

We work with passion, using advanced technologies, to transform life science into new possibilities for our customers

Lonza

2009 Half-Year Results – 22 July 2009

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Chief Executive Officer

Disclaimer

“Certain matters discussed in this presentation may constitute forward-looking statements. These statements are based on current expectations and estimates of Lonza Group Ltd, although Lonza Group Ltd can give no assurance that these expectations and estimates will be achieved. The actual results may differ materially in the future from the forward-looking statements included in this presentation due to various factors. Furthermore, Lonza Group Ltd has no obligation to update the statements contained in this presentation.”

2009 Half-Year Results – Financial Highlights

- Results driven by the nature of the Custom Manufacturing business and a slowdown in parts of Life Science Ingredients:
 - Sales down 9.2% to CHF 1 329 million
 - EBITDA down 15.3% to CHF 300 million
 - Disproportionate EBIT decline on higher depreciation charges
 - Net profit down 32.9% to CHF 118 million on a comparable basis¹
 - RONOA down to 9.2% at H109 from 13.8% for FY/08

- Net cash provided by operating activities increased to CHF 164 million
 - Cash flows temporarily affected by an inventory run-up in Custom Manufacturing ahead of an anticipated strong second half, backed by customer orders

- Solid financing situation, increasing strategic flexibility
 - Successful launch of CHF 300 million bond in May 2009 at attractive conditions
 - Full conversion into equity of the outstanding convertible bond brings gearing down from 76% at the end of 2008 to 52%

- Number of employees has risen by 1.4% since January 2009 to 8 580

¹Excluding the CHF 91 million book gain realized in 2008 on the sale of the remaining stake in Polynt S.p.A.

2009 Half-Year Results – Key Financial Figures

CHF million	1st-half 2008	1st-half 2009	Change YoY
Sales	1 463	1 329	(9.2%)
EBITDA	354	300	(15.3%)
<i>EBITDA margin</i>	24.2%	22.6%	
EBIT	235	163	(30.6%)
<i>EBIT margin</i>	16.1%	12.3%	
Financing costs	(28)	(24)	
Gain on sale of assets held for sale	91	0	
<i>Tax rate</i>	10.4%	15.1%	
Profit for the period	267	118	(55.8%)
EPS (CHF) basic	5.60	2.44	(56.4%)
EPS (CHF) diluted	5.15	2.28	(55.7%)
Cash flow before change in net working capital	276	218	(21.0%)
Change in net working capital	(181)	(116)	
Capital expenditures	(316)	(264)	(16.5%)
Net debt	1 393	1 268	(9.0%)
Number of employees	8 106	8 580	5.8%

2009 Half-Year Results – Strategic Highlights

■ **Business situation**

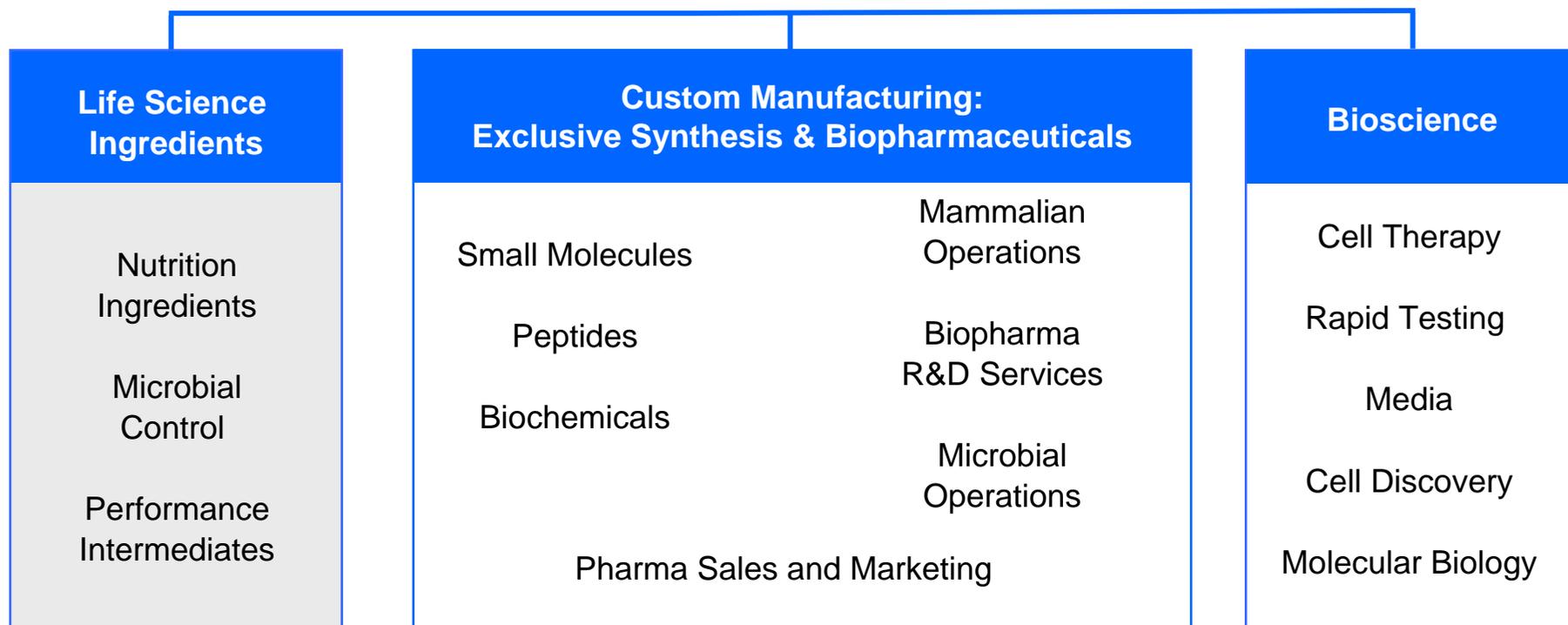
- Underlying demand in life-science markets remains robust
- Reduced demand in more industrial and consumer-linked sectors
- Customer supply chain optimization in all markets
- Adaptation of the business model to the financing situation of customers leads to pipeline growth; new business becoming apparent beyond 2009
- Increased trend towards outsourcing in Biopharma, as well as in chemical APIs, possibly leading to new value-chain opportunities

■ **Growth execution**

- Capital expenditure projects and contracting on or ahead of schedule and budget
- Significantly strengthened project pipelines
- Extension of the custom manufacturing business model to multiple-product contracts demonstrate a deeper integration with customers
- Significant gain in market share with small biotech customers
- Investment in innovation and R&D projects sustained on a high level

Lonza's Life-Science Platform

Lonza

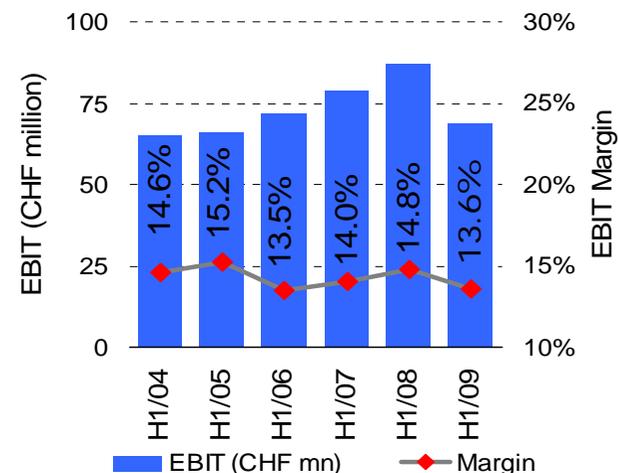


Life Science Ingredients

Key figures

CHF million	1st-half 2009	Change YoY
Sales	506	(13.7%)
EBIT	69	(20.7%)
Margin	13.6%	
EBITDA	104	(13.3%)
Margin	20.6%	

EBIT and margin progression



- All businesses remain profitable – decline in Microbial Control and Performance Intermediates partly compensated for by Nutrition and Agrochemicals
- Lower capacity utilization partly offset through cost-saving initiatives and lower raw material prices
- EBITDA margins stable, EBIT margins on a par with FY 2008
- Good development of R&D pipeline

Life Science Ingredients (I)

Nutrition Ingredients

- Nicotinate
 - Customer destocking and reduced meat consumption
 - Approval delays and destocking temporarily impacting niacin pharma applications
 - Satisfactory margins

- Meta™
 - Sales volumes above expectations despite adverse weather conditions
 - Annex 1 filing package for EU as crop protection agent submitted in Q2

- L-Carnipure™
 - Excellent demand due to new functional food launches in emerging markets
 - Strong sales of Carniking® in the pet food industry

- Pro-K™
 - Scale-up of the Shawinigan plant ongoing, with regular sales of vitamin K3 in feed

- FiberAid/ResistAid™
 - Plant expansion in the USA and scientific projects on track for start-up in H2 2009

Life Science Ingredients (II)

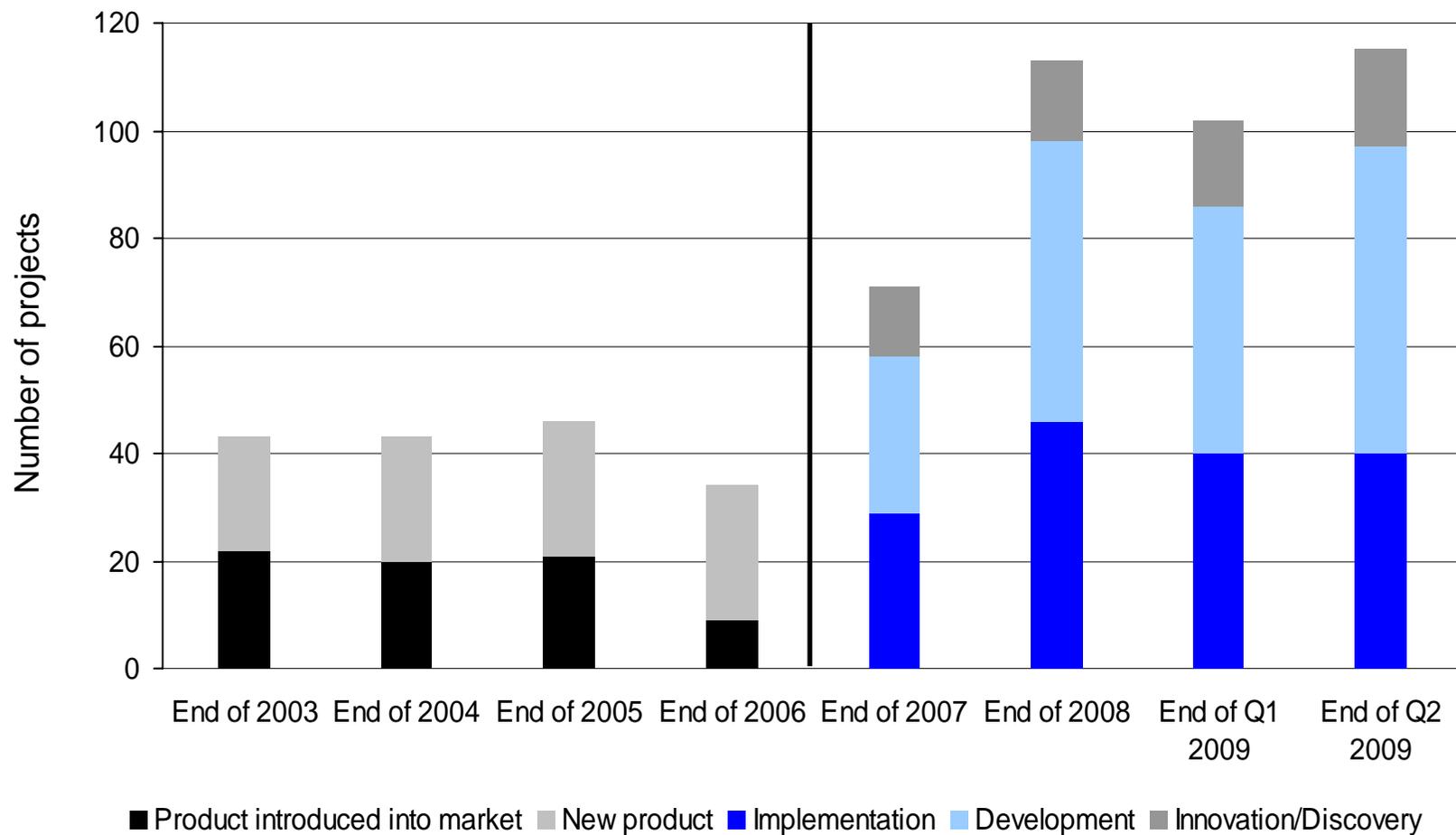
Microbial Control

- The economic downturn resulted in a global contraction of markets of 20-30% – sequential improvement noted in the second quarter
- Lower raw materials prices and stringent fixed cost management partially mitigated the impact of under-utilized assets
- Water Treatment and Materials Protection were most severely affected
- Strategic growth milestones are on track

Performance Intermediates

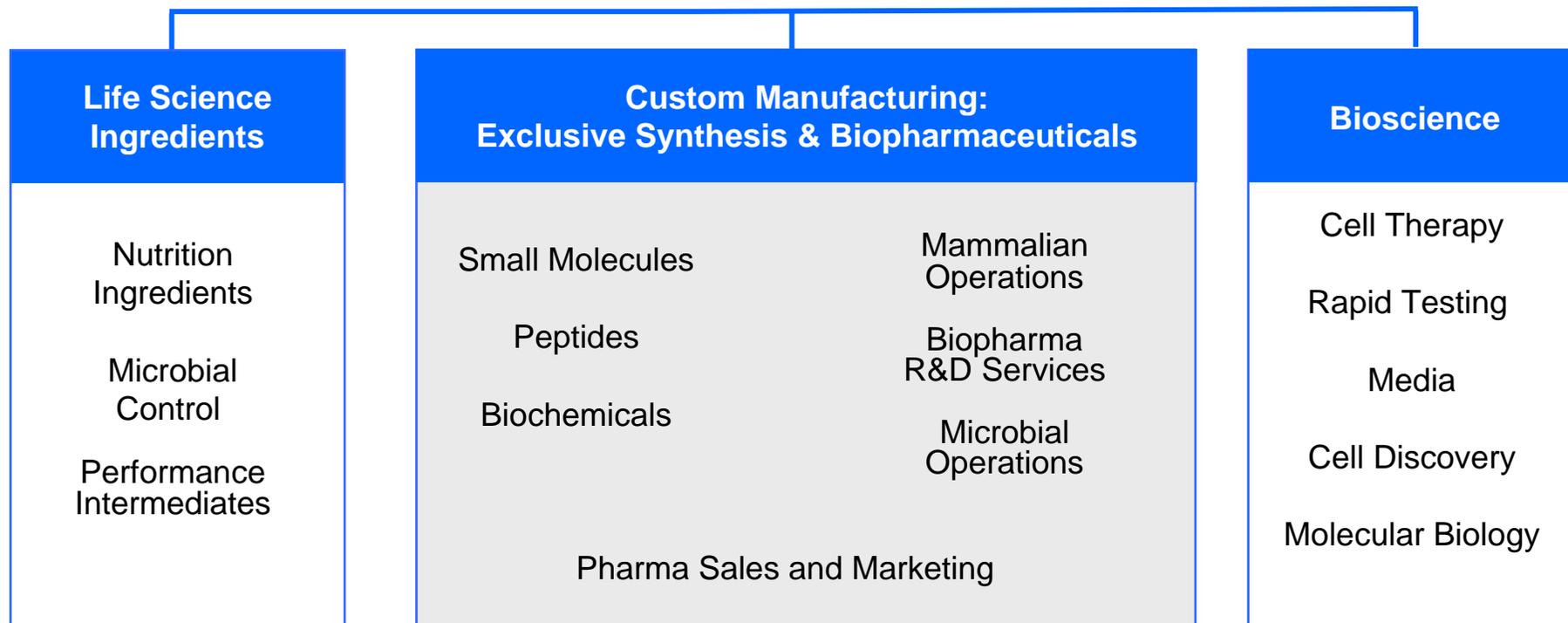
- Strong volume decline for diketene and HCN derivatives as anticipated, with some recovery in the second quarter
- Margins in line with expectations, but below 2008 levels
- High-Performance Materials weakening for electronics, only partially compensated for aerospace applications. Sequential improvement in the second quarter
- Strong Agro performance and good product pipeline lead to a positive outlook for 2009

Life Science Ingredients – Project Pipeline



Lonza's Life-Science Platform

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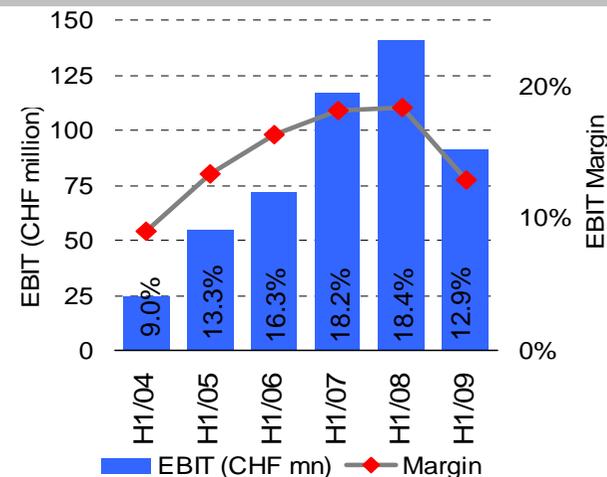


Custom Manufacturing

Key figures

CHF million	1st-half 2009	Change YoY
Sales	706	(7.7%)
EBIT	91	(35.5%)
Margin	12.9%	
EBITDA	179	(17.1%)
Margin	25.4%	

EBIT and margin progression



- Results strongly skewed toward H2 2009 due to
 - High cost due to simultaneous plant start-ups in Porriño, Nansha, Visp
 - Production schedules of higher valued-added products tilted toward H2
 - Product changes in Portsmouth
- Expansion projects for both business sectors on track
- Product pipeline expansion projects under full implementation

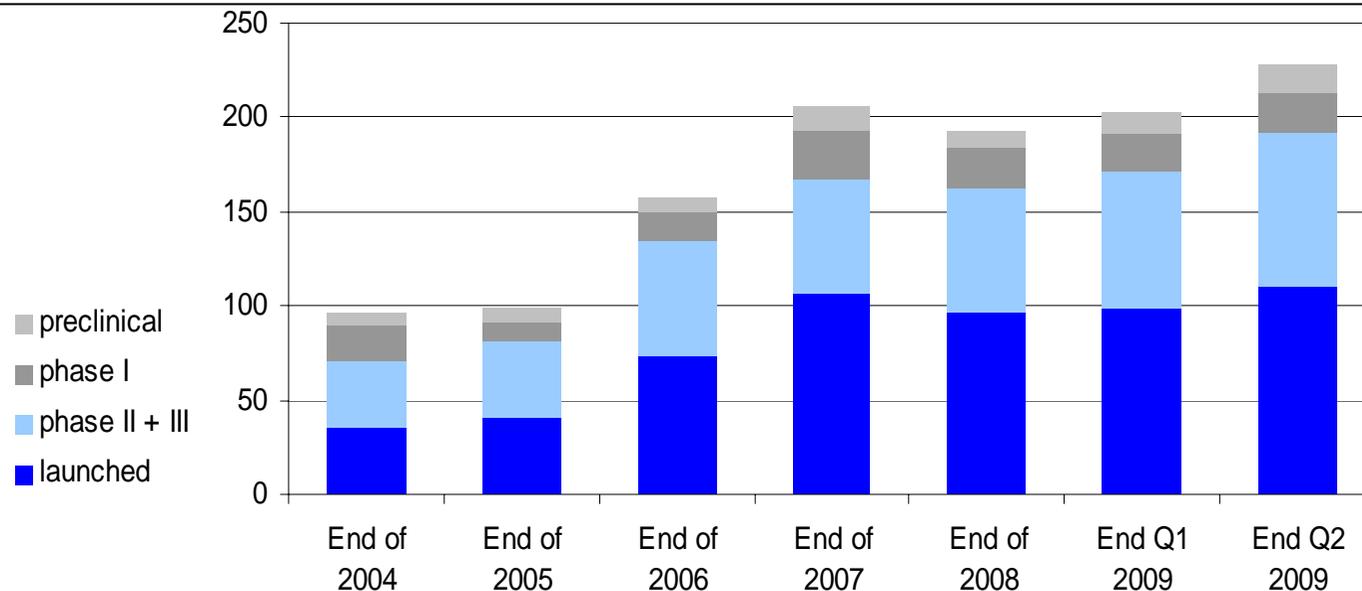
Custom Manufacturing (I)

Exclusive Synthesis – Sales of CHF 327 million in the first half of 2009

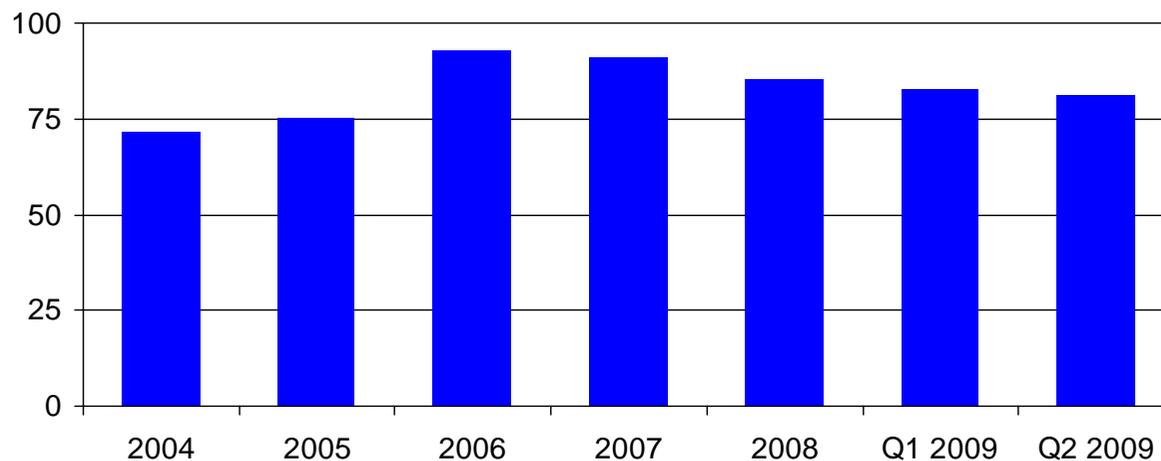
- Customer interest in outsourcing and longer-term relationships remains at a high level
- Customer NWC optimization programs continue to require high production flexibility
- Reduced sales of some mature products as anticipated – compensating pipeline initiative showing first results:
 - Increase of new product wins in all businesses
 - Large peptide contract prolonged until 2015
 - High number of validation campaigns reduces short-term productivity but builds a platform for future business
- Projects and new capacities strengthen mid-term development
 - Large-scale API production ramping up in Nansha with second and third phases on track
 - Demand for small-scale highly potent APIs requires additional lab and mid-scale capacity
 - Small-scale peptides production in Nansha established to support front-loading of the pipeline
 - First large-scale contract win for micro-reactor technology in Small Molecules

Exclusive Synthesis – Pipeline and Utilization

Project pipeline
Number of projects



Capacity utilization
in %



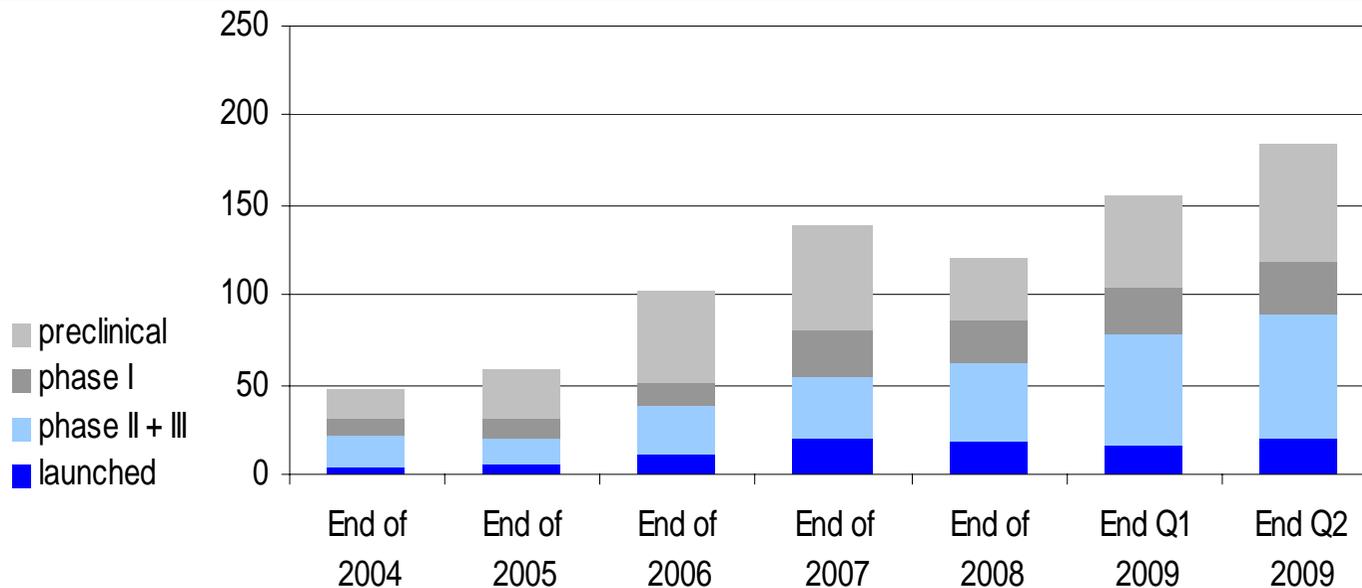
Custom Manufacturing (II)

Biopharmaceuticals – Sales of CHF 379 million in the first half of 2009

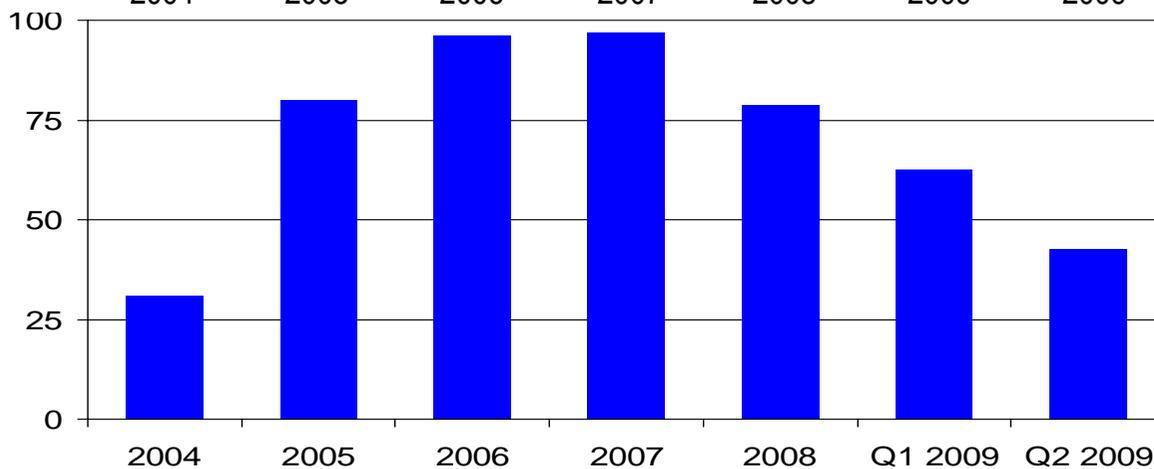
- Continued strong interest and demand for Lonza's "Total Product Life Cycle and Pipeline Management" concept, with various pipeline deals signed and several in advanced negotiations
- Expansion projects in Singapore on track
- 2 000-liter line expansion in Hopkinton delayed by three months due to process changes
- Decision to enter the viral vaccine business in synergy with Bioscience
- Biopharma Services improvement through tailor-made solutions leads to pipeline growth
 - "Stage-gate" and milestones approach for small biotech leading to market share gain
 - Full scope and pipeline approach for large pharma
- Operations
 - Low capacity utilization in Portsmouth as anticipated due to customer caution and product ramp-ups
 - Higher utilization for H2 2009 and 2010 contracted
 - Porriño retrofitting finalized and start-up with three new customer projects
- Innovative Mammalian platform now delivering scalable and reproducible 10g/l solutions

Biopharmaceuticals – Pipeline and Utilization

Project pipeline
Number of projects

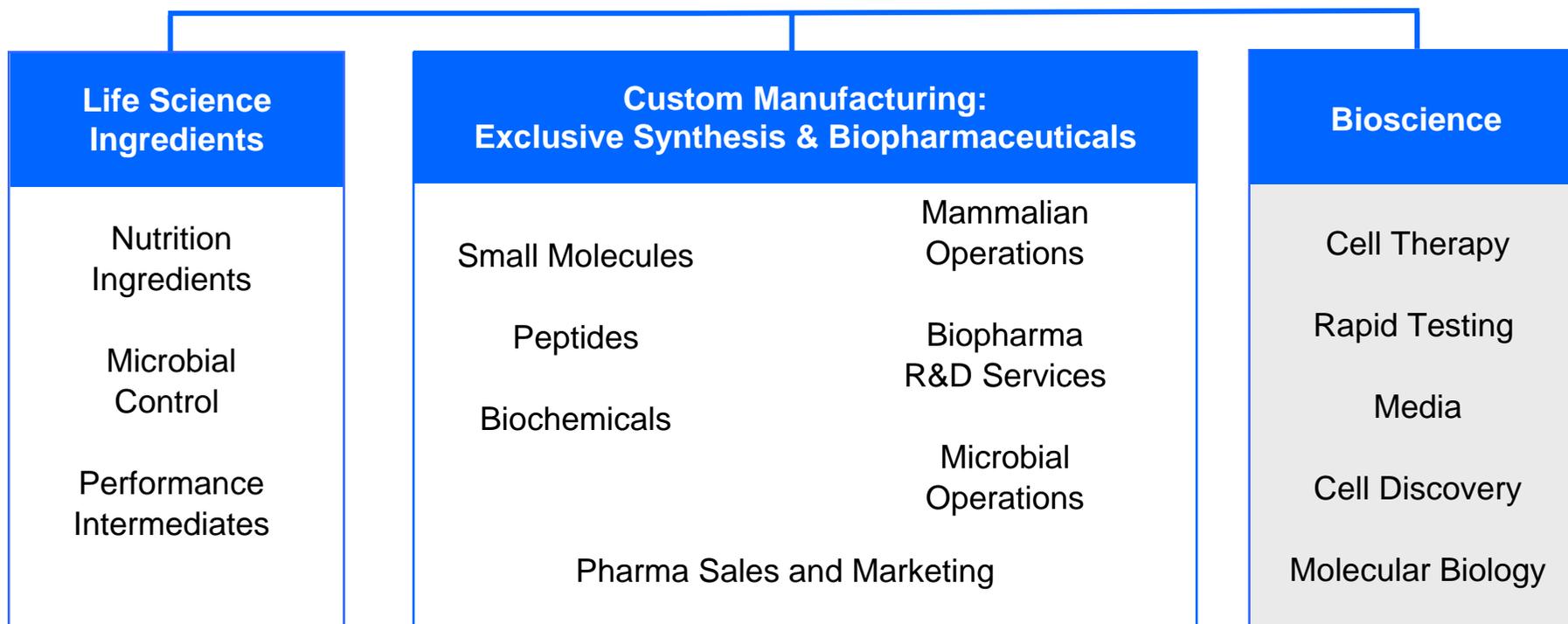


Capacity utilization
in %



Lonza's Life-Science Platform

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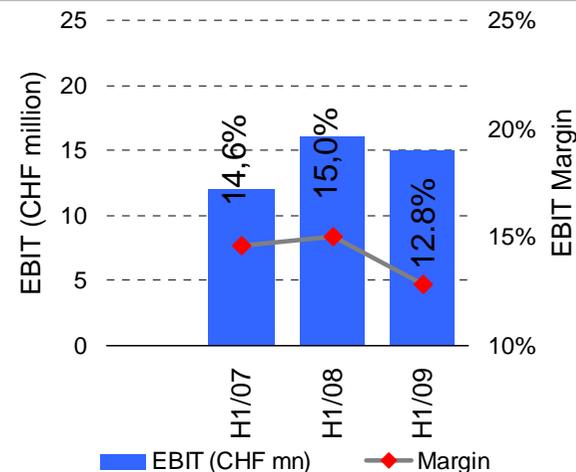


Bioscience

Key figures

CHF million	1st-half 2009	Change YoY
Sales	117	9.3%
EBIT	15	(6.3%)
Margin	12.8%	
EBITDA	24	9.1%
Margin	20.5%	

EBIT and margin progression



- Strong improvement in performance compared to H2 2008
 - Sustained sales growth in Media
 - Stable performance in Rapid Testing and Cell Discovery
 - Cell Therapy temporarily held back by the timing of orders
 - Reduced research spending impacting Molecular Biology and transfection instruments
- Further improvement anticipated in H2 2009

Bioscience (I)

Cell Therapy

- Expansion into Asia with completion of deal with Singapore government
- Ground breaking for commercial facility in Walkersville to meet mid-term demand
- Six new manufacturing and service contracts signed
- Establishment of long-term innovation team

Media

- Strong double-digit growth in H1 2009
- Liquid media performance driving sales
- New patent-protected mesenchymal stem cell media launched

Rapid Testing

- Pharmaceutical cutbacks in quality control spending offset by growth in adjacent markets and geographies, along with the positive impact of reorganizing sales and marketing
- US Pharmacopeia forum publication for the recombinant PyroGene[®] expected in H2 2009

Bioscience (II)

Cell Discovery

- Sales behind target on budget cutbacks in academia and consolidation in pharma
- Decline in costs offsetting sales impact, securing targeted profits
- New “low cost” transfection instrument and associated consumable launched together with numerous new primary cell systems

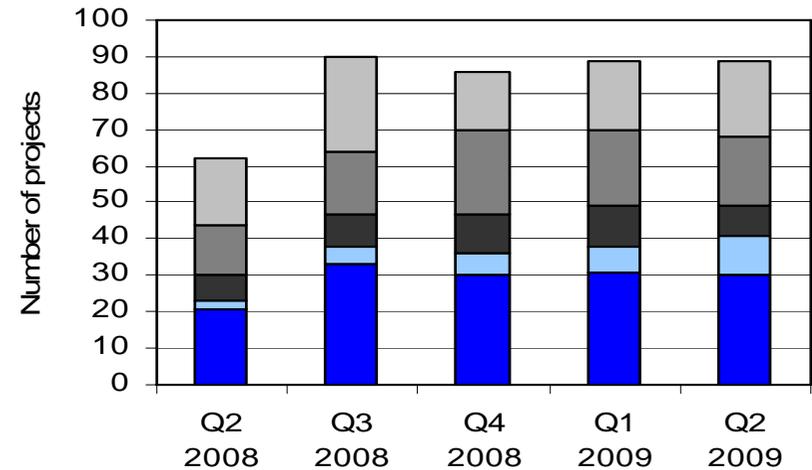
Molecular Biology

- Agarose sales behind target, largely due to weak demand in bulk business
- Completed commercial introduction of the new FlashGel® Camera documentation system and FlashGel® Recovery System
- Successful production introduction of SeaPure® agarose for customers in personal care

Bioscience Project Pipeline – New Products and Therapeutic Clients

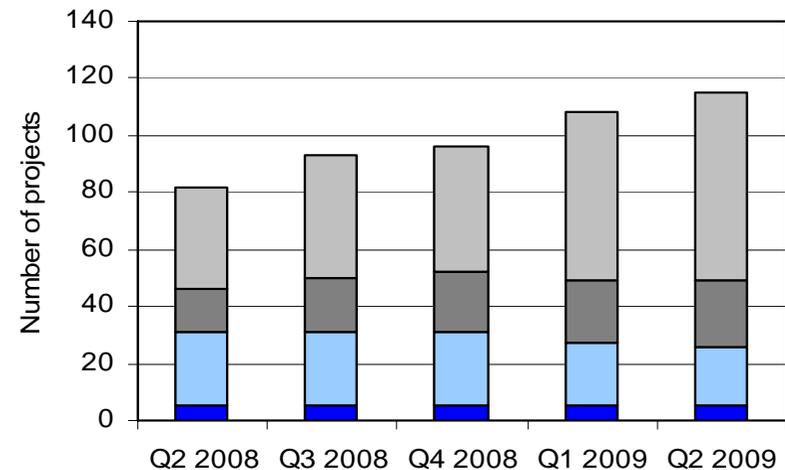
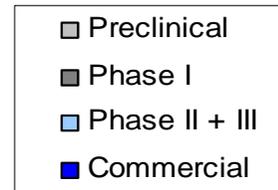
New products

(Cell Discovery, Molecular Biology, Rapid Testing, Media)



Therapeutic clients

(Cell Therapy, Media)



Summary, Status and Outlook

■ H1 2009 Status

- The nature of Lonza's custom manufacturing business model, along with a slowdown in parts of Life Science Ingredients, led to the expected weaker performance in the first half
 - All businesses remain profitable
 - Majority of Lonza's markets remain resilient
- New custom manufacturing contracts signed, most of which effective beyond 2009
- Very satisfactory progress on the project pipelines
Further pipeline deals under negotiation in Custom Manufacturing
- Very solid financing situation, increasing strategic flexibility

■ Outlook

- EBIT growth in the mid to high teens on average until 2013
- Project pipeline fully aligned to support growth expectations – 80% of capacity expansion committed today

Calendar of Events and Contacts

■ Important Lonza Group Dates

- 29 October 2009 Third-Quarter 2009 Business Update
- November 2009 Investor Event
- 27 January 2010 Full-Year 2009 Results
- 31 March 2010 Annual General Meeting

■ Contacts

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