - Optical information storage medium
- **Small-to-medium size acquisitions**
 - Backward integration: Prochimica
 - Solution provider concepts: EFKA



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Semi-specialties: operational excellence

High quality, reliable delivery, low cost production

- Differentiation: Competitive, high quality, stable delivery
- Cost focus of key importance in all areas
- Constant process improvements
- Minimal number of global supply points
- De-bottlenecking of production flows
- Economy of scale



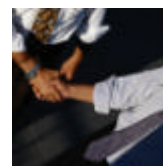
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Services: customer intimacy

Customer-specific solutions

- Color management
 - Global contracts
- Additive pre-blends
 - Avoiding incompatibilities of individual additives
- Ciba Expert Services™
 - Advisory services for appropriate use of additives
 - Registration services for customers
 - Expert system for colorimetry
 - Quality control laboratories
 - Legal/patent services



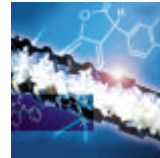
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Innovation

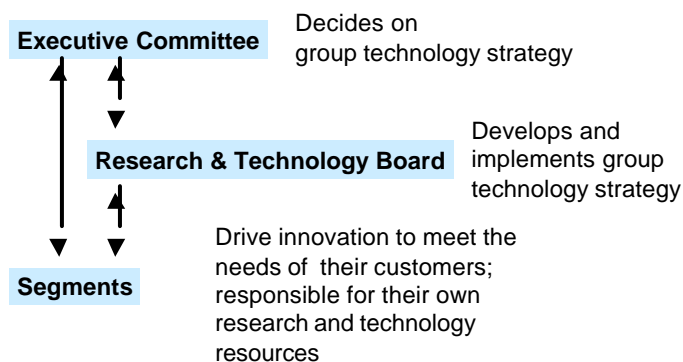
Enabling product improvements and product breakthroughs

- R&D spending of CHF 276 million/year (3-4% of sales)
- Market driven innovation
- Focus on organic and physical chemistry research expertise
- Chief Technology Officer at the Executive Committee level
- Research and Technology Board, which includes all of the segments
- Research Fund of CHF 10 million/year



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Fostering innovation



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Innovation highlights

- Ciba® TERASIL® W / WW
new disperse dyes with excellent fastness to washing
- Ciba® TINOSAN® HP 100
antimicrobial with new chemistry
- Ciba® IRGAPHOR® Reds
unique red component for liquid crystal display
- Ciba® IRGAPHOR® Ultragreen MX
CD-R dyes for information storage
- Ciba® LODYNE®
Rf-I chemistry; new, cost efficient way to synthesize fluorochemicals
- Ciba® SHELFPLUS® UV
Protection of package contents from UV damage



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Best-in-class manufacturing

Improving yield and return on technical operations

- Expertise in process development provides continuous productivity improvement
- Maximizing return on available capacity across segments
- Lowest cost manufacturing
- "Safety first" policy
- Single, streamlined global supply chain



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People

- Where people grow, profits grow
 - Attract, develop and retain the best
 - Empower creativity to spur growth
 - Provide safe working conditions
 - Open, honest communication
 - Clear vision, mission and common values
 - Recognize and reward performance



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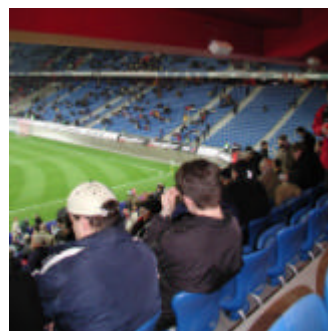
A focused portfolio: Plastic Additives

Growth through innovation and operational excellence

Example:

- The seats in the new Basel St. Jakobs Park stadium
- Durability by Plastic Additives

Sales 2001 (MCHF)	1 850
Our position	No. 1
EBITDA margin	21.1%



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A focused portfolio: Coating Effects

Growth through innovation

Example:

- Kitchen equipment
- Colors by Coating Effects



Sales 2001 (MCHF)	1 950
Our position	No. 1
EBITDA margin	21.1%



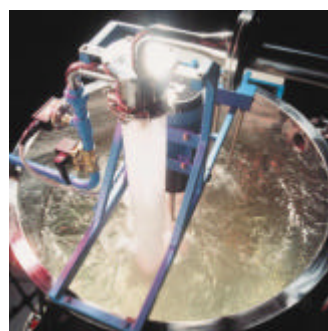
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A focused portfolio: Water & Paper Treatment

The profitable growth after turn-around

Example:

- Waste-water treatment
- Flocculants by Water & Paper Treatment



Sales 2001 (MCHF)	1 500
Our position	Top 3
EBITDA margin	10.6%



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A focused portfolio: Textile Effects

Colors, comfort and performance
THE provider of integrated textile
solutions

Example:

- Always a clean table cloth
- Stain repellent by Textile Effects

Sales 2001 (MCHF)	1 650
Our position	No. 1
EBITDA margin	14.8%



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A focused portfolio: Home & Personal Care

Growth through novel effects

Example:

- Daylong sunscreen of Spirig
- UV absorber by Home & Personal Care

Sales 2001 (MCHF)	430
Our position:	
Leader in selected areas	
EBITDA margin	22.2%



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2001 Achievements

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Key achievements 2001

- Simplified organization implemented: “Fit for Growth”
- New group and segment strategies
- Vision, mission and values
- Lower cost base due to proactive initiatives
- Market share gains in challenging environment
- Profitability levels stabilized on high level



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2001: Financial overview

A solid performance in a difficult environment

MCHF	2001	(% sales)
Sales	7 367	
EBIT	761	(10.3%)
EBITDA	1 230	(16.7%)
Net income ¹	380	(5.2%)
EPS (CHF) ¹	5.72	
Free cash flow	779	
Net debt	2 351	

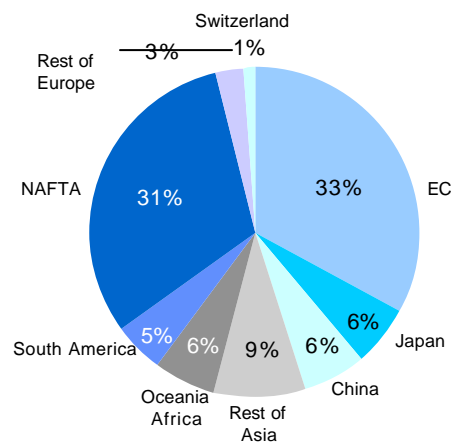
¹continuing operations

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Group sales

Sales 2001 outperformed weak markets: 7.4 billion CHF

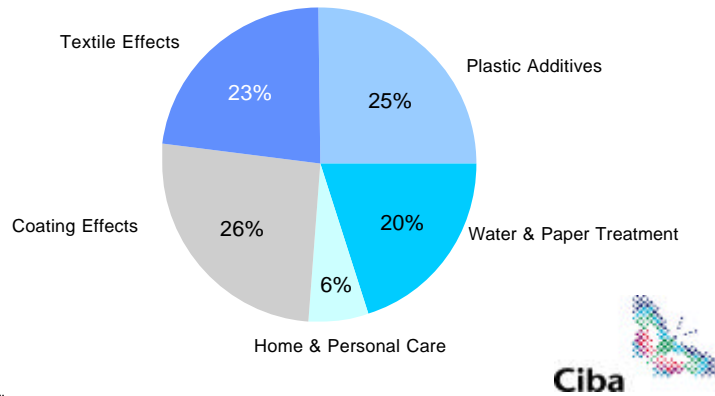


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A well-balanced portfolio

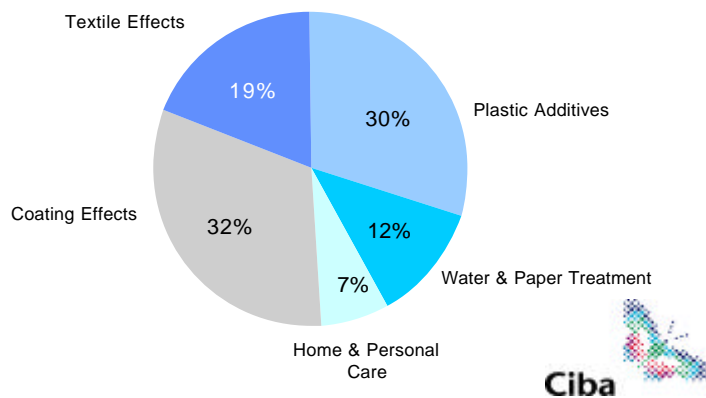
Sales 2001: 7.4 billion CHF



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Group EBITDA

• Group EBITDA: 1 230 MCHF



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Conclusions 2001

- **Market share gains in important areas**
- **Earnings protected by fast cost reductions**
- **Very strong cash flow, solid balance sheet**
- **Lean and dynamic organization**
- **Energized management, improved leadership**
- **Strong base for the future**



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