

## News Release

**Lonza on Track to Meet 2012 Full Year Targets as Arch Integration Progresses as Planned**

- Overall business on track to meet 2012 full year targets
- Arch integration progressing as planned: 75% of synergy measures implemented with 50% of the EBIT benefit expected in 2012. Microbial Control order intake on target
- Custom Manufacturing saw good capacity utilization and continued pipeline development
- Life Science Ingredients achieved good growth in agro sales but continued to experience price pressure in Nicotinates
- Bioscience further expanded its cell therapy product pipeline
- Visp Challenge project aiming at improving productivity by CHF >100 million over three years
- As previously announced, Richard Ridinger started as Lonza's new CEO on 1 May 2012

**Basel, Switzerland, 4 May 2012** – Lonza's business performance was in line with expectations in the first quarter of 2012. Capacity utilization was at good levels across all business units. Growth in project pipelines reflects the Company's global leadership in a large number of its key business areas. In Microbial Control the integration of Arch is proceeding as planned and the good order intake was in line with expectations. Looking ahead, management expects to deliver the Company's full year targets for 2012.

Rolf Soiron, Chairman of Lonza, said, "We have started to bring more focus in order to improve delivery on results. The Arch integration is on track to achieve the financial targets that we communicated; Microbial Control will be a key driver of the EBIT increase expect in 2012. In Custom Manufacturing, we are achieving good levels of capacity utilization, as new contracts continue to drive both our chemical and biological pipelines. The performance of the Life Science Ingredients business has been good in most areas, however, Nutrition Ingredients are facing unsatisfactory margins due to strong competition and higher raw material prices. Lonza enjoys globally leading positions in Custom Manufacturing and Microbial Control and with Richard Ridinger as CEO we now have a manager at the helm with a strong record of achieving results from complex businesses."

**Custom Manufacturing** enjoys good levels of capacity utilization and growing project pipelines, reflecting increasing use of out-sourcing. Lonza's leading expertise allows it to meet the wide ranging needs of our pharma and biotech customers.

In Chemical Manufacturing we continue to sign new contracts for both marketed and development products. We have seen good utilization in our early phase capacity as well as satisfactory demand for our peptide capacity. We are currently focusing investment in cutting-

## News Release

edge technologies such as high potency APIs (HPAPIs) and antibody drug conjugates (ADCs) where Lonza benefits from clear competitive advantages.

In Biological Manufacturing, capacity utilization remains at a high level, including our new facility in Singapore. The expansion of our Slough facility remains on track to be completed by the end of 2012.

We have submitted a full response to the FDA requests at our Hopkinton site.

**Microbial Control** has delivered as anticipated in the first quarter of 2012. The Arch integration is progressing as planned and is on track to deliver the cost synergies expected. The US market has seen a strong performance across most areas; recently, the business background in the EU and Asia has shown signs of improvement as well.

Water Treatment finished the recreational season in South Africa quite well; order patterns in the US and Europe are in line with expectations. Wood Treatment has moved in line with the US housing market; higher demand was partially offset by negative currency effects. In Materials Protection, sales of automotive and building materials have been strong across all regions. Personal Care and Hygiene and Preservation have developed as expected.

**Life Science Ingredients** saw good underlying demand. However, margins were impacted by intense competition and, above all, higher raw material costs, particularly in Nutrition Ingredients where returns remain unsatisfactory. Performance Intermediates had a good first quarter led by agro where there was strong demand for both intermediates and active ingredients.

Our **Bioscience** business saw substantial growth in its Cell and Viral project pipeline as well as a solid performance by its Research business. The new Cell Therapy production capacity in Singapore will come on stream as planned in the second half of 2012. Academic and instructional demand for Research products in the US and Europe continued to be impacted by government spending constraints.

As previously announced, Richard Ridinger started as Lonza's new CEO on 1 May 2012. Rolf Soiron, who acted as CEO a.i. since end of January will concentrate again on his role as Chairman of the Board of Directors.

### **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

## News Release

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](http://www.lonza.com).

### Additional Information

Lonza Group Ltd  
Head of Corporate Communications  
Dominik Werner  
Tel +41 61 316 8798  
Fax +41 61 316 9798  
[dominik.werner@lonza.com](mailto:dominik.werner@lonza.com)

Lonza Group Ltd  
Investor Relations  
Dirk Oehlers  
Tel +41 61 316 8540  
Fax +41 61 316 9540  
[dirk.oehlers@lonza.com](mailto:dirk.oehlers@lonza.com)

Lonza Group Ltd  
Media Relations  
Melanie Disa  
Tel +1 201 316 9413  
Fax +1 201 696 3533  
[melanie.disa@lonza.com](mailto:melanie.disa@lonza.com)