



Bringing Biotech and Specialty Chemical Expertise to Our Customers

2015 Full-Year Results – 27 January 2016

Richard Ridinger – CEO

Additional Information and Disclaimer

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Reflections on the Development Between 2012-2015

■ Guidance Cycle 2012-2015:

With the full-year 2015 results, Lonza concluded its guidance cycle of 2012-2015. In 2012 Lonza started its transformational journey and announced a set of key performance indicators (KPIs). The company successfully delivered on these KPIs, as reflected in the financial results, including the following:

	Actual 2012 ¹	Actual 2015	Guidance 2015
CORE EBITDA-Margin	17.6%	20.9%	20.0%
CORE EBIT (mn CHF)	392	524 (10.2% average/yr.)	>5% growth per year
CORE RONO A	11.0%	16.4%	15%
Net Debt (mn CHF)	2647 (1 Jan. 2012)	1660	1850

¹ 2012 results restated to exclude divestment of Performance Products

Reflections on the Development Between 2012-2015

■ Qualitative Guidance in Summer 2012:

- 1 Stronger Focus on Target Markets ✓
 - 2 Near-Term Cost Reduction ✓
 - 3 Longer-Term Operational Improvements ✓
 - 4 Cash Focus ✓
 - 5 Management of Business Portfolio ✓
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- Lonza delivered high operational free cash flow over the last 4 years.
 - Lonza reduced net debt more strongly than targeted.

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FY 2015 – Business Overview

- Strong sales growth in reported currency of 4.5% (a growth of 5.7% in CER*1) to CHF 3.80 bn.
- CORE EBITDA grew by 6.7% to CHF 793 mn with a margin of 20.9%.
- Lonza had double-digit CORE EBIT growth of 10.3% in reported currency (+12.0% in CER) to CHF 524 mn, driven by both segments in 2015.
- CORE RONOA increased from 14.3% in 2014 to 16.4% in 2015.
- Healthy market demand, combined with significantly better operational performance, bolstered the strong results.
- Strong operational free cash flow of CHF 667 mn (+40.1%) led to a net debt reduction in 2015 of CHF 351 mn.
- Foreign-exchange effects were minimized through targeted counter-measures and through our natural hedge.
- Headcount (FTE) stayed stable at 9,829 employees in 2015.
- Based on strong cash flow and improved balance sheet, the Board of Directors is proposing a stable cash dividend of CHF 2.50 per share for 2015.

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FY 2015 – Additional Financial Highlights

- Profit for the period increased by 16.9% to CHF 277 mn.
- EPS basic increased by 16.2% to CHF 5.30.
- Main differences between CORE and reported EBIT are impairments at the Kouřim (CZ) and Walkersville, MD (USA) plants.
- Our dual tranche bond of CHF 325 mn was issued at very favorable rates.
- Net debt reduced significantly by CHF 351 mn to CHF 1.66 bn.
- Capital expenditure was CHF 264 mn (CHF 180 mn in 2014).

Key Financial Figures

CHF mn	FY 2015	FY 2014	Change YoY
Sales	3,803	3,640	4.5%
CORE EBITDA	793	743	6.7%
<i>CORE EBITDA Margin</i>	<i>20.9%</i>	<i>20.4%</i>	
CORE EBIT	524	475	10.3%
<i>CORE EBIT Margin</i>	<i>13.8%</i>	<i>13.0%</i>	
EBITDA	780	737	5.8%
<i>EBITDA Margin</i>	<i>20.5%</i>	<i>20.2%</i>	
EBIT	428	423	1.2%
<i>EBIT Margin</i>	<i>11.3%</i>	<i>11.6%</i>	
Financing Costs	(85)	(60)	
<i>Tax Rate</i>	<i>19.0%</i>	<i>15.0%</i>	
Profit for the Period	277	237	16.9%
EPS (CHF) Basic	5.30	4.56	16.2%
EPS (CHF) Basic CORE	6.81	6.79	0.3%
Operational Free Cash Flow	667	476	40.1%
Change in Net Working Capital	139	(94)	
Capital Expenditures	264	180	46.7%
<i>CORE RONO A</i>	<i>16.4%</i>	<i>14.3%</i>	
Net Debt	1,660	2,011	(17.5%)
Number of Employees	9,829	9,809	0.2%

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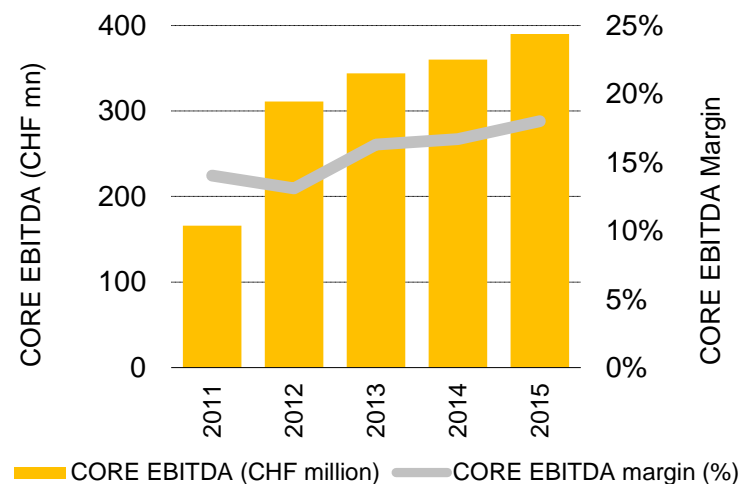
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Specialty Ingredients

Key Figures

CHF (mn)	2015	% Changes YoY
Sales	2,167	0.6
CORE*¹ EBITDA	390	8.3
Margin	18.0	
CORE*¹ EBIT	298	9.6
Margin	13.8%	

CORE EBITDA and Margin Progression



- Enhanced portfolio management counterbalances currency effects.
- Better results were achieved through product mix and value-chain improvements.
- Agro Ingredients and Wood Protection businesses had the strongest profit growth.
- CORE RONOA remained high with 20.5%.

Business Highlights

Consumer Care and Agro Ingredients

Consumer Care

- Consumer Care performed as budgeted based on sound demand.
- Our Hygiene business continued to grow at a solid pace in 2015 because of the need for effective microbial solutions in the areas of fast-moving consumer goods, industrial uses and institutional applications.
- Personal Care had good growth including a successful launch of our new vitamin B3 grade for skin-care applications and also new product launches of innovative antidandruff actives have gained solid momentum.

Agro Ingredients

- Contract Manufacturing: chemical and fermentation manufacturing for advanced intermediates and active ingredients for herbicides, fungicides and insecticides were substantially up.
- Meta™ was impacted by dry weather conditions in Europe but compensated by geographic expansions with the active substance and the formulated product into new wet regions in Asia, Latin America and South Africa.
- We acquired Zelam (NZ) in August, a company that also sells crop-protection solutions for specific niche applications in horticulture, arable and pastoral segments.

Business Highlights

Industrial Solutions and Wood Protection

Industrial Solutions

- Generally favorable demand situation was seen in our target markets and in all regions throughout 2015.
- Coatings and Composites demand was strong, and building products addressing challenging regulatory requirements with innovation continued to gain traction.
- Demand for our marine antifouling actives was firm over the whole year.
- Operating profit was strong, with only top line of cracker intermediates influenced by lower oil prices.

Wood Protection

- Solid performance was due to recovery of North American construction markets, which resulted in favorable demand across all major product lines.
- Treated wood prices have risen steadily over the last weeks, which indicates strong sales across North American residential markets.

Effective 1 January 2016, Industrial Solutions and Wood Protection were combined and renamed to Coatings and Composites.

Business Highlights

Water Treatment

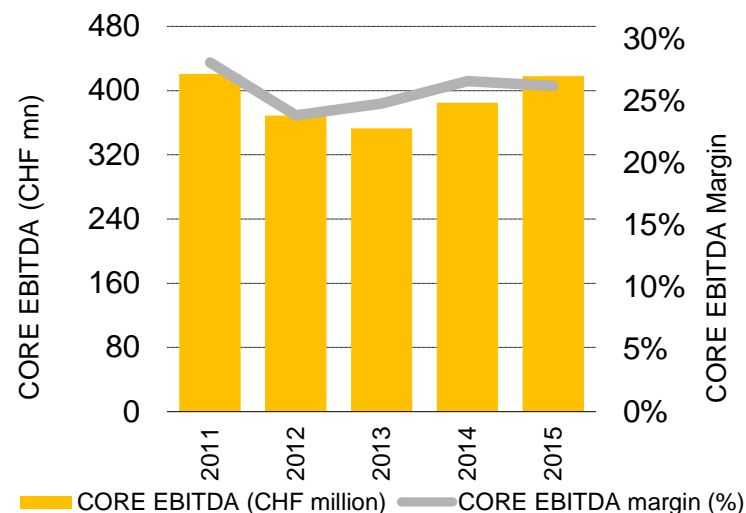
- Water Treatment grew on the top and the bottom line.
- Our Residential business improved slightly compared with the previous two years.
- Europe and South America were heavily impacted by FX impact.
- Our Industrial, Commercial, Municipal and Surface Water (ICMS) business made further progress in balancing the Residential business.

Pharma&Biotech

Key Figures

CHF (mn)	2015	% Changes YoY
Sales	1,596	10.4
CORE*¹ EBITDA	418	8.6
Margin	26.2	
CORE*¹ EBIT	284	15.9
Margin	17.8	

EBITDA and Margin Progression



- Positive momentum was due to favorable market conditions, especially in biologics.
- Enhanced results in 2015 were mainly due to strong demand in the mammalian businesses and significantly improved operational performance.
- Our Bioscience Solutions business experienced strong growth.
- CORE RONOA increased from 12.7% in 2014 to 15.6% in 2015.

Business Highlights

Custom Manufacturing

- Continued high demand for Biological Custom Manufacturing services for commercial and late-stage clinical mammalian and microbial products led to a strong performance across all assets with high-quality operational delivery.
- In July Lonza signed a long-term manufacturing supply agreement with Alexion, under which Lonza will construct and launch a new suite dedicated to Alexion in Portsmouth, NH (USA).
- Market demand in Microbial Custom Manufacturing was strong. With the adaptation of the existing facility in Visp (CH), we will be able to accommodate multi-products and to de-risk our portfolio further going forward.
- In Chemical Custom Manufacturing, we started to realign our chemical asset base in 2015 to reflect changes in our customers' needs.

Business Highlights

Custom Development & Bioscience Solutions

Custom Development Services

- Demand for CDO Services was high, based also on the fact of increasing venture-capital (VC) funding into small biotech.
- Next-generation antibody therapeutics gained traction and drove demand for Lonza's XS and GS expression platforms.
- In our Emerging Technologies business, which includes conjugated antibodies (ADCs), Cell Therapy and Viral Therapy, we see ongoing positive industry trends and regulatory and financial support of rapid technology advances.

Bioscience Solutions

- Bioscience Solutions delivered strong growth in sales and profits over the prior year, driven by robust performance in both Media Biotherapeutics and MODA™ Software, as well as recovery in our Research and Testing product portfolios.

Quality

- In 2015 we had 21 successful inspections of our pharma sites by regulatory authorities, as well as 143 successful customer audits.

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Outlook

Based on the present macro-economic environment and current visibility, as well as the strongly improved results of 2015, Lonza is re-confirming the 2018 guidance of:

- CORE EBITDA approaching CHF 1 billion in 2018.
- CORE RONOA of 20% in 2018.
- Sales growth of low to mid-single digits on average per year until 2018.

In 2016 Lonza is expected to grow sales in line with the 2018 guidance and targets a CORE EBIT growth of above 5%, based on the same conditions.

The strong demand particularly in Pharma&Biotech has resulted in a number of growth projects. That is why the company expects the 2016 CAPEX to be above the 2015 levels.

A Capital Markets Day for investors and analysts will be held in Portsmouth, NH (USA) on 27 October 2016.

Calendar of Events & Contacts

Important Lonza Group Dates

- 27 Jan 2016 Full-Year 2015 Results
- 22 Apr 2016 Annual General Meeting
- 26 Apr 2016 First-Quarter 2016 Business Update
- 20 Jul 2016 Half-Year 2016 Results
- 27 Oct 2016 Third-Quarter 2016 Business Update
- 27 Oct 2016 Capital Markets Day in Portsmouth, NH (USA)

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Appendices

CORE Results as Defined by Lonza

Lonza believes that disclosing CORE results of the Group's performance enhances the financial markets' understanding of our company because the CORE results enable better comparison across years.

Therefore, the CORE results exclude exceptional items such as restructuring charges, impairments and amortization of acquisition-related intangible assets, which can differ significantly from year to year. For this same reason, Lonza uses these CORE results in addition to IFRS as important factors in internally assessing the Group's performance.

Lonza Segments & Markets

Specialty Ingredients Segment

Pharma&Biotech Segment

Our Markets:

Our Markets:

Consumer Care

Pharma&Biotech

Agro Ingredients

BioResearch

Industrial Solutions

Wood Protection

Water Treatment

FY 2015*

Sales:	CHF 2,167 mn
CORE EBITDA:	CHF 390 mn
CORE EBIT:	CHF 298 mn
CORE RONO:	20.5 %

FY 2015*

Sales:	CHF 1,596 mn
CORE EBITDA:	CHF 418 mn
CORE EBIT:	CHF 284 mn
CORE RONO:	15.6 %

*CORE definition: see appendix