Half-Year Results 2022

Pierre-Alain Ruffieux, CEO
Philippe Deecke, CFO

22 July 2022
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Group Overview

- Solid H1 performance, with CHF 3 billion sales and 16.8% CER growth
- CHF 987 million CORE EBITDA resulting in a margin of 33.1%
- ~CHF 500 million investment announced in Fill & Finish (part of planned CAPEX)
- Group Outlook 2022 confirmed at low to mid-teens CER sales growth and CORE EBITDA margin improvement
- Continuing to navigate the macroeconomic context (including uncertainties around inflation, supply chain and energy)
Business Environment

- Operating in industry that is less sensitive to economic fluctuations
- Continued demand for CDMO services across healthcare industry
- Specific interest in flexible business models and end-to-end offerings
Priorities for 2022
Continued focus on growth momentum and operational excellence

- Deliver CAPEX investment projects to support long-term growth
- Meet financial targets by focusing on operational excellence and lean approach to business
- Maintain focus on innovation and differentiation across technologies, modalities and business models
- Continue to advance ESG agenda
- Manage and minimize challenges arising from macroeconomic context
Landmark investment in Fill & Finish to complete the value chain
Delivering end-to-end solutions for our customers

- ~CHF 500 million investment to build large-scale, commercial drug product fill and finish facility
- Fulfills strategic commitment to establish a commercial fill and finish offering
- Investment completes Lonza’s integrated end-to-end customer offering
- Project expected to be completed in 2026

Image by PharmaPlan
Agreement signed on June 30, 2022
Delivering CAPEX projects to support long term growth
Expanding offering across modalities

- Continuous investment in an ambitious portfolio of projects to meet the future needs of our customers
- Investment across divisions to expand capabilities
- H1 2022 CAPEX reported at 28.2% of Sales
Continuing to advance our ESG agenda
At the heart of our approach to long-term value creation

- ESG targets incorporated into employee and executive renumeration policy
- Investment completed to enable a 20% reduction in industrial water consumption at Visp by recycling water for steam production
- More than 100 projects across the business to help us meet our ESG targets
Half-Year 2022
Financial Summary
Financial Highlights
Solid Sales and earnings growth

Solid growth from continued business momentum
Robust profitability against inflationary backdrop

Financial Performance Summary
in m CHF

<table>
<thead>
<tr>
<th></th>
<th>H1 2022</th>
<th>Change CER(^1)</th>
<th>Change AER(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,982</td>
<td>16.8%</td>
<td>17.3%</td>
</tr>
<tr>
<td>CORE EBITDA</td>
<td>987</td>
<td>15.3%</td>
<td>16.5%</td>
</tr>
<tr>
<td>CORE EBITDA margin</td>
<td>33.1%</td>
<td>(0.4)ppts</td>
<td>(0.2)ppts</td>
</tr>
</tbody>
</table>

\(^1\)Constant Exchange Rate, Comparison vs. H1 2021
\(^2\)Actual Exchange Rate, Comparison vs. H1 2021
CORE EBITDA Margin
Robust profitability in challenging macro environment

Growth projects less dilutive vs H1 2021

Inflation and higher spending levels post-COVID partially offset by productivity

Dilutive impact of third-party sales to former Lonza Specialty Ingredients

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**CORE EBITDA Margin Evolution H1 2022 vs H1 2021**

<table>
<thead>
<tr>
<th>Contribution</th>
<th>H1 2021 CORE EBITDA margin</th>
<th>H1 2022 CORE EBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth project impact</td>
<td>1.9</td>
<td>33.3</td>
</tr>
<tr>
<td>Productivity/operational excellence¹</td>
<td>(0.5)</td>
<td></td>
</tr>
<tr>
<td>Business mix / one-offs</td>
<td>(0.7)</td>
<td></td>
</tr>
<tr>
<td>Third party Sales to former Specialty Ingredients business</td>
<td>(0.9)</td>
<td></td>
</tr>
</tbody>
</table>

¹Includes inflationary impact

CORE definition: See appendix
Divisional Performance
Continued momentum across Divisions

Continued strong Biologics growth with some mix dilution

Small Molecules impacted by phasing of customer deliveries, but strong margin from mix

Strong performance in Cell & Gene helped by a one-off

Capsules & Health Ingredients with strong performance, mitigating inflation and supply constraints

Financial Results by Division H1 2022

<table>
<thead>
<tr>
<th>Division</th>
<th>Sales growth CER(^1)</th>
<th>CORE EBITDA margin</th>
<th>Margin change AER(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biologics</td>
<td>26.2%</td>
<td>37.3%</td>
<td>(0.9)ppts</td>
</tr>
<tr>
<td>Small Molecules</td>
<td>(21.3)%</td>
<td>29.9%</td>
<td>2.6ppts</td>
</tr>
<tr>
<td>Cell &amp; Gene</td>
<td>23.4%</td>
<td>22.4%</td>
<td>6.3ppts</td>
</tr>
<tr>
<td>Capsules &amp; Health Ingredients</td>
<td>4.0%</td>
<td>35.2%</td>
<td>(0.2)ppts</td>
</tr>
<tr>
<td>Lonza</td>
<td>16.8%</td>
<td>33.1%</td>
<td>(0.2)ppts</td>
</tr>
</tbody>
</table>

\(^1\)Constant Exchange Rate. Comparison vs. H1 2021
\(^2\)Actual Exchange Rate. Comparison vs. H1 2021

CORE definition: See appendix
H1 Sales in Small Molecules
Sales impacted by phasing of deliveries

- Sales expected in H1 delayed into H2 due to phasing of major shipments to contracted customers
- CDMO business model offers flexibility to customers on pick-up timings of contracted product
- Fully contracted make-to-order production mitigates risk of inventory obsolescence
- High utilization of asset base and underlying divisional business remains strong
CAPEX

>80% of investments to support growth

Large, diversified project portfolio

Internal return thresholds:
ROIC 30%, IRR 15-20%

Investments backed by contracted demand and customer pipeline

CAPEX Breakdown by Division

in m CHF

H1 2022

Total: CHF841m

H1 2021 Project Portfolio

in %

1 Includes investments in Shared Infrastructure
2 Total project CAPEX >50m
3 Total project CAPEX <50m
## Operational Free Cash Flow

Investments in growth and safety of supply

<table>
<thead>
<tr>
<th>Operational Free Cash Flow¹</th>
<th>H1 2022</th>
<th>Change</th>
<th>H1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>934</td>
<td>376</td>
<td>558</td>
</tr>
<tr>
<td>Change of net working capital (NWC)</td>
<td>(492)</td>
<td>(255)</td>
<td>(237)</td>
</tr>
<tr>
<td>CAPEX</td>
<td>(841)</td>
<td>(367)</td>
<td>(474)</td>
</tr>
<tr>
<td>Other</td>
<td>68</td>
<td>(328)</td>
<td>396²</td>
</tr>
<tr>
<td><strong>Operational FCF before acq./div</strong></td>
<td><strong>(331)</strong></td>
<td><strong>(574)</strong></td>
<td><strong>243</strong></td>
</tr>
<tr>
<td>NWC as % sales</td>
<td>20.7%</td>
<td>2.4ppts</td>
<td>18.3%</td>
</tr>
<tr>
<td>CAPEX as % sales</td>
<td>28.2%</td>
<td>9.6ppts</td>
<td>18.6%</td>
</tr>
</tbody>
</table>

¹The Operational Free Cash Flow refers to "continuing operations" excluding the Specialty Ingredients business, that was sold on 1 July 2021 and therefore reported as discontinued operations.
²Includes non-cash reversal of Gamsenried(CH) environmental remediation provision of CHF 284m in H1 2021
H1 and H2 Performance
Balanced underlying H1 and H2 performance expected

**H1 2022**
- Third-party Sales to former Specialty Ingredients
- Large customer cancellation fee
- Sales phasing in Small Molecules

**H2 2022**
- Delivery of Small Molecules orders produced in H1
- Large customer cancellation not yet fully backfilled

**FY 2022 in-line with guidance**
- Low to mid-teens CER\(^1\) sales growth

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**Sales growth CER\(^1\)**

**CORE EBITDA margin**
- Growth project profitability
- Large customer cancellation fee
- Inflationary pressure

- Phasing of corporate cost items
- Inflationary pressure

**Improvement in-line with MTG\(^2\) trajectory**

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\(^1\)Constant Exchange Rate
\(^2\)2024 CORE EBITDA margin Mid-Term Guidance of ~33-35%
Half-Year 2022
Divisional Overview
Biologics

Financial and operational performance in H1 2022

1,625m

Sales (CHF)

+26.2%¹

606m

CORE EBITDA (CHF)

+23.7%

37.3%

CORE EBITDA Margin

-0.9ppts

- Growth supported by strong demand for commercial capacity
- Sustained customer demand for flexibility of Ibex® offering
- New early phase capabilities in monoclonal antibodies launched to capture growing demand for new molecular formats
- Softer H1 margins compared to H1 2021 reflect product mix

¹ Sales growth% is at constant exchange rate (CER)
Small Molecules
Financial and operational performance in H1 2022

$288m$
Sales (CHF)
$-21.3\%^{1}$

$86m$
CORE EBITDA (CHF)
$-13.1\%$

$29.9\%$
CORE EBITDA Margin
$+2.6\text{ppts}$

- Lower sales arising from phasing of major shipments to contracted customers
- Long-term pipeline reflected by sustained momentum in new program signings
- Capacity expansions in Nansha (CN), Bend (US) and Tampa (US) successfully executed and currently in ramp up phase
- Margin increase compared to H1 2021, driven by growth projects, high utilization and portfolio mix

\(^{1}\) Sales growth\% is at constant exchange rate (CER)
Cell & Gene

Financial and operational performance in H1 2022

- Cell and Gene Technologies: continued focus on scale up of late-stage clinical and commercial products

- Personalized Medicine: launch of second-generation instrument of Cocoon offering magnetic selection to improve cell purification. Commercialization of Cocoon® on track

- Bioscience: strong customer demand with expectation to maintain growth and profitability

- Excluding a one-time event, margin is broadly stable compared to H1 2021

344 m
Sales (CHF) +23.4%1

77 m
CORE EBITDA (CHF) +75.0%

22.4%
CORE EBITDA Margin +6.3ppts

1 Sales growth% is at constant exchange rate (CER)
Capsules & Health Ingredients (CHI)
Financial and operational performance in H1 2022

- Continued momentum driven by specialty capsules

- Expansion of capsule offering to include titanium dioxide-free white hard gelatin capsules compliant with European regulation

- On track to deliver 260bn annualized capsule capacity by year-end

- Robust margin compared to H1 2021 as pricing strategy contributes to offset inflationary pressures
Concluding Remarks
Concluding Remarks

- Solid H1 performance, with CHF 3 billion sales, 33.1% CORE EBITDA margin and 16.8% CER sales growth

- Full Year 2022 Outlook and Mid-Term Guidance reconfirmed

- 2022 priorities remain unchanged:
  - Executing on planned investments
  - Meet targets through operational excellence and long-term value creation
  - Maintain focus on innovation and differentiation
  - Continue to advance our ESG agenda
  - Continue to drive success by managing the macro economic context

CORE definition: See appendix
Q&A
Appendices
# Half-Year 2022 Financial Highlights (1/2)

<table>
<thead>
<tr>
<th>Continuing Operations¹</th>
<th>HY 2022</th>
<th>HY 2021</th>
<th>YoY (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>2,982</td>
<td>2,542</td>
<td>17.3</td>
</tr>
<tr>
<td>CORE EBITDA</td>
<td>987</td>
<td>847</td>
<td>16.5</td>
</tr>
<tr>
<td>Margin in %</td>
<td>33.1%</td>
<td>33.3%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>934</td>
<td>558</td>
<td>67.4</td>
</tr>
<tr>
<td>Margin in %</td>
<td>31.3%</td>
<td>22.0%</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>645</td>
<td>317</td>
<td>103.5</td>
</tr>
<tr>
<td>Margin in %</td>
<td>21.6%</td>
<td>12.5%</td>
<td></td>
</tr>
<tr>
<td>ROIC in %</td>
<td>11.7%</td>
<td>11.5%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Net Financial Result</td>
<td>(52)</td>
<td>(22)</td>
<td>136.4%</td>
</tr>
<tr>
<td>Tax Rate in %</td>
<td>16.2%</td>
<td>11.2%</td>
<td>89.4%</td>
</tr>
<tr>
<td>Profit for the Period</td>
<td>498</td>
<td>263</td>
<td></td>
</tr>
</tbody>
</table>

¹ All financial information referring to “continuing operations” are exclusive of the Specialty Ingredients business, that was sold on 1 July 2021 and therefore reported as discontinued operations.

CORE definition: See appendix
## Half-Year 2022 Financial Highlights (2/2)

### Continuing Operations\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>HY 2022</th>
<th>HY 2021</th>
<th>YoY (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CORE EPS basic (CHF)</strong></td>
<td>7.29</td>
<td>6.99</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>EPS Basic (CHF)</strong></td>
<td>6.68</td>
<td>3.51</td>
<td>90.3</td>
</tr>
<tr>
<td><strong>CORE EPS Diluted (CHF)</strong></td>
<td>7.28</td>
<td>6.97</td>
<td>4.4</td>
</tr>
<tr>
<td><strong>EPS Diluted (CHF)</strong></td>
<td>6.67</td>
<td>3.50</td>
<td>90.6</td>
</tr>
<tr>
<td><strong>Change of Net Working Capital</strong></td>
<td>(492)</td>
<td>(237)</td>
<td>107.6</td>
</tr>
<tr>
<td><strong>Capital Expenditures</strong></td>
<td>841</td>
<td>474</td>
<td>77.4</td>
</tr>
<tr>
<td><strong>Operational Free Cash Flow</strong></td>
<td>(331)</td>
<td>243</td>
<td>(236.2)</td>
</tr>
<tr>
<td><strong>Number of Employees</strong></td>
<td>17,154</td>
<td>14,678</td>
<td>16.9</td>
</tr>
</tbody>
</table>

### Total Group\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>HY 2022</th>
<th>HY 2021</th>
<th>Change (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net debt</strong></td>
<td>(221)</td>
<td>(958)</td>
<td>(76.9)</td>
</tr>
<tr>
<td><strong>Debt-equity ratio</strong></td>
<td>(0.02)</td>
<td>(0.09)</td>
<td>(77.8)</td>
</tr>
<tr>
<td><strong>Net Debt / CORE EBITDA ratio</strong></td>
<td>(0.12)</td>
<td>(0.53)</td>
<td>(77.4)</td>
</tr>
</tbody>
</table>

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\(^1\)All financial information referring to “continuing operations” are exclusive of the Specialty Ingredients business, that was sold on 1 July 2021 and therefore reported as discontinued operations

\(^2\)Total Group including discontinued operations

CORE definition: See appendix
Event Calendar and Contacts

**Upcoming Roadshows**

- **30-31 August 2022**  Jefferies, London
- **2 September 2022**    ZKB, Zurich
- **14-15 September 2022** Bank of America, New York & Boston
- **28 September 2022**    Citi European Healthcare Bus Tour

**Next Financial Results Announcement**

- **25 January 2023**      Full-Year Results 2022

Information about investor relations events is constantly updated on the website:

[www.lonza.com/about-lonza/investor-relations](http://www.lonza.com/about-lonza/investor-relations)

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“We believe that disclosing CORE results of the Group’s performance enhances the financial markets’ understanding because the CORE results enable better year-on-year comparisons.”

Therefore, the CORE results exclude exceptional expenses and income related to e.g. restructuring, environmental-remediation, acquisitions and divestitures, impairment and reversal of impairment of 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.

In Lonza’s 2022 Alternative Performance Measures Report, the reconciliation of IFRS to CORE results provides further details on the adjustments.
Lonza Group Ltd has its headquarters in Basel, Switzerland, and is listed on the SIX Swiss Exchange. It has a secondary listing on the Singapore Exchange Securities Trading Limited (“SGX-ST”). Lonza Group Ltd is not subject to the SGX-ST’s continuing listing requirements but remains subject to Rules 217 and 751 of the SGX-ST Listing Manual.

Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Any statements contained herein that are not statements of historical fact (including statements containing the words “outlook,” “guidance,” “believes,” “plans,” “anticipates,” “expects,” “estimates” and similar expressions) should be considered to be forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty.

There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including the timing and strength of new product offerings; pricing strategies of competitors; the company’s ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; difficulty to maintain relationships with employees, customers and other business partners; and changes in the political, social and regulatory framework in which the company operates, or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis.

In particular, the assumptions underlying the Outlook 2022 herein may not prove to be correct. The statements in the section on Outlook 2022 constitute forward-looking statements and are not guarantees of future financial performance.

Lonza’s actual results of operations could deviate materially from those set forth in the section on Outlook 2022 as a result of the factors described above or other factors. Investors should not place undue reliance on the statements in the section on Outlook 2022. Except as otherwise required by law, Lonza disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after this presentation was published.