

News Release

Lonza Group Ltd
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First Half 2007 Results – Lonza delivers an increase of 57% in EBIT and 82% in net income, based upon continuing operations. The recently completed growth strategy for Bioscience is designed to deliver enhanced returns. Lonza continues to successfully execute critical milestones of its long-term strategic plan.

Basel, 26 July 2007 – Lonza Group Ltd (SWX: LONN) is publishing today its financial results for the first half of 2007 and is providing an update on its strategy. Lonza is hosting several meetings and conference calls during the day to provide its first half business update and outlook.

Highlights

- Portfolio changes along with growth in Biopharmaceuticals and Organic Fine & Performance chemicals led to strong results¹:
 - Sales progressed by 32.1% to CHF 1 374 million.
 - EBIT increased by 56.9% to CHF 204 million.
 - EBIT margins rose by 2.3 percentage points to 14.8% of sales.
 - Net income grew by 82.5% to CHF 146 million on an improved financial result and a low sustainable tax rate.
- Gearing as a result decreased from 92% at the end of the first quarter to 87%.
- Net working capital in relation to sales declined from 29.0% in the first half of 2006 to 24.3% in the first half of 2007.
- RONOA increased from 11.0% in the first half of 2006 to 13.8%.
- Short and mid-term outlook confirmed – Lonza will deliver above its mid-term guidance in 2007 (based upon continuing operations).

Key Financial Group Figures

	2006		2007		First Half
	CHF mn	% of sales	CHF mn	% of sales	+/- % CHF
Continuing operations¹					
Sales	1 040		1 374		32.1%
EBITDA	221	21.3%	335	24.4%	51.6%
EBIT	130	12.5%	204	14.8%	56.9%
Net income	80	7.7%	146	10.6%	82.5%
EPS (CHF) basic	1.69		3.07		81.7%
EPS (CHF) diluted	1.61		2.86		77.6%
Total operations					
Capital expenditures	(148)		(261)		76.4%
Net debt	1 192		1 535		28.8%
Number of employees	6 447		7 457		15.7%

¹ The condensed consolidated income statement from the previous-year interim financial reporting has been restated to show the discontinued operation of Polymer Intermediates separately from continuing operations

Overview The first half performance was characterized by the effects of Lonza's portfolio changes and solid developments in all businesses, with Biopharmaceuticals experiencing particularly strong growth. This elevated EBIT to CHF 204 million from CHF 130 million as compared to the first half of 2006, and led to a margin increase of 2.3 percentage points to 14.8% of sales. Along with the proactive measures that resulted in a low tax rate of 21.0%, the improved financial result led to an over-proportional increase in net income by 82.5% to CHF 146 million. As a result, gearing declined from 92% at the end of the first quarter to 87%. RONOA continued to improve from 11.0% in the first half of 2006 to 13.8%. Sales in the first half of 2007 amounted to CHF 1 374 million.

Strategy The projects designed to deliver sustainable, above-average, profitable growth, continue to be on or ahead of plan. Following the transformational changes to our portfolio implemented over the last year, 90% of Lonza's sales now relate directly to the life-sciences. These changes are fully on track to create significant value and increase Lonza's presence in high-margin, high-growth areas. In the short term, the priorities for 2007 are business delivery, integration of recently acquired assets and strategic reviews within the Organic Fine & Performance Chemicals division.

Divisional comments – Organic Fine & Performance Chemicals posted a satisfactory performance in the first half of 2007. Sales increased by 6.0% to CHF 564 million, a third of which was due to raw material price increases. Price initiatives and volume growth more than offset raw material pressure, resulting in a 0.5 percentage point margin expansion to 14.0% of sales. EBIT thus increased by 9.7% to CHF 79 million. **Exclusive Synthesis & Biopharmaceuticals** increased sales by 45.2% to CHF 642 million (CHF 442 million in the first half of 2006). The significant improvement in EBIT, which rose to CHF 117 million, from CHF 72 million a year ago, was driven by Biopharmaceuticals. EBIT margins increased from 16.3% of sales a year ago to 18.2% thanks to strong capacity utilization and new projects coming on stream. **Bioscience**, Lonza's new division is fully on track in its business plan in the first half of 2007, with strong margin delivery when excluding short-term integration costs. Integration activities are progressing on schedule, while global sourcing synergies and the first cross-selling opportunities have been realized. Based upon the designed strategy, the financial targets for the division have been enhanced.

Outlook – All strategic growth projects that have been conveyed are entirely on track. With sound execution of its long-term plan, Lonza continues to drive aggressive growth initiatives in the form of strategic investments, organic growth projects and targeted acquisitions.

Lonza reaffirms its guidance:

- Sales growth of 8 – 12% per year
- EBIT growth mid to high teens
- Project pipeline fully aligned to support growth expectations
- 2007 performance expected to exceed guidance (based upon continuing operations)

For more detailed information, please refer to the Half-Year Report 2007 published today.

About Lonza

Lonza is one of the world's leading suppliers to the pharmaceutical, healthcare and life science industries. Its products and services span its customers' needs from research to final product manufacture. Lonza 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 a leader in cell-based research, endotoxin detection and cell therapy manufacturing. Lonza is also a leading provider of value chemical and biotech ingredients to the nutrition, hygiene, preservation, agro and personal care markets.

Lonza is headquartered in Basel, Switzerland and is listed on the SWX Swiss Exchange. In 2006, Lonza had sales of CHF 2.91 billion. Further information can be found at www.lonza.com.

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