

Full-Year Financial Highlights

CORE¹ Earnings million CHF	2015	Change in %	2014
CORE result from operating activities (EBIT)	524	10.3	475
Margin in %	13.8		13.0
CORE EBITDA	793	6.7	743
Margin in %	20.9		20.4
CORE profit for the period	356	0.8	353
CORE EPS basic CHF	6.81	0.3	6.79
CORE EPS diluted CHF	6.76	0	6.76
CORE RONOA in %	16.4	14.7	14.3

IFRS Results million CHF	2015	Change in %	2014
Sales	3 803	4.5	3 640
EBITDA	780	5.8	737
Margin in %	20.5		20.2
Result from operating activities (EBIT)²	428	1.2	423
Margin in %	11.3		11.6
Profit for the period	277	16.9	237
EPS basic CHF	5.30	16.2	4.56
EPS diluted CHF	5.26	15.9	4.54
Operational free cash flow	667	40.1	476
RONOA in %	10.8	4.9	10.3
Net debt	1 660	(17.5)	2 011
Debt-equity ratio	0.78	(17.7)	0.94
Number of employees	9 829	0.2	9 809

1 In the CORE results for the items "EBITDA", "Result from operating activities (EBIT)", "Profit for the period" and "Earnings per share", the impact of amortization of acquisition-related intangible assets, impairment and reversal of impairment of assets, results from associates and other special charges/income from restructuring are eliminated. See also page 9.

2 Includes restructuring and impairment charges as disclosed in note 3.

- Strong sales growth in reported currency of 4.5% (a growth of 5.7% in constant exchange rates) resulted in sales of CHF 3.80 billion.
- Double-digit CORE EBIT growth of 10.3% in reported currency (+12.0% in constant exchange rates) was supported by both the Specialty Ingredients and Pharma&Biotech segments.
- CORE EBITDA margin improved from 20.4% in 2014 to 20.9% in 2015.
- CORE RONOA increased from 14.3% in 2014 to 16.4% in 2015.
- Healthy market demand, combined with significantly better operational performance, bolstered the strong results.
- Strong operational free cash flow of CHF 667 million led to a net debt reduction in 2015 of CHF 351 million.
- Lonza's Board of Directors is proposing a stable dividend of CHF 2.50 per share for 2015.

Guidance Cycle 2012–2015:

With the full-year 2015 results, Lonza concluded its guidance cycle of 2012–2015. In 2012 Lonza started its transformational journey and announced a set of key performance indicators (KPIs). The company successfully delivered on these KPIs, as reflected in the financial results, including the following:

	Actual 2012	Actual 2015	Guidance 2015
CORE EBITDA-Margin	17.6%	20.9%	20.0%
CORE EBIT (mn CHF)	392	524	>5% growth/yr.
		(10.2% average/yr.)	
CORE RONOA	11.0%	16.4%	15%
Net Debt (mn CHF)	2 647	1 660	1 850
	(1 Jan. 2012)		

Overview

For Lonza 2015 was a successful year, both on a financial and an operational level. Both segments – Specialty Ingredients and Pharma&Biotech – contributed to these strong results. Compared with the same period in 2014, sales grew by 4.5% to CHF 3 803 million in reported currency (a growth of 5.7% in constant exchange rates, CER). Each segment had double-digit CORE EBIT growth in CER, which led to an overall growth of 10.3% in reported currency (+12.0% in CER).

Our improved 2015 financial results in nearly all disciplines were the consequence of our measurable progress in the ongoing transformation of Lonza, which has led to a continued path of stabilization. Healthy market demand, combined with better operational performance, bolstered the strong results. Also in the last year, we continued to de-risk the portfolio, de-leverage the company, increase our return on capital and reduce volatility even further. Rigorous plans to make Lonza a more market-driven company progressed well as we expanded our global reach and became more operationally efficient.

Macro-economic uncertainties, geo-political unrest and variable raw material prices were balanced in 2015. In addition, foreign-exchange effects were minimized through targeted counter-measures and through our natural hedge.

Specialty Ingredients

The **Specialty Ingredients** segment overall had a solid performance throughout the year, with sales growth of +2.5% in CER, driven by good market demand. The sales figures were also impacted by low oil prices. CORE EBIT had a solid increase, based on better product mix in the portfolio and value-chain improvements. Innovative solutions provided to our customers were highly appreciated; and new product launches gained traction, such as new antidandruff actives, a vitamin B3 ingredient for skin-care applications, preservative formulations and water treatment solutions.

Our Agro Ingredients and Wood Protection businesses had the strongest profit growth compared with the previous year. Consumer Care performed as budgeted based on solid demand. Benefiting from the good development of the specialty portfolio was the Industrial Solutions business, which delivered strong results. Effective 1 January 2016, Industrial Solutions was renamed Coatings and Composites and was expanded to include Wood Protection. Water Treatment grew on the top and the bottom line.

Since the lifting of the EUR/CHF ceiling by the Swiss National Bank (SNB) in mid-January 2015, the foreign-exchange rate development has influenced the majority of the businesses, especially the Swiss-based Agro Ingredients and industrial products businesses. However, additional sales, price increases and productivity improvements compensated for this impact in 2015.

The regulatory environment for the wide range of products Lonza manufactures continued to become more stringent in 2015. We were prepared and well positioned to accommodate these constantly increasing obligations and will remain so in the future.

Pharma&Biotech

In the **Pharma&Biotech** segment, we increased sales by 10.5% in CER. Sales increased by +10.4% in reported currency. CORE EBIT grew by double digits. The strongly improved performance in 2015 was mainly due to solid demand in the mammalian businesses and significantly improved operational performance. Our made-to-stock Bioscience Solutions business delivered strong growth in both sales and profits.

A firm market demand for commercial and products in clinical trials was observed throughout the year. The outsourcing and multi-sourcing trends continued to be strong. In 2015 we have seen the growth of products with breakthrough therapy (BTP) and orphan drug status. Lonza has a strong track record in these areas, with a significant share of BTP across technologies being produced at Lonza.

New contracts were signed in 2015 on the back of positive developments of various product candidates' moving forward in clinical trials. Long-term contracts were also signed for new technologies, including immune therapy and viral therapy, driven by a high level of market activities.

In 2015 the market continued to acknowledge Lonza's high quality standards, reputation and consistent adaptations of the facilities to meet permanently increasing requirements from regulatory authorities.

Financial Summary

- Sales grew by 5.7% in CER (+4.5% to CHF 3 803 million in reported currency).
- CORE EBITDA margin was 20.9% compared with 20.4% in 2014.
- CORE EBIT grew by 12.0% in CER to CHF 532 million (+10.3% in reported currency to CHF 524 million).
- Main differences between CORE and reported EBIT are impairments at the Kouřim (CZ) and Walkersville, MD (USA) plants.
- CORE RONOA at 16.4% compared favorably with 14.3% in 2014. The 2015 CORE RONOA result is one year ahead of our 2016 guidance of 16%.
- Profit for the period increased by 16.9% to CHF 277 million.
- Despite higher capital expenditure of CHF 264 million (CHF 180 million in 2014), operational free cash flow improved significantly by 40.1% to CHF 667 million.
- In August Lonza announced the pricing of our dual tranche CHF 325 million (CHF 150 million and CHF 175 million) straight bonds. The bonds have a maturity of five and eight years respectively with coupons of 0.625% and 1.250%.
- Debt reduction was on track, with net debt reduced significantly by CHF 351 million in 2015 to CHF 1.66 billion, leading to a net debt/EBITDA ratio of 2.09x and a debt/equity ratio of 78%.

Dividend

The Board of Directors is proposing a stable cash dividend of CHF 2.50 per share for 2015. Subject to approval at the Annual General Meeting, this dividend will be paid out of the reserve capital contribution and will be free from Swiss withholding tax.

Changes to the Board of Directors

The Board of Directors is proposing to the AGM, to be held on 22 April 2016, the re-election of all its members and additionally the election of Christoph Mäder to the Board. The candidate has broad experience in mergers & acquisitions, capital market transactions, industry regulation and governance. He currently serves at Syngenta as Head Legal & Taxes and Company Secretary and as Member of the Executive Committee. He sits on the Board of Directors of the industry association scienceindustries, which he formerly chaired, is a Vice Chairman of economiesuisse and serves on the Industry Advisory Council to the Organisation for Economic Co-operation and Development (OECD). The Board is also proposing to re-elect Rolf Soiron as its Chairman. The search for his successor has been initiated.

Outlook

The transformation of Lonza towards a more customer-focused and market-driven organization made sound progress in 2015 and is still ongoing. Lonza will continue to work on a balanced portfolio and to proactively seek to adjust business models to the current market and economic situations.

Based on the present macro-economic environment and current visibility, as well as the strongly improved results of 2015, Lonza is re-confirming the 2018 guidance of:

- CORE EBITDA approaching CHF 1 billion in 2018.
- CORE RONOA of 20% in 2018.
- Sales growth of low-to mid-single digits on average per year until 2018.

In 2016 Lonza is expected to grow sales in line with the 2018 guidance and targets a CORE EBIT growth of above 5%, based on the same conditions.

The strong demand particularly in Pharma&Biotech has resulted in a number of growth projects. That is why the company expects the 2016 capital expenditure to be above the 2015 levels.

In our Pharma&Biotech segment, we have started a five-year journey to get fit for 2020+. We will realign our business models to satisfy customers' future needs. The reduction of volatility and the de-risking of our portfolio remain high on the agenda.

In our Specialty Ingredients segment, we will expand our global reach and explore new market opportunities. We will capitalize on synergies by sharing technology know-how from biopharma and specialty chemicals across our different markets, industries and technologies. Agro Ingredients is expected to slow down in 2016 because of the market environment but is expected to be compensated by other businesses.

Our leadership and employees will continue to work diligently on the goals we have set. We thank you – our internal and external stakeholders – for your ongoing confidence in and support for our company.

Rolf Soiron
Chairman of the Board of Directors

Richard Ridinger
Chief Executive Officer

Specialty Ingredients Segment

Specialty Ingredients million CHF	2015	Change in %	2014
Sales	2 167	0.6	2 154
CORE result from operating activities (EBIT)	298	9.6	272
CORE EBIT margin in %	13.8		12.6
CORE EBITDA	390	8.3	360
CORE EBITDA margin in %	18.0		16.7

Enhanced Portfolio Management Counterbalances Currency Effects

Driven by good market demand, Lonza's Specialty Ingredients segment delivered a solid financial performance resulting in sales growth of 2.5% and double-digit CORE EBIT growth in CER in 2015. The sales figures were impacted by low oil prices. Innovative approaches came from cross-business activities between the Specialty Ingredients businesses and other parts of the company. This innovation resulted in a noteworthy number of new product launches and was also driven by market demand and our customers' desire for technologically led, environmentally friendly and affordable solutions.

Consumer Care

Hygiene

Our Hygiene business continued to grow at a solid pace in 2015 because of the need for effective microbial solutions in all areas of fast-moving consumer goods, industrial uses and institutional applications, as well as the acceleration of increasingly rigorous regulatory requirements. Contributing, for example, were our offerings that provide full value-adding formulation, registration and efficacy data support, such as our "turn-key" disinfection solutions to address regulatory changes in North America. Innovative formulated solutions and the ingredients for our wipes applications were recognized and appreciated by our customers.

Nutrition

For most of the year, we experienced overall good growth within the animal health market, predominantly in Asia and North America, and with selected food-and-beverage applications globally in our key franchises of vitamin B3 and L-Carnitine.

Vitamin B3 enjoyed solid market demand in most geographical areas throughout the year with only some emerging countries showing softer demand in the second half of 2015. The new plant in Nansha (CN), which began operations in the second half of 2014, is delivering highly recognized quality to customers.

Personal Care

With the ongoing momentum from our innovation pipeline, the high end of our Personal Care portfolio is growing well. The value created by this portfolio shift is already compensating for the effects of more-mature product lines such as antidandruff actives. However, even these more mature products groups experienced increasing demand.

Supported by our newly opened application technology laboratory, a robust growth momentum was created for our protein-based hair-care actives. Our initiatives to strengthen our footprint and offerings in emerging markets began to pay off with record growth in Asia and Latin America in 2015.

Agro Ingredients

Agro Ingredients delivered the highest growth rate ever this year, based on concrete market demand for both biotechnological and chemical custom manufacturing. Our custom manufacturing business of advanced intermediates and active ingredients for herbicides, fungicides and insecticides delivered strong results. In fermentation contract manufacturing, results were behind target due to project delays in the market.

Meta™ products, Lonza's specific molluscicides for slug and snail control in agriculture and home & garden applications, experienced more dry weather conditions during the summer in our main markets in Europe. Nevertheless, due to our geographic expansions with the active substance and the formulated product into wet regions in Asia, Latin America and South Africa, we were able to match last year's record level.

In August 2015 Lonza acquired Zelam (NZ), a research-focused company that also sells to the local markets in New Zealand and Australia a range of crop-protection solutions for specific niche applications in horticulture, arable and pastoral segments. Despite a backlog in fungicides due to cold weather and a delayed season start, the business performed according to expectations. Zelam's capabilities will support Lonza to further expand our product and service offerings into the agrochemical sector.

Industrial Solutions

In 2015 our Industrial Solutions business, consisting of our Coatings and Composites and our Performance Ingredients groups, benefited from a generally favorable demand situation in our target markets and throughout all regions. The impact coming from the currency situation had no significant overall influence on our results because of the natural currency hedge between costs and revenues in this business unit. Strong operating profits have been created; however, sales of cracker intermediates were influenced by the lower oil prices.

Coatings and Composites

Demand in our Composites markets was satisfactory, with results above the corresponding period last year. The demand for our composite resin products for the electronics industry, especially in Asia, continued to be strong in 2015. We were able to secure long-term supply contracts in the aerospace composite material market, and we have been working with several customers to develop new thermoset resin-curing systems.

Our building products experienced a somewhat softer demand. Lonza's new preservative formulation Proxel LS™, specifically designed to address the challenging regulatory requirements of the European market, continues to experience good market interest and demand. Also demand for our marine antifouling actives in Europe and Asia was strong over the whole year, and we continue to develop the aquaculture markets. Our antimicrobial solutions group contributed good growth and margin improvements.

Performance Intermediates

The year was characterized by generally good demand across all relevant markets for our Performance Intermediates group. The low crude oil prices impacted demand in our Oil and Gas business. However, because of several product innovations and good availability of Akolidine™ products, our main revenue and profit driver, we were able to grow the business in 2015 in terms of sales and profit contribution.

A tragic accident in our Visp production plant interrupted supply of our Lonzacure™ DETDA-80 product for about four months. Production was restarted at the end of July 2015, and the business has now returned to normal levels.

Increased demand for our Pyromellitic Dianhydride (PMDA) plant in Nanjing (CN) has led to high capacity utilization and a correspondingly positive contribution.

Our core competencies in Industrial Solutions have now been distilled. Going forward, we have named the overall group Coatings and Composites and are including three business units focused on the target markets of Wood Protection, Performance Ingredients and Materials Performance and Protection.

Wood Protection

In 2015 the Wood Protection business had strong profit growth compared with the previous year. The U.S. economy and construction markets remained solid through Q4, resulting in favorable demand across all major product lines. Treated wood prices have risen steadily since Q2, indicating strong sales across North American residential markets.

The South American economy continued to slow as a result of the ongoing recession. On the other hand, most of the EMEA region market continued to be robust and finished well with sales in all markets ahead of budget for the year. Markets in Asia Pacific remained steady overall.

In 2015 we acquired Diacon Technologies Ltd., a privately held anti-sapstain business in Canada, to provide us access to unique application, automation and monitoring technologies.

The roll-out of new, innovative products – such as metal-free wood protection and next-generation fire-retardant products – was initiated and proceeded as planned. Full compliance was achieved with the Globally Harmonized System (GHS) for our global product portfolio.

Water Treatment

Our Water Treatment business serves both our Residential and our Industrial, Commercial, Municipal and Surface Water (ICMS) groups. With the goal of decreasing the weather dependency of the Residential water business, Lonza is making ongoing efforts to enlarge the ICMS product portfolio. These efforts experienced further success in 2015, with overall growth on the top and the bottom line.

Residential

The Residential water treatment business in North America experienced a better year compared with the last two consecutive years but remained behind expectations. We saw a strong performance in the dealer channel during the year with several important conversions of customers throughout the year and a strong “Early Buy” program in Q4.

Despite record summer sales in July, Europe remained behind expectations due to the foreign exchange rate impact. South America was heavily impacted by the devaluation of the Brazilian Real. Substantial price increases were implemented to secure profitability.

Industrial, Commercial, Municipal and Surface Water (ICMS)

Business growth in North America was driven by solid performance in the industrial, municipal and surface water groups. Sales in EMEA were below expectations because of exchange rate impacts, as well as the preliminary ban of calcium-hypochlorite shipments.

South America continued good sales growth, partly offset by the strong foreign exchange rate impact. Growth was driven by success in having customers replace bulk chlorine with our advanced feeder systems that use calhypo tablets, especially in the municipal drinking water, sugar and food & beverage market segments.

Pharma&Biotech Segment

Pharma&Biotech million CHF	2015	Change in %	2014
Sales	1 596	10.4	1 446
CORE result from operating activities (EBIT)	284	15.9	245
CORE EBIT margin in %	17.8		16.9
CORE EBITDA	418	8.6	385
CORE EBITDA margin in %	26.2		26.6

Positive Momentum Due to Favorable Market Conditions, Especially in Biologics

With sales growth of 10.5% and a double-digit increase in CORE EBIT in CER in 2015, Lonza's Pharma&Biotech segment is well positioned for 2016 and beyond. This strongly improved performance in 2015 was mainly due to solid demand in the mammalian businesses and significantly better operational performance. Our made-to-stock Bioscience Solutions business delivered strong growth in both sales and profits.

During 2015 we concentrated our activities on operational excellence in conjunction with our ongoing regulatory and quality focus. Additionally, we thoroughly analyzed the different approaches used for Lonza's entire manufacturing, development and product business models. This robust analysis enabled us to implement more customer- and market-oriented offerings and to determine the best business models going forward.

Custom Manufacturing

The year 2015 was characterized by unabated demand for Biological Custom Manufacturing services for commercial and late-stage clinical mammalian and microbial products. As a Custom Manufacturing Organization (CMO), we benefited from a balanced customer portfolio spanning large pharmaceutical companies to small- and mid-sized biotech companies.

In 2015 robust delivery in our operations contributed significantly to achieving target performance. Our customers filed for or gained approval for several significant products in 2015.

One highlight of the year was the announcement in July of a long-term manufacturing supply agreement with Alexion, under which Lonza will construct and launch a new suite dedicated to Alexion in Portsmouth, NH (USA).

We intensively reviewed our product mix in Microbial Custom Manufacturing; and based on strong market demand, we increased our investment in our Visp (CH) operation. With the successful adaptation of the existing facility, we are able to accommodate multi-products and to de-risk our portfolio further going forward. As a consequence of our ongoing consolidation of microbial operations into Visp, we took restructuring measures of CHF 47 million in Kouřim (CZ) in 2015.

In Chemical Custom Manufacturing, we started to realign our chemical asset base in 2015 to reflect changes in our customers' needs. These activities will be ongoing throughout the next year and beyond. We focused on optimizing the product mix and rejuvenating our portfolio across small molecules and peptides.

Custom Development

The ever-tightening regulatory environment and the increasing complexity of molecules made outsourcing to an experienced Custom Development Organization (CDO) such as Lonza more attractive in 2015. It was a record year in terms of venture capital (VC) funding into small biotech, which drove demand for CDO services. Renewed focus on early-phase small molecule development continued to gain momentum and generate further opportunities for Lonza to grow our business.

In 2015 our Clinical Development and Licensing (CDL) business benefited from strong demand for CMO development and manufacturing services in the mammalian business. Next-generation antibody therapeutics gained traction and drove demand for Lonza's XS Microbial™ and GS Xceed™ expression platforms. Lonza acquired a large number of new customers across different assets and technologies during 2015. In addition, multiple new project deals with existing customers and numerous contract extensions for current projects were secured.

In our Emerging Technologies business, which includes antibody drug conjugates (ADCs), Cell Therapy and Viral Therapy, we see ongoing positive industry trends, as well as regulatory and financial support of the rapid technology advancement. Cell and viral therapies and ADC technologies experienced strong growth in a number of new products in development and in significant financing activities. Many of the products in development received breakthrough and orphan designations from the FDA and EMA, which had a positive impact on the demand for CMO services as customers need our know-how in process development, GMP manufacturing and manufacturing capacity.

Lonza's Viral Therapy growth continued to be driven by increased demand from both existing and new customers, particularly for the adeno-associated virus (AAV) and the viral-modified cell therapy product segments. That increased demand led to the announcement in June 2015 of a planned expansion of our industry-leading Viral Therapy business with the construction of a new 9,300 square meters (100,000 square foot) facility for viral and immunotherapy development and manufacturing in the Houston, TX (USA) area.

Bioscience Solutions

Bioscience Solutions delivered strong growth in sales and profit over the prior year, driven by strong performance in both Media Biotherapeutics and MODA™ Software, as well as by recovery in the Research and Testing product portfolios.

North America experienced good growth over prior year due to its continued economic improvement, while Europe's performance fell short of expectations but began to show signs of recovery in Q3 and Q4. Bioscience Solutions also experienced exceptional growth in our emerging markets, especially China, India and the Pacific regions.

Our Bioscience Solutions business successfully launched three major products in 2015, including RAFT™ 3D Culture System, a stepping stone for Lonza into the rapidly expanding 3D cell-culture market. In addition, we launched the new CytoSMART™ System, a device for live-cell monitoring and imaging that addresses an unmet market need, and our QC Insider™ Toolbox, which provides expert online support for the bacterial endotoxins test (BET).

To complement the primary-cell portfolio, we also re-introduced our Cells On Demand™ Services, which exceeded target expectations in 2015; and we continued our biotherapeutic media collaboration with Sartorius Stedim Biotech.

Quality – Regulatory Authorities and Customer Audits

Driven by increasingly stringent behavior of the regulatory bodies worldwide, Lonza remains committed to adhering to higher levels of safety and quality. The measures taken in the last years, including the investments required for being compliant, ensure that Lonza will continue to be a reliable partner with the highest quality.

Lonza further improved the standardization of quality systems in 2015. This harmonization ensures that all sites are aligned on regulatory requirements. Additionally, customers can expect standard procedures across sites, which strongly simplify the collaboration.

In 2015 Lonza hosted 21 regulatory inspections in addition to 143 customer audits; all of these quality-related inspections across the cGMP plants were successful.

Corporate

Corporate million CHF	2015	2014
Sales	40	40
CORE result from operating activities (EBIT)	(58)	(42)
CORE EBITDA	(15)	(2)

CORE Results as Defined by Lonza

Lonza believes that disclosing CORE results of the Group's performance enhances the financial markets' understanding of our company because the CORE results enable better comparison across years. Therefore, the CORE results exclude exceptional items such as restructuring charges, impairments and amortization of acquisition-related intangible assets, which can differ significantly from year to year. For this same reason, Lonza uses these CORE results in addition to IFRS as important factors in internally assessing the Group's performance. See also footnote in financial highlights on page 1.

Condensed Financial Reports

Condensed consolidated balance sheet at 31 December	2015	2014
million CHF		
Non-current assets	4 403	4 565
Non-current loans and advances	1	1
Total non-current assets	4 404	4 566
Current assets	1 567	1 666
Cash and cash equivalents	277	209
Total current assets	1 844	1 875
Total assets	6 248	6 441
Equity attributable to the equity holders of the parent	2 135	2 130
Total equity	2 135	2 130
Non-current liabilities	1 123	1 066
Non-current debt	1 414	1 693
Total non-current liabilities	2 537	2 759
Current liabilities	1 052	1 024
Current debt	524	528
Total current liabilities	1 576	1 552
Total liabilities and equity	6 248	6 441
Net debt	1 660	2 011

Condensed consolidated income statement	2015	2014
million CHF		
Sales	3 803	3 640
Cost of goods sold	(2 704)	(2 566)
Gross profit	1 099	1 074
Operating expenses	(671)	(651)
Result from operating activities (EBIT)	428	423
Net financing costs	(85)	(60)
Share of loss of associates/joint ventures	(2)	(84)
Profit before income taxes	341	279
Income taxes	(64)	(42)
Profit for the period, attributable to the equity holders of the parent	277	237
Basic earnings per share – EPS basic	CHF 5.30	4.56
Diluted earnings per share – EPS diluted	CHF 5.26	4.54

Condensed consolidated statement of comprehensive income	2015	2014
million CHF		
Profit for the period	277	237
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Re-measurements of defined benefit liability	(58)	(352)
Income tax on items that will not be reclassified to profit or loss	8	103
	(50)	(249)
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(113)	131
Cash flow hedges	7	(12)
Income tax on items that are or may be reclassified to profit or loss	(1)	(4)
	(107)	115
Other comprehensive income, net of tax	(157)	(134)
Total comprehensive income for the period, attributable to the equity holders of the parent	120	103

Condensed consolidated cash flow statement	2015	2014
million CHF		
Profit for the period	277	237
Adjustment for non-cash items	517	520
Income tax and interest paid	(121)	(100)
(Increase) / decrease of net working capital	139	(94)
Use of provisions	(21)	(33)
Decrease of other payables net	(50)	(47)
Net cash provided by operating activities	741	483
Purchase of property, plant & equipment and intangible assets	(264)	(180)
Acquisition of subsidiaries, net of cash acquired	(30)	0
Disposal of subsidiary, net of cash disposed of	4	0
Net purchase of other assets and disposals	2	3
Interest and dividend received	6	10
Net cash used for investing activities	(282)	(167)
Issue of straight bond	324	0
Repayment of straight bond	(240)	0
Repayment of German private placement	(155)	0
Repayment of syndicated loan	(125)	(195)
Repayment of acquisition bridge financing	0	(104)
Decrease in debt	(83)	(14)
Increase in other liabilities	29	2
Sale of treasury shares	0	2
Dividends paid	(131)	(112)
Net cash used for financing activities	(381)	(421)
Effect of currency translation on cash	(10)	8
Net (decrease) / increase in cash and cash equivalents	68	(97)
Cash and Cash equivalents at 1 January	209	306
Cash and Cash equivalents at 31 December	277	209

Condensed consolidated statement of changes in equity

million CHF

	Attributable to the equity holders of the parent							Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Hedging reserve	Translation reserve	Treasury shares	Total		
At 1 Januar 2014	53	310	2 416	1	(574)	(80)	2 126	0	2 126
Profit for the period	0	0	237	0	0	0	237	0	237
Other comprehensive income, net of tax	0	0	(249)	(10)	125	0	(134)	0	(134)
Total comprehensive income for the period	0	0	(12)	(10)	125	0	103	0	103
Dividends	0	0	(112)	0	0	0	(112)	0	(112)
Recognition of share-based payments	0	0	11	0	0	0	11	0	11
Transfer of employee shares	0	0	(2)	0	0	2	0	0	0
Sale of treasury shares less taxes	0	1	0	0	0	1	2	0	2
At 31 December 2014	53	311	2 301	(9)	(449)	(77)	2 130	0	2 130
Profit for the period	0	0	277	0	0	0	277	0	277
Other comprehensive income, net of tax	0	0	(50)	6	(113)	0	(157)	0	(157)
Total comprehensive income for the period	0	0	227	6	(113)	0	120	0	120
Dividends	0	0	(131)	0	0	0	(131)	0	(131)
Recognition of share-based payments	0	0	15	0	0	0	15	0	15
Transfer of employee shares	0	0	(25)	0	0	26	1	0	1
At 31 December 2015	53	311	2 387	(3)	(562)	(51)	2 135	0	2 135

Selected Explanatory Notes

1 Accounting Principles

Basis of Preparation of Financial Statements These condensed financial statements are based on the consolidated financial statements for the twelve-month period ended 31 December 2015 that will be prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Changes in Accounting Policies

There were no new standards or amendments to existing standards that have a material effect on Lonza's financial statements.

2 Exchange Rates

Balance sheet period-end rate CHF	31 12 2015	31 12 2014	Income statement average rate CHF	2015	2014
U.S. dollar	0.99	0.99	U.S. dollar	0.96	0.92
Pound sterling	1.47	1.54	Pound sterling	1.47	1.51
Euro	1.08	1.20	Euro	1.07	1.21

3 Restructuring Activities and Related Impairment of Assets

Year ended 31 December 2015 million CHF	Specialty Ingredients	Pharma& Biotech	Corporate	Total
Impairment of assets	3	47	2	52
Restructuring charges	2	9	1	12
Total	5	56	3	64

Lonza decided to further consolidate its microbial manufacturing activities at the Visp (CH) site and to optimize the portfolio of the Kouřim (CZ) site. As a result, Lonza recognized an impairment loss of the Kouřim-related property, plant & equipment of CHF 39 million which mainly relates to the Pharma&Biotech segment (CHF 34 million). Restructuring charges comprise settlements and inventory write-offs of CHF 8 million. All costs are included within cost of goods sold.

In addition, Lonza recognized an impairment loss of certain Walkersville (US)-related property, plant & equipment of CHF 13 million which is disclosed within cost of goods sold.

Year ended 31 December 2014 million CHF	¹ Specialty Ingredients	² Pharma& Biotech	Corporate	Total
Impairment of assets	4	11	0	15
Restructuring charges	5	0	1	6
Total	9	11	1	21

1 Restructuring charges include restructuring activities related to Lonza's Chinese sites and other restructuring measures. The impairment of assets is related to the Chinese sites.

2 The impairment of assets is related to the Kouřim (CZ) site.

4 Business Combinations

Effective 3 August 2015, Lonza Group acquired Zelum. Zelum is a research-focused chemical company based in New Zealand (NZ), which develops and manufactures products for crop protection, specializing in fungicides, insecticides, herbicides, foliar nutrients and additives. Zelum also develops and manufactures products for wood protection.

Effective 1 October 2015, Lonza Group acquired 100% of the shares of Diacon Technologies Ltd. Diacon is a leading formulator and supplier of anti-sapstain chemicals and ancillary sawmill products.

Both acquisitions are reported within the Specialty Ingredients segment and do not have significant impact on the consolidated financial statements for the twelve-month period ended 31 December 2015.

5 Dividends Paid

On 8 April 2015, the Annual General Meeting approved the distribution of a dividend of CHF 2.50 (2014: CHF 2.15) per share in respect of the 2014 financial year. The dividend distribution to holders of outstanding shares totaled CHF 131 million (2014: CHF 112 million) and has been recorded against reserves from capital contribution of Lonza Group Ltd.

6 Operational Free Cash Flow

In 2015 and 2014, the development of operational free cash flow by component was as follows:

Components of operational free cash flow million CHF	2015	Change	2014
EBITDA	780	43	737
Change of operating net working capital	139	233	(94)
Capital expenditures in tangible and intangible assets	(264)	(84)	(180)
Disposal of tangible and intangible assets	8	(2)	10
Acquisition of subsidiaries	(30)	(30)	0
Disposal of subsidiaries	4	4	0
Change of other assets and liabilities	30	27	3
Operational free cash flow	667	191	476

Forward-Looking Statements

Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Any statements contained herein that are not statements of historical fact (including statements containing the words “believes,” “plans,” “anticipates,” “expects,” “estimates” and similar expressions) should be considered to be forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty. There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including 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, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; difficulty to maintain relationships with employees, customers and other business partners; and changes in the political, social and regulatory framework in which the company operates, or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis. Except as otherwise required by law, Lonza disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after this report was made.

The Full-Year Report 2015 is also available in German. The English version prevails.

Full-Year Report 2015
27 January 2016

Annual General Meeting
for the 2015 Financial Year
22 April 2016
Congress Center Basel
MCH Swiss Exhibition (Basel) Ltd

Half-Year Report 2016
20 July 2016

For publications and further information
please contact:

Lonza Group Ltd
Muenchensteinerstrasse 38
4002 Basel, Switzerland
Tel +41 61 316 81 11
Fax +41 61 316 91 11
www.lonza.com

Investor Relations
Tel +41 61 316 85 40
Fax +41 61 316 95 40
investor.relations@lonza.com

Media / Corporate Communications
Tel +41 61 316 87 98
Fax +41 61 316 97 98
media@lonza.com

Share Register
c / o SIX SAG AG
P.O. Box
4601 Olten, Switzerland
Tel +41 62 311 61 33
Fax +41 62 311 61 93
lonza.aktienregister@sag.ch