Corporate

Lonza Group Ltd
Muenchensteinerstrasse 38
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www.lonza.com

News Release

Lonza Delivered Solid Business Performance in the First Half of 2012

- **Revenues in the first half 2012 at CHF 1'964 million (+64.6%, mainly due to acquisition of Arch), EBIT at CHF 168 million**
- **Strong operational free cash flow of CHF 289 million (+337.9%)**
- **Underlying good demand in all markets, although margins in Niacin and Chemical Custom Manufacturing under continued pressure**
- **New CEO Richard Ridinger provides initial assessment of the company**
- **EBIT guidance for 2012 confirmed (EBIT 2011 of CHF 292 million plus 10-15%)**

Basel, Switzerland, 25 July 2012 – In the first half of 2012, Lonza delivered solid results in all sectors, despite some ongoing difficulties in the macroeconomic environment and persistent uncertainties regarding a possible recession.

Demand in Custom Manufacturing was firm, resulting in high capacity utilization in both chemical and biological plants, as well as a strong project pipeline. The outsourcing trend is considered to be solid. A full response to the FDA regarding the 2011 warning letter received at our Hopkinton, MA (USA) plant was submitted; corrective action has been taken. The qualification and compulsory validation campaigns of our large scale Custom Manufacturing Biologics facility in Singapore had impact on capacity utilization and EBIT contribution. At our Hopkinton, MA (US) site, quality upgrades were required.

Microbial Control delivered a solid performance in the first half of 2012 in all sectors. Sector activities in emerging markets continued to be built out. Integration of the business is on track to deliver synergies of USD 50 million as of the end of year 2 and additional revenues of USD 40 million as of year 3 from cross-selling activities; 50% of the synergies will be delivered in 2012. Innovation projects based on the newly combined portfolio are making good progress.

Capacity utilization in the Life Science Ingredients sector remained high. Sales of agrochemical intermediates increased substantially due to strong food demand worldwide. Price increases were successfully initiated in order to offset volatile raw material prices which persisted in the first half of the year. Nutrition Ingredients continued to suffer from strong price and margin pressure on niacin. However, the situation started to stabilize in certain product areas in the second quarter, though still on a rather low level.

Bioscience delivered a good performance in the first half of 2012, with major growth in the Therapeutic Services segment and in Asian markets. Cell therapy operations in Singapore were started successfully.

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Following the change of leadership early in 2012, Lonza committed to “Focus and Deliver”, including delivery of an improved return on capital. Lonza aims to strengthen its global market positions in relevant markets, reinforce competitive strengths, and achieve productivity improvements, such as those embodied in the “VispChallenge” project, which are expected to contribute CHF 100 million in profit improvements over three years. The company is fully committed to stepwise improvement of growth, EBITDA margin and return on capital.

Financial Highlights First Half Year 2012:

- Revenue increased to CHF 1’964 million, (+64.6%) due to the acquisition in Microbial Control
- EBIT increased from CHF 136 million in the first half of 2011 to CHF 168 million (+23.5%)
- Operational free cash flow : CHF 289 million (CHF 66 million in the first half of 2011)
- Core EPS at CHF 2.42 up 15.8%
- Net debt amounted to CHF 2531 million, resulting in a gearing of 108%
- CAPEX at CHF 141 million (CHF117 million in the first half of 2011)

Full financial figures can be found in the Half Year Report:
http://www.lonza.com/en/about-lonza/investor-relations/financial-reports.aspx

Initial Assessment Richard Ridinger: On the occasion of the Half Year Results presentation, Lonza’s new CEO Richard Ridinger presented his initial assessment of the company after 85 days in office: “With Lonza, I have joined a company with many great strengths and assets such as excellent technology platforms, a global footprint, broad high quality product offerings, a broad customer base and, of course, a highly committed and skilled workforce. While the overall strategy remains absolutely valid, I have identified a number of key opportunities which will help the company to return on a profitable growth path.”

Key opportunities Richard Ridinger has identified include: stronger focus on target markets, near term cost reduction through VispChallenge and Arch Integration, and longer term operational improvements in global manufacturing footprint, administration and site and legal entity structure. Additional opportunities include a strong cash focus and portfolio management helping to define profitable growth perspectives for Lonza technologies, capabilities and markets.

“Multiple megatrends are affecting our business,” said Richard Ridinger, Lonza CEO. “These include: a growing world population, the ageing population in Western countries, movement and growth of populations in megacities, and a growing middleclass in emerging markets. I am pleased that Lonza will be able to offer promising solutions in these environments through its key market segments and technology platforms. This opens exciting prospects going forward.”

Outlook: Lonza’s target for 2012 is to deliver growth on an EBIT level of between 10 and 15% compared with fiscal year 2011. Major projects aiming at a sustainable market and profit performance, like the Arch integration, VispChallenge and the review of corporate structures,

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are on track. Board and Management will continue to emphasize the principles of "Focus and Deliver". However, the volatility of the current macroeconomic situation in some parts of the world can always have a negative effect on all strategic and operational efforts.

A key priority for 2012 remains a strong focus on the balance sheet structure and debt reduction. Necessary measures to reduce capital expenditure and rigorous efforts to reduce net working capital have been initiated and will continue. Refinancing of the bridging loans relating to the acquisition of Arch is progressing as planned.

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

Further Information

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