

News Release

Lonza Starts 2017 with Outstanding First Quarter

- **Strong start in Q1 paves way for double-digit organic sales growth for first half year**
- **CORE EBIT growth expected to be even stronger than sales growth for first half of 2017**
- **Pharma&Biotech with strong performance in revenue and profitability**
- **Specialty Ingredients with robust growth and profitability improvement**
- **Outlook 2017 upgraded**

Basel, Switzerland, 25 April 2017 – During the first quarter of 2017, Lonza achieved another record quarter in terms of sales and earnings. The healthy overall company performance resulted from particularly strong performance in the Pharma&Biotech segment and continued robust growth in the Specialty Ingredients segment.

“Following the record results last year, we have been able to continue our success into 2017. The major drivers were again the businesses along the entire healthcare continuum,” said Richard Ridinger, CEO of Lonza. “We are using this strong momentum to make the necessary investments into future-oriented projects that will continue to bring us closer to the goal of becoming a leading supplier within the healthcare continuum and our various specialty ingredients markets. The expected close of the Capsugel acquisition in Q2 will help us to get there faster.”

Pharma&Biotech Segment

The Pharma&Biotech segment’s sales growth was driven by strong demand in Mammalian Manufacturing and in Clinical Development and Licensing.

The strategic partnership that was established with Sanofi in the first quarter of 2017 for the construction of a large-scale biologics production facility was a further proof-point of the trust Lonza enjoys among its customers. The groundbreaking for the Lonza/Sanofi facility in Visp (CH) is planned for the second half of the year.

The Bioscience Solutions business was slightly softer due to quality issues at our Walkersville, MD (USA) facility; associated with these quality issues, Lonza received a warning letter on 24 April 2017 from the US Food and Drug Administration (“FDA”) relating to technical issues involving

for example validation and aseptic process simulations. Lonza takes this issue seriously, and has already started to address all issues raised by the FDA. Lonza expects minimal financial impact on its overall 2017 Pharma&Biotech segment performance.

The Pharma&Biotech chemical business has picked up well as expected earlier – a real turnaround has taken place.

Specialty Ingredients Segment

Lonza’s Specialty Ingredients segment delivered robust results in most markets, with improved profitability in the first quarter.

Consumer Care experienced a positive start to the year, thanks to the increased focus on consumer health and nutrition. The InterHealth acquisition, which was completed in September 2016, has already had the expected positive impact by complementing Lonza’s offerings in this sector.

Ongoing demand in the Hygiene business and the continued momentum in vitamin B3 solutions are further accelerating performance in those areas.

Agro Ingredients growth continues to be softer due to the reduced demand patterns that are persisting in the market. The feed additives and molluscicides businesses continue to develop well.

Coatings and Composites reported overall strong sales growth, mainly in Performance Ingredients and Wood Protection.

The Industrial, Commercial, Municipal and Surface Water (ICMS) business experienced a favorable quarter, further

reducing seasonality effects due to weather. The growth of this part of the Water Treatment business is expected to continue.

Outlook 2017

With this positive start into 2017, and based on the sound foundation laid in 2016, Lonza is upgrading its outlook for 2017. The outlook is on a Lonza standalone basis:

- Sales growth upgraded from mid-single digit growth to high-single digit growth
- CORE EBITDA above CHF 1 billion
- Double-digit CORE EBIT growth significantly above sales growth
- CORE RONOA above 21.5%

This outlook is based on the present macro-economic environment, current visibility and constant exchange rates for the most important currencies in which Lonza is trading.

Lonza intends to provide an update of the mid-term guidance as part of the half-year results report on 26 July 2017, assuming a closing of the Capsugel deal within Q2 2017.

Ordinary Annual General Meeting

The shareholders of Lonza Group AG are gathering today to decide on numerous agenda items including the re-elections of Board of Directors members, the election of Albert Baehny to the Board of Directors, the approval of the proposed dividend distribution, various compensation votes, the ordinary capital increase, the creation of authorized capital and the amendment of conditional capital. The results will be published after completion of the AGM.

The Board of Directors is proposing an increased cash dividend of CHF 2.75 per share for 2016. Subject to the approval at the Annual General Meeting, this dividend will be paid out of the reserve capital contribution and will be free from Swiss withholding tax.

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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. It harnesses science and technology to create products that support safer and healthier living and that enhance the overall quality of life.

Not only is Lonza a custom manufacturer and developer, the company also offers services and products ranging from active pharmaceutical ingredients to drinking water sanitizers, from nutritional and 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 approximately 40 major manufacturing and R&D facilities and more than 10,000 full-time employees worldwide. The company generated sales of CHF 4.13 billion in 2016 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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