

News Release

Lonza Publishes IFRS 15 Adoption and Pro-Forma Numbers for Full-Year 2017 for Its Continuing Operations, Excluding Water Care Business

Basel, Switzerland, 19 December 2018 – Lonza today is publishing unaudited Full-Year 2017 information excluding the Water Care business and taking into consideration additional reporting-related items to enable comparison and inform capital market participants about the upcoming reporting changes prior to our Full-Year 2018 results publication.

Impact from Announced Divestment of Water Care Business

On 1 November 2018, Lonza [announced](#) that it entered into a definitive agreement with Platinum Equity to acquire Lonza's Water Care business and operations. The agreement is expected to close in the first quarter of 2019, subject to customary closing conditions. Consequently, Water Care will be classified as discontinued operations and as assets held for sale in accordance with IFRS 5, "*Non-Current Assets Held for Sale and Discontinued Operations*," in the Full-Year 2018 results, expected to be published on 30 January 2019.

The planned divestment of the Water Care business and its classification as discontinued operations has an impact on Lonza Group and its Specialty Ingredients segment only. The Pharma & Biotech segment is not affected.

Impact from IFRS 15 Adoption on 2017 Comparable Information

On 1 January 2018, the new, comprehensive revenue recognition standard, IFRS 15, "*Revenue from Contracts with Customers*," took effect. Lonza has applied the full retrospective methodology in adopting IFRS 15 to enhance comparability.

As a result, Lonza is publishing restated financial results for its Full-Year 2017 results in accordance with IFRS 15. The IFRS 15 adoption only had an impact on Lonza's Pharma & Biotech segment. Further information has previously been provided in the online [Lonza Annual Report 2017](#) and in the [Half-Year Results 2018 report](#) publication.

Introduction of Lonza Specialty Ingredients Divisional Reporting

On 1 January 2018, the Specialty Ingredients segment began operating in three distinct businesses: a Consumer Health division, a Consumer & Resources Protection division and a Water Care business unit. As of 1 November 2018, with the signing of the strategic agreement to divest the Water Care business to Platinum Equity, Water Care is being reported as discontinued operations for all periods presented.

With the publication of the Half-Year 2018 results, Lonza provided sales and CORE EBITDA financial key performance indicators (KPI) for its new reporting structure in Specialty Ingredients. Historical data for the full-year 2017 is now being disclosed in order to enable comparative analyses. Further information has previously been provided in the [Half-Year Results 2018 report](#).



Impact from Capsugel Acquisition on Lonza Comparable Reporting for Full-Year 2017

Lonza provides pro-forma Full-Year 2017 results (reported Lonza Full-Year 2017 financial results including Capsugel 2017 financial results from 1 January 2017) for Lonza's KPIs of Sales, CORE EBITDA and CORE EBIT. These pro-forma KPIs reflect the acquisition of Capsugel as if it would have occurred on 1 January 2017, although the effective closing was on 5 July 2017. During 2018 Capsugel has been fully integrated into Lonza's two operating segments, Pharma & Biotech and Specialty Ingredients (Consumer Health division). Further information has previously been provided in the [Half-Year Results 2018 report](#).

The following tables summarize the changes mentioned above and provide comparable information for Full-Year 2017 reporting.

Table 1: Impact from IFRS 15 Adoption and Estimated Impact from Classification of Water Care as Discontinued Operations on 2017 Comparable Information for Continuing Operations

Restatement of Full-Year 2017 Reported Results				
million CHF	2017 (Reported)	IFRS 15 Adoption (unaudited)	2017 Discontinued Operations (Water Care) (unaudited)	2017 Continuing Operations (unaudited)
Sales	5,105	(34)	523	4,548
CORE EBIT	958	(22)	32	904
CORE EBIT margin in %	18.8		6.1	19.9
CORE EBITDA	1,265	(22)	47	1,196
CORE EBITDA margin in %	24.8		9.0	26.3

Table 2: Introduction of Lonza Specialty Ingredients Divisional Reporting for 2017 Continuing Operations (Excluding Water Care)*

Restatement of Full-Year 2017 Reported Results (Unaudited)					
million CHF	Pharma & Biotech Segment	Consumer Health Division	Consumer & Resources Protection Division	Specialty Ingredients Segment	Lonza Group Continuing Operations
Sales	2,408	798	1,304	2,102	4,548
CORE EBIT	582			398	904
CORE EBIT margin in %	24.2			18.9	19.9
CORE EBITDA	736	195	300	495	1,196
CORE EBITDA margin in %	30.6	24.4	23.0	23.5	26.3

*Differences between consolidated Lonza Group and total segments (Lonza Pharma & Biotech and Lonza Specialty Ingredients) result from corporate functions and eliminations.



Table 3: Impact from Capsugel Acquisition on 2017 Comparable Information for Continuing Operations (Pro-Forma Results)*

	Pro Forma of Full-Year 2017 Results (Unaudited)				
million CHF	Pharma & Biotech Segment	Consumer Health Division	Consumer & Resources Protection Division	Specialty Ingredients Segment	Lonza Group Continuing Operations
Sales	2,733	1,008	1,304	2,312	5,083
CORE EBIT	649			448	1,021
CORE EBIT margin in %	23.7			19.4	20.1
CORE EBITDA	826	258	300	558	1,349
CORE EBITDA margin in %	30.2	25.6	23.0	24.1	26.5

*Differences between consolidated Lonza Group and total segments (Lonza Pharma & Biotech and Lonza Specialty Ingredients) result from corporate functions and eliminations.

The Full-Year 2018 results will be published in English only.

About Lonza

Lonza is one of the world's leading and most-trusted suppliers to the pharmaceutical, biotech and specialty ingredients markets. As an integrated solutions provider, Lonza is boosting its value creation along and beyond the healthcare continuum with a strong focus on patient healthcare, consumer preventive healthcare and consumer's healthy environment.

Lonza harnesses science and technology to create products that support safer and healthier living and that enhance the overall quality of life. With the recent Capsugel acquisition, Lonza now 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.

Benefiting from its regulatory expertise, Lonza is able to transfer its know-how from pharma to hygiene and fast-moving consumer goods all the way to coatings and composites and the preservation and protection of agricultural goods and other natural resources.

Founded in 1897 in the Swiss Alps, Lonza today is a well-respected global company with more than 100 sites and offices and approximately 14,500 full-time employees worldwide. The company generated sales of CHF 5.1 billion in 2017 with a CORE EBITDA of CHF 1.3 billion. Further information can be found at www.lonza.com.

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Additional Information and Disclaimer

Lonza Group Ltd has its headquarters in Basel, Switzerland, and is listed on the SIX Swiss Exchange. It has a secondary listing on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Lonza Group Ltd is not subject to the SGX-ST's continuing listing requirements but remains subject to Rules 217 and 751 of the SGX-ST Listing Manual.

Certain matters discussed in this news release may constitute forward-looking statements. These statements are based on current expectations and estimates of Lonza Group Ltd, although Lonza Group Ltd can give no assurance that these expectations and estimates will be achieved. Investors are cautioned that all forward-looking statements involve risks and uncertainty and are qualified in their entirety. The actual results may differ materially in the future from the forward-looking statements included in this news release due to various factors. Furthermore, except as otherwise required by law, Lonza Group Ltd disclaims any intention or obligation to update the statements contained in this news release.