

# Press Release

## Lonza's Overall Business Performance Year-to-Date on Track

- After three quarters of 2014, Lonza has improved both profits and return on assets versus prior year
- All businesses except Water improved over last year, mostly compensating for weaker-than-expected results from the Water business
- Free-cash flow developed strongly with net debt being further reduced and capital expenditure discipline ongoing
- Transformational initiatives continued to gain traction, bringing bottom-line benefits

**Basel, Switzerland, 31 October 2014** – In the third quarter of 2014, Lonza's business performance in both the Specialty Ingredients and Pharma&Biotech segments remained on track. The company's underlying financials also continued to be strong although the translational currency impact of the strong Swiss franc was felt throughout the business.

"Overall results at the end of third quarter are on track, and Lonza's financial situation remains solid," said Richard Ridinger, CEO of Lonza. "Transformational initiatives in both segments continue to gain traction across the organization and contribute positively to RONOA."

### Specialty Ingredients Segment

The Specialty Ingredients segment grew during the first nine months as Consumer Care, Agro Ingredients and Industrial Solutions further enhanced their solid market positions. Industrial Solutions benefited from an upward trend in the housing market. In Consumer Care the new vitamin B3 plant in Nansha (CN) was started up successfully in third quarter. The Water Treatment business again suffered the effects of poor weather conditions that caused results to fall below last year's level.

Good momentum continued in the Wood Protection business, which provides good free-cash flow and continues to add value by strongly contributing to Group RONOA. The external offers received during the carve-out process did not reflect the internal evaluation of Lonza for this business. Based on these factors, as well as a positive business outlook and increased internal valuation, Lonza took the decision to retain the Wood Protection business.

### Pharma&Biotech Segment

The Pharma&Biotech segment performance grew year-on-year as contracted products moved toward manufacturing phases following a large number of successful inspections. Improvements in technology and product transfers during the third quarter helped to improve the segment's results.

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As a follow-up to the Board of Directors' decision in July 2013 to end the joint venture with Teva, the decision was made to write-off entirely the value of Lonza's interest in the Teva joint venture, which led to an expected write-off of CHF 83 million.

### Outlook

Based on constant exchange rates, we see the following developments by year end:

- CORE EBIT growth of ~10%, despite the weaker-than-expected Water Treatment results, bringing revenue growth to under 5%
- CAPEX will remain below CHF 250 million in 2014
- Solid free-cash flow generation enables debt reduction as planned
- Further guidance for 2015 will be given in January 2015
- Mid-term guidance until 2018 will be given with the first quarter 2015 results in April 2015

### 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 10,000 employees worldwide. The company generated sales of about CHF 3.6 billion in 2013 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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