

Press Release

Lonza's Re-Positioning Continues to Drive Improving Results

- Healthy progress in H1 led to a strong overall company performance with sales growth of 6.1% in constant exchange rates (5.8% in reported currency)
- CORE EBIT grew even stronger by 8.3% in constant exchange rates (7.9% in reported currency)
- CORE RONOA increased another step to 16.1% from 14.5% in H1 2014
- Specialty Ingredients experienced good market demand and further portfolio optimization, leading to improved profitability
- Pharma&Biotech benefited from a strong momentum in commercial biologics
- Net debt reduction continued further to CHF 1,842 million, leading to a net debt/EBITDA ratio of 2.4x, releasing all financial covenants

Basel, Switzerland, 22 July 2015 – In the first half of 2015, Lonza's Specialty Ingredients and Pharma&Biotech segments both delivered a strong and improved performance and are on track to deliver their growth targets. Compared with the same period in 2014, sales growth of 6.1% to CHF 1,910 million in constant exchange rates (5.8% in reported currency) and CORE EBIT growth of 8.3% in constant exchange rates to CHF 261 million (7.9% in reported currency to CHF 260 million) are coming from improved operational performance and the implementation of market-driven activities.

"Our customer- and market-orientation, as well as our positioning as a high-quality, innovative and reliable supplier, are all gaining momentum now, as our strong overall results confirm," said Richard Ridinger, CEO of Lonza. "This steady improvement gives us the stability to look at further optimization of our portfolio and our asset footprint, including consolidation of our expertise into specific sites."

One of the key developments in the first half of 2015 was the Swiss National Bank's lifting of the ceiling of the Swiss franc to the Euro. Since the acquisition of Arch Chemicals, Lonza has improved the natural hedge globally from a sales-versus-costs perspective for nearly all our trading currencies; so Lonza is less exposed from a Group point of view than in previous years. Remaining foreign-exchange effects are being managed through business performance and counter-measures.

In Visp (CH), however, we risk being less competitive because of the Swiss franc-related fixed cost base there; so we have continued the existing Visp Challenge program started in 2012. The solid basis of this program allowed us to take a careful approach to the current challenges and to find dedicated, well-targeted measures, such as further automation, slight adaptations to our capacity offering in lower-margin assets and portfolio adaptations. Thus, we implemented a hiring freeze in specific areas that will allow us to reduce the workforce through natural attrition and balance the Euro foreign exchange impact. Over time these actions will lead to a reduction of about 90 positions, and further efficiency and productivity measures will continue to be implemented.

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Specialty Ingredients Segment

The Specialty Ingredients segment had a positive uptake in the first half of 2015 with an especially strong contribution from Agro Ingredients and Wood Protection. Water Treatment showed improved results, and Consumer Care and Industrial Solutions also performed as expected.

Market demand in general was steady across nearly all geographical areas. The main driver overall was market demand coming from global megatrends.

Pharma&Biotech Segment

Pharma&Biotech substantially increased sales and CORE results compared with the same period last year. Ongoing strong momentum in commercial biologics over-compensated for the impact of restructuring activities in other areas. Bioscience Solutions also delivered a strong performance during the first half of 2015.

We experienced firm market demand for commercial and clinical products, as well as for make-to-stock products. In addition to offering services to our customers in our multi-purpose plants, we now have begun offering suites with dedicated manufacturing capacity to give customers greater flexibility in determining production quantities and timings. Our continuous quality updating not only supports our productivity targets, but also fulfills our customers' requirements.

Financial Summary

- Revenues grew by 6.1% in constant exchange rates to CHF 1,910 million (+5.8% to CHF 1,904 million in reported currency)
- CORE EBITDA margin of 20.5% compared to 20.4% in H1 2014
- CORE EBIT growth of 8.3% in constant exchange rates to CHF 261 million (7.9% in reported currency to CHF 260 million)
- CORE RONO at 16.1 % compared with 14.5% in H1 2014
- CORE profit for the period increased by 2.5% to CHF 166 million
- Restructuring measures of CHF 45 million due to portfolio optimization in Kouřim (CZ), which is another step in our consolidation of microbial operations into Visp
- Operational free cash flow improved significantly to CHF 299 million
- Debt reduction on track, with net debt reduced to CHF 1,842 million, leading to a net debt/EBITDA ratio of 2.4x and a debt/equity ratio of 0.94, releasing all financial covenants

Full-Year 2015 Outlook

Our good momentum in the first half of the year gives us the opportunity to further optimize our portfolio as we continue to implement higher-margin products and services, as well as to improve productivity in our manufacturing and business services networks. With our broad technology toolbox and increasing customer- and market-orientation, our businesses have a stable product and project pipeline that will support future growth.

Therefore, based on the present macro-economic environment and current visibility, Lonza reiterates its Full-Year 2015 outlook with sales growth in reported currency compared with last year's sales and a CORE EBIT growth of at least 5% in constant exchange rates. The capital expenditure in 2015 is expected to remain below CHF 300 million.

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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 full-time 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. Further information can be found at www.lonza.com.

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