

## Press Release

### **Lonza Reports Robust Q1 Performance and Sound Growth Prospects Until 2018**

- The year 2015 started with an overall good momentum, leading to business performance fully in line with our expectations
- Foreign-exchange effects are under control and being managed through counter-measures and business performance
- Strong business results from regions unrelated to the Euro have balanced the impact of the strong Swiss currency
- Sales and profit growth are expected for 2015 despite currency challenges
- Mid-term guidance to 2018 indicates positive development for both segments of Lonza

**Basel, Switzerland, 28 April 2015** – During the first quarter of 2015, Lonza's business performance was fully in line with our expectations. In both the Specialty Ingredients and Pharma&Biotech segments, we realized our growth targets and achieved good results. The impact of the foreign exchange changes earlier in the year is under control and being managed through counter-measures across the company.

Our recent investments, such as in the niacinamide plant in Nansha (CN) and the Agro Ingredients plant in Visp (CH), are ramping up production and are providing projected volume growth. Adaptations of the large-scale microbial plant in Visp to accommodate different customers are also successfully underway. In addition, we are making good progress on preparing to build out our assets for emerging technologies, such as cell and viral therapy in the United States.

We can also confirm that our global balance of currencies is continuing to provide stability to our business. Strong business results from regions outside Switzerland and the Eurozone have largely balanced the impact of the strong Swiss currency. Operational improvements, portfolio optimizations and quality initiatives remain high on the agenda.

Richard Ridinger, CEO of Lonza, said, "Our first-quarter results demonstrate that we are well positioned to deliver on our 2015 targets. We're expecting positive performance and further growth throughout the rest of the year and in the foreseeable future. Our solid business plans in our well-defined markets and associated clear strategic direction allow us also to provide a positive mid-term outlook until 2018."

#### **Specialty Ingredients Segment**

The Specialty Ingredients segment had a good start in 2015 with healthy overall market demand in most areas. Consumer Care had a solid quarter with good uptake of some new, innovative products. Although Agro Ingredients was the most impacted by the strong Swiss

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currency, our business continued to grow; and results were on target with good capacity utilization.

The Industrial Solutions business also had high asset utilization across the board with a generally favorable demand situation mainly in our Coatings and Composites business. Our Wood Protection businesses had a slightly slower start to the year than expected with record snowfall this winter in the United States, which led to delayed deliveries, and with weakening currencies in some regions. Both the residential and the industrial parts of our Water Treatment business experienced improved sales as the year began, and the business has been performing better than the two prior years.

### **Pharma&Biotech Segment**

The Pharma&Biotech segment benefited from enhanced operational performance, ongoing portfolio optimizations and good quality results. We experienced good momentum, especially in market demand for biologics and ongoing interest in Lonza services. Contracts were signed with our Custom Manufacturing clients for all technologies and for products in clinical development and in commercial manufacturing. That ongoing interest and our recognized quality and compliance standards ensure good utilization of most of our assets.

Custom Development Services experienced continued interest from customers across all regions and technologies for development and clinical manufacturing services. In our Bioscience Solutions business, we further improved our performance and increased our presence in China and APAC, while funding in Japan and European markets remained low. Research Products experienced first signs of a global recovery and was ahead of target in many regions, while Testing Solutions performed according to budget and plan.

### **Full-Year 2015 Outlook**

Overall results for the first quarter are all fully on track, showing benefits from our improvement projects emphasizing organic growth and quality matters. Lonza's financial situation remains solid.

Based on constant exchange rates, we are on track to deliver sales growth in 2015. Despite foreign exchange rate and raw material volatility, we are planning for CORE EBIT growth of at least 5% as a result of portfolio optimizations and further operational productivity improvements. Ongoing enhancements of the worldwide production network are expected to lead to a further improved CORE RONO of >15%.

### **Mid-Term Guidance 2018**

Our mid-term priorities for Specialty Ingredients will be to expand our global reach, become more operationally efficient and transfer technology know-how out of the Pharma&Biotech toolbox across the businesses and segments in order to capitalize on synergies.

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For Pharma&Biotech our mid-term priorities will be to realign business models to satisfy customers' future needs. We also plan to reduce capital intensity, as well as reduce volatility and de-risk our portfolio further.

Assuming current macro-economic environment, constant exchange rates and anticipated worldwide growth rates:

- We expect that our CORE EBITDA will approach CHF 1 billion in 2018. This assumption is based on our efforts to further optimize our portfolio, strengthen customer orientation, implement cross-business synergies, improve productivity and focus on new and emerging technologies.
- We are also targeting CORE RONO of 20% in 2018 (14.3% in 2014) and sales growth of low to mid-single digits on average per year until 2018. That growth will come from new technologies, further productivity improvements and expanded global reach, as well as more service-business offerings and additional innovative products.

### About Lonza

Lonza is one of the world's leading and most-trusted suppliers to the pharmaceutical, biotech and specialty ingredients markets. We harness science and technology to create products that support safer and healthier living and that enhance the overall quality of life.

Not only are we a custom manufacturer and developer, Lonza also offers services and products ranging from active pharmaceutical ingredients and stem-cell therapies to drinking water sanitizers, from the vitamin B compounds and organic personal care ingredients to agricultural products, and from industrial preservatives to microbial control solutions that combat dangerous viruses, bacteria and other pathogens.

Founded in 1897 in the Swiss Alps, Lonza today is a well-respected global company with more than 40 major manufacturing and R&D facilities and approximately 9,800 employees worldwide. The company generated sales of about CHF 3.64 billion in 2014 and is organized into two market-focused segments: Pharma&Biotech and Specialty Ingredients. Lonza's stock is publicly traded on the Swiss and the Singapore stock exchanges. Further information can be found at [www.lonza.com](http://www.lonza.com).

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