

Corporate



Science and Technology for Pharma&Biotech, Nutrition and Well-being

Business Update: First Quarter 2013

25 April 2013

Richard Ridinger - CEO

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Forward-looking

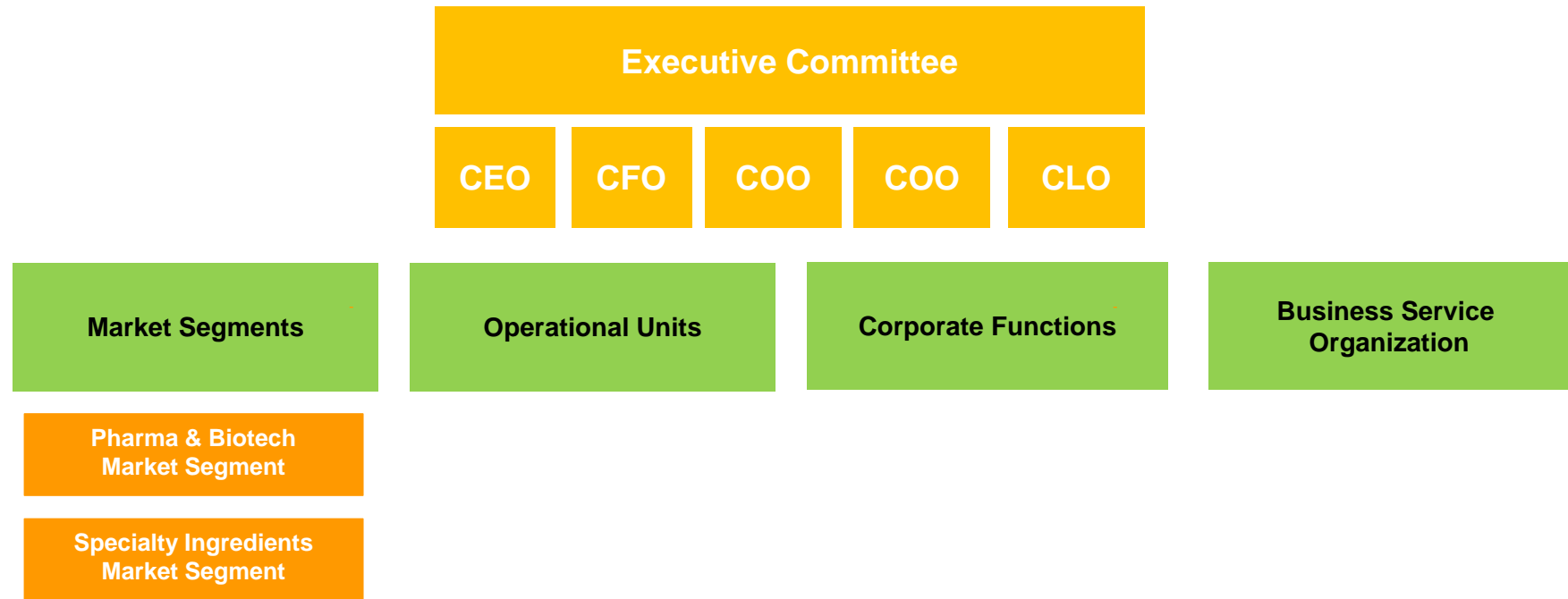
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First Quarter 2013 Milestones

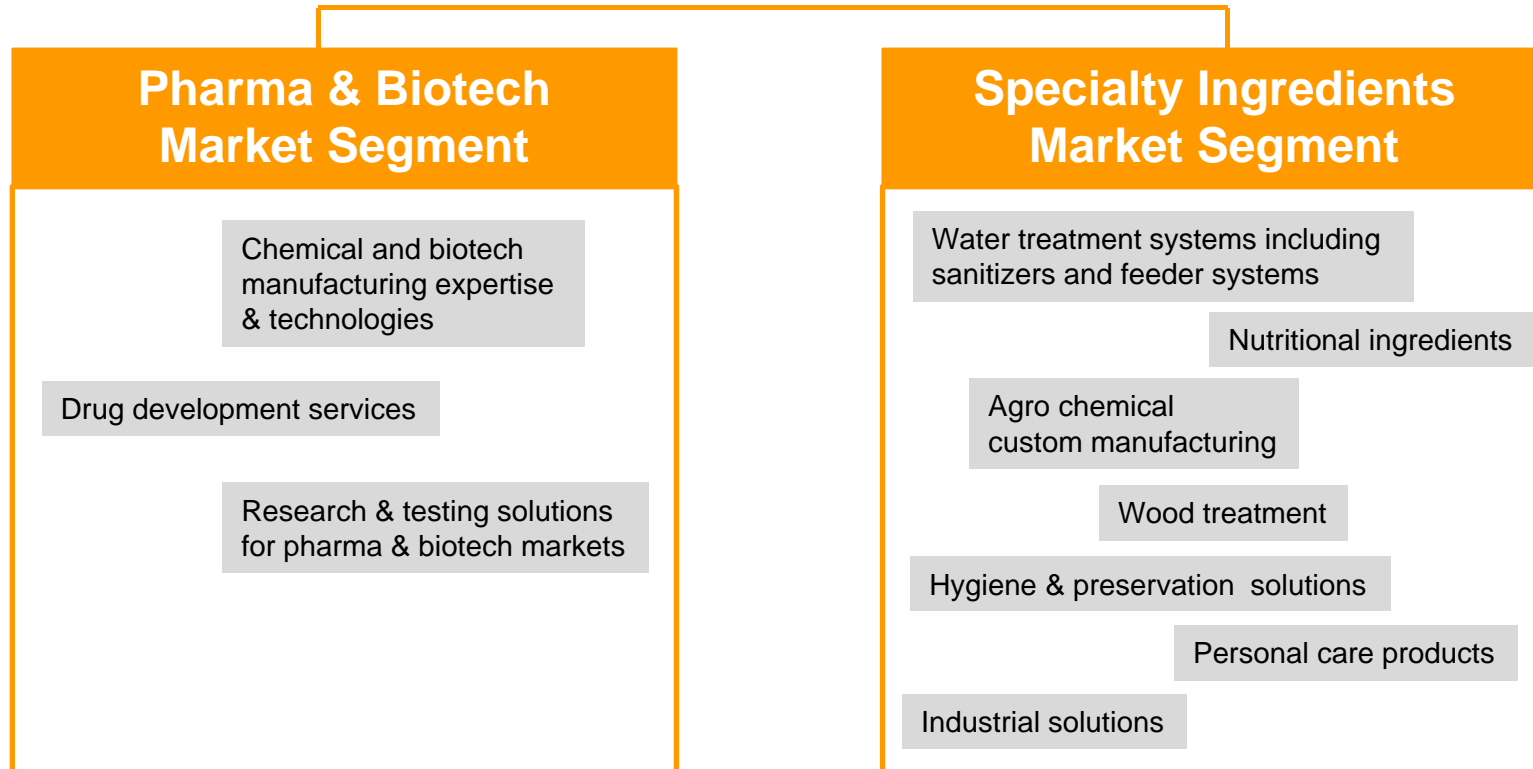
- Lonza business performance overall on track
- Good performance in Specialty Ingredients market segment with slow start in the Pharma&Biotech market segment as anticipated and communicated at FYR
- Successful placement of a CHF 300 mn straight bond at favorable conditions
- VispChallenge project on track
- Expansion of ADC production capacity in Visp under construction
- New market focused organization taking shape
- Project for reduction of site and administration complexity started and on track
 - Swords, Ireland site (43 positions) to be closed in Q2 2013
 - Streamlining of Corporate Functions as announced in Q3'12 led to a headcount reduction of 60 people so far
- CAPEX below last year levels

New Organization Lonza



Market Segments Lonza

Lonza



The Two Segments

Specialty Ingredients market segment

- Good start into 2013 with decent overall market demand in most areas
- Good growth and high asset utilization in Agro
- In Personal Care new innovative products were launched
- All growth projects are on track

Pharma & Biotech market segment

- Good pipeline development across all technologies
- Lower capacity utilization as expected. Continuous ramping-up of the entire network in the quarters ahead
 - Project delay at customers
 - Continued ramp-up of new technologies (ADC, cell therapy, peptides change to large-scale manufacturing)
 - Higher product changeover due to new project introductions

Specialty Ingredients Market Segment (I)

Personal Care

- Preservative and Specialties sales are tracking slightly ahead of target
- Introduction of new and innovative products for anti-aging, anti-acne active and a natural preservative in cosmetic products

Hygiene

- Solid performance in primary markets (Europe and USA) with improved margins
- Wide range of disinfectant grade products effective against Influenza virus Type A
- Increasing interest for disinfecting wipes against hospital acquired infections

Nutrition

- Niacin market demand as expected, pricing remained at low level
- L-carnitine on target

Specialty Ingredients Market Segment (II)

Agro Offerings

- Good growth and high utilisation of assets
- Good order book visibility throughout year end
- Meta™ experienced strong first quarter in preparation for spring season in home + garden
- Capacity expansion for multipurpose plant in Visp is on track for start up at the end of Q4

Water

- Europe with good start due to timing of sales
- Slow start to the US season due to high inventory levels at distributors and poor weather in March
- Continued interest in and new installations of our Pulsar Feeders into the industrial, commercial and municipal markets

Specialty Ingredients Market Segment (III)

Wood Treatment

- The wood offerings experienced a better first quarter compared to prior year especially in the North American housing market
- Wood protection market holding firm in EU despite ongoing poor market conditions
- New and expanded business with the two world largest DIY retail chains for the North American wood business

Industrial Chemicals

- High Performance Materials from electronics sector saw strong demand
- New Lonzacure™ products developed and qualified with our customers for structural elements in aerospace
- HCN/Diketene derivatives with strong demand but price pressure from competition ex China and India

Materials Protection

- Slow start in US markets due to high inventories at customers, compensated by strong demand in EU
- Lonza stands ready to supply a highly effective antimicrobial replacement to plastics and vinyl producers (arsenic-based OBPA preservative no longer available in Europe)

Pharma&Biotech Market Segment (I)

Custom Manufacturing Services

- Lower capacity utilization as expected – continuous ramping-up of the entire network in the quarters ahead
- Various long-term supply agreements for small molecule products and FDA approval received for key Visp product
- Expansion of antibody drug conjugates plant in Visp on track
- Good pipeline development in biological manufacturing
- Resolving Hopkinton manufacturing issues remains key priority in close collaboration with authorities and customer
- Strong cell and viral therapy pipeline with high number of new product candidates and for new clients
- Cell therapy plant in Singapore on-line and first GMP lots produced

Pharma&Biotech Market Segment (II)

Custom Development Services

- Custom Development with good overall demand in Q1
- XS Microbial Technologies™ becoming a catalyst for new projects acquired in Q1
- Applied Protein Services (APS) expanding footprint into Asia
- High demand for development and scale-up services using proprietary micro-reactor / continuous flow technology (MRT) continued to attract customers in Q1

Bioscience Offerings

- Testing Solutions on target with strong growth in Asia-Pacific
- Good performance of Media business
- Long-term Sartorius collaboration on track
- Cell Biology offering continues to perform strongly, supported by new products
- Sequestration impacts U.S. academic and governmental sales
- In Europe, Research and Testing businesses suffer from deteriorated economic situation

Summary & Outlook

- Lonza business performance overall on track
- Good performance in Specialty Ingredients market segment. Slow start in the Pharma&Biotech market segment as anticipated
- Reorganization and improvement projects on track
- Update on manufacturing footprint evaluation and implementation to be expected after Q2
- Solid financial situation with placing of a straight bond at favorable conditions
- Confirmation of January guidance - as guided at FYR 2012, H2'13 will be stronger than H1'13
- 2013 EBIT guidance growth of around 10% reiterated

Calendar of Events and Contacts

Important Lonza Group Dates

- 25 Apr 2013 First quarter 2013 business update
- 25 July 2013 Half-year 2013 results
- 31 Oct 2013 Third quarter 2013 business update
- 23 Jan 2014 Full-year 2013 results
- 16 Apr 2014 Annual General Meeting

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Thank You!

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