

## News Release

# Lonza Reports a Strong Third Quarter and Capsugel Integration on Track

- **Continued strong performance in Q3 2017 for Lonza standalone as expected**
- **Both segments on track to deliver full-year targets with offerings along the healthcare continuum adding to the other growth drivers**
- **Outlook 2017 for Lonza standalone, which was already upgraded in April 2017, is confirmed**
- **Capsugel acquisition closed in July 2017, and company integration is on track to deliver expected synergies and growth targets**

**Basel, Switzerland, 26 October 2017** – In the third quarter of 2017, Lonza reported continued strong performance and therefore confirms its full-year 2017 guidance on a standalone basis, which was already upgraded with Q1 2017 Qualitative Business Update in April 2017.

Full-year 2017 guidance (Lonza standalone):

- Sales growth of high-single digits
- CORE EBITDA above CHF 1 billion
- Double-digit CORE EBIT growth significantly above sales growth
- CORE RONO above the 21.5% achieved in 2016

Both Lonza segments – Pharma&Biotech and Specialty Ingredients – contributed to the strong third quarter with offerings along the healthcare continuum adding to the other growth drivers.

"Lonza sustained strong performance and growth of the company in the first nine months of the year, which proves the rationale behind our strategic direction," said Richard Ridinger, CEO of Lonza. "Our focus now is on the successful integration of Capsugel in order to realize the expected synergies and further boost our ambition to become the leading integrated service provider for the pharma and healthcare industries. The first three months of the integration have been promising. We have confirmed the close cultural fit while we've been bringing the first combined business opportunities to life."

### Pharma&Biotech Segment

Pharma&Biotech saw another strong quarter in 2017 with Commercial Mammalian, Chemical Manufacturing and Clinical Development Services as key performance drivers. The hurricanes in the U.S. Southeast had no material impact on the company's overall performance as operational issues were resolved thanks to the efforts of the managers and employees in these regions.

Lonza also confirmed that its new cell and gene therapy manufacturing facility in Pearland, in the area of Houston, TX (USA), which started construction in 2016, is nearing completion and is on schedule to start production in Q1 2018, despite the storms that hit the state of Texas in late August and early September.

Lonza Pharma&Biotech continued its momentum in Q3 2017; however, results are compared with an exceptionally strong Q3 2016. The outlook for Pharma&Biotech remains positive with ongoing customer demand, further potential to strengthen its commercial and operational excellence and its continued focus on innovation in products and services.

Lonza's innovative Ibex Solutions™ offering in Visp (CH) has seen the first groundbreaking in September 2017 with the joint venture between Sanofi and Lonza for a strategic partnership to build and operate a large-scale mammalian cell-culture facility for monoclonal antibody production. Furthermore, in Q3 Lonza entered into a long-term commercial supply agreement with Portola Pharmaceuticals, Inc., to manufacture AndexXa® in its Ibex™ facility.

With a further build-out of its Drug Product Services (DPS) in Basel (CH), Lonza also expanded its footprint for parenteral dosage form development offerings, which is highly complementary to Capsugel's oral dosage form.

### Specialty Ingredients Segment

Specialty Ingredients experienced a solid Q3 2017 and performed as expected, contributing to the full-year guidance on a Lonza standalone basis. Growth drivers included the Hygiene and Preservation and the Consumer Health and Nutrition business, benefiting from high market demand and new, innovative product offerings in the fast-growing consumer products markets.

The other Specialty Ingredients businesses performed in line with expectations. Coatings and Composites saw a strong Q3 with composite materials and marine antifouling outperforming. Lonza Wood Protection experienced a softer quarter because of a competitive market environment and limited impact of the storms in the U.S. Southeast.

Agro Ingredients saw ongoing momentum in products and solutions despite softer demand for contract manufacturing. Unfavorable seasonal effects and a competitive market environment affected Lonza's Water Care business as anticipated and has already been reflected in the full-year outlook. Commercial initiatives have been established to strengthen both the residential and industrial water businesses.

### Capsugel Integration on Track

After the successful closing of the acquisition of Capsugel on 5 July 2017, the post-deal integration

began immediately. Business and functional integration is on track with key managers from both Lonza and Capsugel leading the integration activities. Lonza is putting a strong focus on business continuity while the integration successfully proceeds as planned.

Lonza and Capsugel employees are committed to the common path of offering high-quality products and services along the healthcare continuum – from ingredient sourcing to finished dosage form. First commercial synergies have already been identified with joint product offerings in consumer health and sports nutrition. Initial customer response to combined Lonza-Capsugel value proposition is positive.

In Q3 2017 Capsugel performed in line with expectations with particularly strong results in Consumer Health and Nutrition. Lonza confirms its positive outlook for Capsugel to deliver the expected synergies and growth targets. Combined financial figures will be reported with the full-year results 2017 in January 2018.

### About Lonza

Following the closing of the Capsugel acquisition, Lonza further strengthened its position as one of the world's leading and most-trusted suppliers to the pharmaceutical, biotech and specialty ingredients markets. Lonza harnesses science and technology to create products that support safer and healthier living and that enhance the overall quality of life.

An integrated solutions provider serving the healthcare continuum, Lonza offers products and services from the custom development and manufacturing of active pharmaceutical ingredients to innovative dosage forms for the pharma and consumer health and nutrition industries. In addition to drinking water sanitizers, nutraceuticals, antidandruff agents and other personal care ingredients, the company provides agricultural products, advanced coatings and composites and 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 50 major manufacturing and R&D facilities and nearly 14,000 full-time employees worldwide. Further information can be found at [www.lonza.com](http://www.lonza.com).

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