

News Release

Lonza Continues its Transformation Towards a Global Life Science Leader

- **With the acquisition of Arch Lonza is now the global leader in two attractive growing life science markets: Microbial Control and Custom Manufacturing**
- **Revenues in 2011 before acquisition at CHF 2.505 mn (+5.6% in constant exchange rates), EBIT before acquisition at CHF 292 million**
- **Foreign exchange negative impact of CHF 84 million due to strong Swiss franc**
- **In 2012 the acquisition of Arch delivers overall earnings growth which will translate into significant EPS growth as well**
- **The Board of Directors stresses focus and delivery in the years ahead**
- **The Board initiates a change of leadership, and during the transition, Rolf Soiron will co-ordinate the Management Committee**
- **The Board of Directors is proposing a cash dividend of CHF 2.15 per share for 2011**
- **Margot Scheltema and Dr. Jörg Reinhardt proposed as new Board members, Dame Julia Higgins will leave the board in line with statutory regulations**

Basel, Switzerland, 25 January 2012 –

Rolf Soiron, Chairman of the Board of Lonza, commenting on today's announcement, said: "With the acquisition of Arch in 2011 Lonza achieved another step in its transformation towards a global Life Science company. This continuous change characterized the past years and Stefan Borgas has led this process as Lonza's CEO. The Board of Directors of Lonza expresses its gratitude for Stefan's valuable contributions. In the challenging years ahead Lonza will enter a period of focus and improvement of return of capital. This led the Board of director's to the decision to initiate a change of CEO. As Chairman of the Board I will lead the Management Committee during the transition."

Financial highlights before acquisition:

- Revenues at CHF 2.505 mn increased by 5.6% in constant exchange rates
- Solid EBITDA margins of 22.3% (24.0% in 2010), 23.6% in constant exchange rates
- EBIT (in CHF mn) before acquisitions

reported	292
CORE	306
- Net debt at CHF 2.647 increased by 138.9% due to the acquisition
- Gearing increased to 112% at the end of 2011 from 46% at the end of 2010
- CHF 84 mn negative exchange rate impact on EBIT
- NWC as % of sales 23.9% (25.7% in 2010)
- RONOA at 9.0% (10.8% in 2010)

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- Solid financing situation, supporting mid- and long-term growth potential:
 - Free cash flow from operating activities at CHF 171 mn (CHF 362 mn in 2010)
 - CAPEX at CHF 267 mn (CHF 300 mn in 2010)

Full financial figures can be found in the Full Year Report:
<http://www.lonza.com/group/en/company/news/reports.html>

Operating Overview: Lonza delivered underlying revenue and EBITDA growth at constant exchange rates due to high capacity utilization in most business units. The company faced a number of significant headwinds such as a foreign exchange impact of CHF 84 million due to strong Swiss franc, higher and more volatile raw material prices especially in Life Science Ingredients and the effect of a warning letter at our Hopkinton site.

Custom Manufacturing continued to benefit from demand for outsourcing from pharmaceutical and biotech companies, particularly in Biological Manufacturing where utilization rates were above 85%, excluding the new plant in Singapore. Lonza's recognized strengths led to an increase in the number of contracts signed across all businesses, resulting in a substantially improved project pipeline, especially in Custom Manufacturing.

The Microbial Control business experienced a slowdown in established markets, starting in the third quarter of the year. This was partially offset by revenue from new products and sales in new markets.

Lonza strengthened its position in emerging markets, for example through the start-up of a joint venture with Fosun Pharmaceuticals in China and moving the headquarters of our Life Science Ingredients division to Beijing in China.

Board of Directors: The Board of Directors is proposing a cash dividend of CHF 2.15 per share for 2011. As Lonza is able to pay this dividend out of the reserves from capital contribution, it will be paid to shareholders free of Swiss Withholding Tax.

Dame Julia Higgins will leave the Board in line with statutory regulations. The Board of Directors is proposing to elect Margot Scheltema and Dr. Jörg Reinhardt as new members at the next Annual General Meeting on 3 April 2012.

Margot Scheltema was Financial Director of Shell Nederland BV until the end of 2008. She is Vice-Chair of Triodos Bank's Supervisory Board and Chair of Triodos Bank's Audit and Risk Committee. She is a Member of the Supervisory Board of ASR NV, TNT Express, Schiphol NV and of other institutions. She is also an external Member of the Audit Committee of the Dutch state pension fund ABP.

Dr. Jörg Reinhardt brings a broad range of experience to the Lonza Board, having served in various leading positions in the pharmaceutical industry. Since 15 August 2010, he has been

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Chairman of the Board of Management of Bayer HealthCare AG. From 2000 until 2010, Dr. Reinhardt served as Chairman of the Board of Directors of the Genomics Institute of the Novartis Research Foundation in La Jolla, California. The Lonza Board will be increased from seven to eight members.

Outlook: In 2011, Lonza strengthened its overall business, becoming the global leader in Microbial Control and Custom Manufacturing. 2012 will be again a challenging year for Lonza's businesses. However, the acquisition of Arch allows to expect overall earnings growth which will translate into significant growth of EPS as well.

It will be enhanced by the synergy from the acquisition and measures to improve productivity especially in Switzerland. The delivery of existing growth projects (e.g. biosimilars, antibody drug conjugates, cell therapy, etc.), the growing project pipeline and our investments into R&D will support the growth of the basic business in the coming years.

Lonza's new business structure will generate significant free cash flow before acquisitions, enabling the company to reduce its net debt. Capital expenditure is forecast to be below CHF 400 million (including maintenance capital expenditure) in 2012.

About Lonza

Lonza is one of the world's leading suppliers to the pharmaceutical, healthcare and life science industries. Products and services span its customers' needs from research to final product manufacture. It is the global leader in the production and support of active pharmaceutical ingredients both chemically as well as biotechnologically. Biopharmaceuticals are one of the key growth drivers of the pharmaceutical and biotechnology industries. Lonza has strong capabilities in large and small molecules, peptides, amino acids and niche bioproducts which play an important role in the development of novel medicines and healthcare products. Lonza is also the world leader in microbial control providing innovative, chemistry-based and related solutions to destroy or to selectively inhibit the growth of harmful microorganisms. Its activities encompass the areas of water treatment, personal care, health and hygiene, industrial preservation, materials protection, and wood treatment. In addition, Lonza is a leader in cell-based research, endotoxin detection and cell therapy manufacturing. Furthermore, the company is a leading provider of value chemical and biotech ingredients to the nutrition and agro markets.

Lonza is headquartered in Basel, Switzerland and is listed on the SIX Swiss Exchange and secondary listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Lonza is not subject to the SGX-ST's continuing listing requirements. Lonza is subject to the listing rules of the SIX Swiss Exchange, which do not have specific requirements equivalent to the listing rules of the SGX-ST in respect of interested person transactions, acquisition and realizations,

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and delisting. In 2011, the company had sales of CHF 2.69 billion. Further information can be found at www.lonza.com.

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