

Press Release

Lonza Expects to Reach 2018 Guidance One Year Ahead and Reports Strong Q3 Momentum

- **Pharma&Biotech with continued strong performance in revenue and profitability**
- **Specialty Ingredients with robust results through ongoing progress in portfolio management**
- **Outlook 2016 updated: CORE EBIT expected to cross the 15% growth line for full-year 2016**
- **Guidance 2018 expected to be achieved one year ahead of time:**
 - **CORE EBITDA of CHF 1 billion by end of 2017**
 - **CORE RONOA forecasted above 20% in 2017**

Basel, Switzerland, 27 October 2016 – Lonza recorded another strong quarter in terms of sales and earnings. The overall company results were a consequence of continued good performance in both the Specialty Ingredients and the Pharma&Biotech segments.

“We have experienced a continuous growth pattern, which is further proof that our strict market focus is paying off. Although we are satisfied with progress, we still have a long way to go. That’s why we’ll keep emphasizing improvement projects, organic growth, portfolio management and operational excellence going forward,” said Richard Ridinger, CEO of Lonza. “Our focus remains on strengthening our position as a leading supplier to the pharmaceutical, biotech and our different specialty ingredients markets.”

Pharma&Biotech Segment

The Pharma&Biotech segment showed continued strong performance in revenue and profitability. This progress was driven by all businesses.

Commercial Manufacturing made further gains in strengthening the future of the business by extending contracts in terms of volume and timeframe. This success was further fueled by new indications and new drug applications for our customers’ products in our pipelines.

Clinical Development Services was on track, benefiting from continued strong demand for API development and clinical manufacturing services.

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Bioscience Solutions maintained positive momentum in Q3. The business was further strengthened by new product introductions and the integration of Triangle Research Labs, which was acquired in June 2016.

Specialty Ingredients Segment

Lonza's Specialty Ingredients segment continues to focus on portfolio management and higher-value activities. It delivered robust results throughout all markets with the exception of Agro Ingredients, which was negatively impacted by the overall industry downturn and pricing pressures for animal nutrition in China.

Consumer Care growth was driven by ongoing demand in all businesses. Hygiene continued to add new contracts for various technologies. The Nutrition business is expected to accelerate growth with the acquisition of InterHealth in September 2016, which will allow Lonza to harness the team's proven management and branding capabilities and leverage them to a global level.

Coatings & Composites reported stable demand and good performance across all relevant markets driven by strong results in the Wood Protection business. The aerospace business in particular was strong, driven by success of key customer projects.

Water Treatment's business in the third quarter was strong for the residential business and Industrial, Commercial, Municipal and Surface Water delivered a good performance overall.

Outlook 2016

The continued strong momentum in Q3 gives us the confidence to specify that CORE EBIT is on track to cross the 15% growth line for full-year 2016. CAPEX in 2016 is expected to be above the 2015 level due to the strong demand particularly in Pharma&Biotech and the larger number of growth projects. The good performance is expected to lead to strong cash generation and an improved balance sheet.

Guidance 2017 & 2018

Lonza is adjusting its CORE EBITDA and CORE RONO target. It expects to reach CHF 1 billion in CORE EBITDA and CORE RONO above 20% by the end of 2017, both one year ahead of time.

Based on the present macro-economic environment, constant exchange rates and anticipated worldwide growth, as well as the strongly improved results throughout 2016, Lonza is now targeting a 2017 guidance of:

- **New:** CORE EBITDA of CHF 1 billion by the end of 2017
- **New:** CORE RONO above 20% in 2017
- **Confirmed:** Sales growth of low- to mid-single digits on average per year until 2018

The mid-term guidance will be reviewed by mid-2017, and we intend to provide an update as part of the HY 2017 results on 27 July 2017.

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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 B3 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 CHF 3.8 billion in 2015 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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