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. Investors are cautioned that all forward-looking statements involve risks and uncertainty and are qualified in their entirety. The actual results may differ materially in the future from the forward-looking statements included in this presentation due to various factors. Furthermore, except as otherwise required by law, Lonza Group Ltd disclaims any intention or obligation to update the statements contained in this presentation.
Lonza Market Segments

**Specialty Ingredients Segment**

Our Markets:
- Consumer Care incl. Personal Care & Preservation
- Nutrition
- Hygiene
- Agro Ingredients
- Water Treatment
- Industrial Solutions
- Wood Protection

**H1 2014**
- Sales: CHF 1,106 mn
- CORE EBITDA: CHF 201 mn
- CORE EBIT: CHF 161 mn

**Pharma&Biotech Segment**

Our Markets:
- Custom Manufacturing
- Custom Development
- Bioscience Solutions

**H1 2014**
- Sales: CHF 674 mn
- CORE EBITDA: CHF 167 mn
- CORE EBIT: CHF 100 mn

*1 – CORE definition: see appendix
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- Highlights Half-Year 2014
- Financial Results 2014
- Business Performance 2014
- Key Opportunities & Outlook
H1 2014 – Business Overview

- Business is fully on track with a CORE EBIT growth of 13.1% despite significant currency headwinds
- Revenue grew by 7.0% in constant exchange rates, 3.2% in the reported currency
- Pharma&Biotech made good progress in all three Business Units in the first half of 2014
- Specialty Ingredients had a good performance with an especially strong contribution from Consumer Care and Industrial Solutions
- Ongoing transformational initiatives towards a leaner and more market-driven organization show positive impact and have identified further upside potential from all Business Units
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H1 2014 – Financial Highlights

- CORE EBITDA growth of 6.4% to CHF 368 mn (20.4% margin)
- CORE EBIT growth of 13.1% to CHF 241 mn (13.4% margin)
- Sales increased by 7.0% in constant exchange rates (3.2% in reported currency) to CHF 1.8 billion
- Profit for the period increased by 242% to CHF 140 mn
- Capital expenditure at CHF 70 mn (minus 18.6% compared with same period last year)
- Operational free cash flow increased by 82.4% to CHF 124 mn
- Net debt reduction by CHF 304 mn to CHF 2,113 mn, a reduction of 12.6% compared with H1 2013
- CORE RONOA at 14.5% (11.8% in H1 2013)
Key Financial Figures

<table>
<thead>
<tr>
<th>CHF mn</th>
<th>H1 2014</th>
<th>H1 2013</th>
<th>Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,800</td>
<td>1,744</td>
<td>3.2%</td>
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<tr>
<td>EBITDA</td>
<td>362</td>
<td>334</td>
<td>8.4%</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>20.1%</td>
<td>19.2%</td>
<td></td>
</tr>
<tr>
<td>CORE EBITDA</td>
<td>368</td>
<td>346</td>
<td>6.4%</td>
</tr>
<tr>
<td>CORE EBITDA Margin</td>
<td>20.4%</td>
<td>19.8%</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>215</td>
<td>112</td>
<td>92.0%</td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>11.9%</td>
<td>6.4%</td>
<td></td>
</tr>
<tr>
<td>CORE EBIT</td>
<td>241</td>
<td>213</td>
<td>13.1%</td>
</tr>
<tr>
<td>CORE EBIT Margin</td>
<td>13.4%</td>
<td>12.2%</td>
<td></td>
</tr>
<tr>
<td>Financing Costs</td>
<td>(40)</td>
<td>(58)</td>
<td>(31.0%)</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>19.5%</td>
<td>16.0%</td>
<td></td>
</tr>
<tr>
<td>Profit for the Period</td>
<td>140</td>
<td>41</td>
<td>241.5%</td>
</tr>
<tr>
<td>EPS (CHF) Basic</td>
<td>2.69</td>
<td>0.79</td>
<td>240.5%</td>
</tr>
<tr>
<td>EPS (CHF) Basic CORE</td>
<td>3.12</td>
<td>2.45</td>
<td>27.3%</td>
</tr>
<tr>
<td>Operational Free Cash Flow</td>
<td>124</td>
<td>68</td>
<td>82.4%</td>
</tr>
<tr>
<td>Change in Net Working Capital</td>
<td>173</td>
<td>182</td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>70</td>
<td>86</td>
<td>(18.6%)</td>
</tr>
<tr>
<td>CORE RONOA</td>
<td>14.5%</td>
<td>11.8%</td>
<td></td>
</tr>
<tr>
<td>Net Debt</td>
<td>2,113</td>
<td>2,417</td>
<td>(12.6%)</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>9,761</td>
<td>10,274</td>
<td>(5.0%)</td>
</tr>
</tbody>
</table>

CORE definition: see appendix
**Table of Contents**

- Highlights Half-Year 2014
- Financial Results 2014
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### Specialty Ingredients

- **Solid performance with especially strong contribution by Consumer Care and Industrial Solutions despite unfavorable weather in Water Treatment and imbalanced product mix in Agro Ingredients**
- **In constant exchange rates, business grew by 4.6% to CHF 1,161 mn**
- **Ongoing positive impact from cost reductions and productivity improvements**
- **Continued high asset utilization in most technologies**

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**Key Figures**

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>% Changes YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>1,106</td>
<td>(2.3)</td>
</tr>
<tr>
<td><strong>CORE EBITDA</strong></td>
<td>201</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Margin</strong></td>
<td>18.2</td>
<td></td>
</tr>
<tr>
<td><strong>CORE EBIT</strong></td>
<td>161</td>
<td>5.2</td>
</tr>
<tr>
<td><strong>Margin</strong></td>
<td>14.6</td>
<td></td>
</tr>
</tbody>
</table>

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**CORE EBITDA and Margin Progression**

- **CORE EBITDA (CHF mn)**
  - 2010: 22.2%
  - 2011: 15.0%
  - 2012: 15.2%
  - 2013: 17.2%
  - 2014: 18.2%

- **CORE EBITDA Margin**
  - 2010: 25%
  - 2011: 20%
  - 2012: 15%
  - 2013: 10%
  - 2014: 5%

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*CORE definition: see appendix*
Business Highlights

Consumer Care

Personal Care & Preservation
- Solid sales in H1 with good preservation performance for multinational customers
- Strong antidandruff business in H1 2014
- Successful introduction of three new products in hair conditioning and skin care in H1 2014

Nutrition
- Niacin experienced increased market pricing in animal feed applications and stable raw material costs on major feedstocks
- Niacinamide plant in Guangzhou (CN) ceased production as planned. Start-up of the new facility in Nansha (CN) in Q3 2014 is fully on track
- L-Carnitine™ experienced solid market demand as planned

Hygiene
- Hygiene/Hard Surface Disinfection Business was strong in the first six months on increased demand for registered cleaning solutions
- Based on institutional and consumer need for convenience and assured cleanliness, the thrust into disinfecting wipes for consumer retail brands continues to strengthen
- Lonza is the first organization globally to provide a comprehensive solution to combat H7N9 (Avian Bird Flu) as Lonza obtained H7N9 EPA registration for our liquid disinfection cleaner and wipes
Agro Ingredients

- Chemical and Biotechnological Custom Manufacturing had good capacity utilization
- Capacity expansion projects are underway to secure the growing demand, especially for biopesticide development and manufacturing services
- Meta™ experienced similar good sales in Europe due to favorable weather conditions like last year. Continued successful registrations in additional markets for our own branded formulated product AXCELA™

Water Treatment

- Northern Hemisphere had a slow start in the recreational water business due to the weather but experienced good sales in June
- In South America the warmest summer in the last 75 years boosted sales in recreational water but unfavorable exchange rates (BRL vs. CHF) offset gains in CHF
- Increased emphasis on the industrial, commercial and municipality (ICM) markets will help to counter-balance the dependency on the weather in the Recreational Water Treatment business, going forward
Business Highlights
Industrial Solutions and Wood Protection

Industrial Solutions

- Coatings and Composites:
  - Strong demand for ship antifouling solutions and biocides for consumer paints with new formulations
  - Good demand for Primaset™ resins for high-tech composites in the electronics and aerospace industries and several new product launches

- Performance Ingredients:
  - Good start to year for HCN- and Diketene Derivatives
  - Oil & Gas business delivering as expected with several innovative products developed and registered

Wood Protection

- The strategic evaluation process for the Wood Protection business is on its way
- Strong sales increase in EMEA and APAC compared with last year despite slower start in the US due to prolonged wintry weather conditions
Healthy outsourcing trend supports project pipeline and results in new commercial contracts

Capacity utilization across the entire network at budgeted levels

Lonza continues to benefit from good market positioning with growing interest in future technologies such as ADCs, Cell Therapy and Viral Therapy

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**Key Figures**

<table>
<thead>
<tr>
<th>CHF (mn)</th>
<th>H1 2014</th>
<th>% Changes YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>674</td>
<td>10.7%</td>
</tr>
<tr>
<td>CORE EBITDA</td>
<td>167</td>
<td>15.2%</td>
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<tr>
<td>Margin</td>
<td>24.8</td>
<td></td>
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<tr>
<td>CORE EBIT</td>
<td>100</td>
<td>37.0%</td>
</tr>
<tr>
<td>Margin</td>
<td>14.8</td>
<td></td>
</tr>
</tbody>
</table>

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**CORE EBITDA and Margin Progression**

- CORE EBITDA (CHF mn)
- CORE EBITDA margin (%)

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CORE definition: see appendix

2014 Half-Year Results – 24 July 2014
Business Highlights
Custom Manufacturing

- Completion of long-term commercial contracts, as well as new-business wins across technologies
- The future order book in the mammalian cell culture business has improved substantially in H1 2014
- Portfolio profitability and product mix improvement on track for all technologies
- Successful start-up of second large-scale ADC facility in Visp, and further commitments received for the new capacity
- Strong Cell Therapy pipeline driven by increased funding available to developers through public market and big Pharma investments
- Demand in Viral Therapy increases by on-going high level of investment in viral gene therapies
Business Highlights
Custom Development & Bioscience Solutions

Custom Development Services
- Custom Development achieved a solid half-year performance
- Actively improving cell therapy processes, including bioreactor development, to support client projects as they move into later stages of clinical development in order to provide our clients scalability and reduced time for development
- Developability assessment toolbox de-risks early candidates – reduces R&D costs, saves time and increases chance of candidate’s clinical success

Bioscience Solutions
- Research Products enjoyed a steadily improving Cell Biology and Transfection business
- First induced Pluripotent Stem Cell (iPSC) project signed for Japanese company that will utilize new regulatory pathway
- Successful entry into the promising Pluripotent Stem Cell market with a new product introduction (L7™ hPSC culture system)
- MODA™, the paperless QC solution, saw a strong demand especially from new customers in North America and Japan
Key Opportunities & Outlook

- Ongoing transformational initiatives towards a more market-driven organization are in execution phase and are gaining traction
- Good momentum from H1 expected to continue in H2 2014
- All Business Units see further upside potential based on initiatives started and review of business models
- Based on current market conditions and constant exchange rates, Lonza reiterates its Full-Year 2014 outlook with Core EBIT growth of ~10% and sales growth of ~5%
- Capital expenditure in 2014 will remain well below CHF 300 mn
Calendar of Events & Contacts

Important Lonza Group Dates
24 July 2014 Half-Year 2014 Results
31 Oct 2014 Third-Quarter 2014 Business Update
21 Jan 2015 Full-Year 2014 Results
08 Apr 2015 Annual General Meeting
23 Apr 2015 First-Quarter 2015 Business Update
22 July 2015 Half-Year 2015 Results

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Appendices
CORE Results as Defined by Lonza

Lonza believes that understanding in the financial markets of the Group’s performance is enhanced by disclosing core results of performance 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 assessing the Group’s performance.
## Key Financial Figures

<table>
<thead>
<tr>
<th>CHF mn</th>
<th>FY 2013</th>
<th>FY 2012</th>
<th>% Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3,584</td>
<td>3,741</td>
<td>(4.2%)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>647</td>
<td>620</td>
<td>4.4%</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>18.1%</td>
<td>16.6%</td>
<td>4.4%</td>
</tr>
<tr>
<td>CORE EBITDA</td>
<td>711</td>
<td>657</td>
<td>8.2%</td>
</tr>
<tr>
<td>CORE EBITDA Margin</td>
<td>19.8%</td>
<td>17.6%</td>
<td>12.2%</td>
</tr>
<tr>
<td>EBIT including Hopkinton phasedown</td>
<td>253</td>
<td>316</td>
<td>(19.9%)</td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>7.1%</td>
<td>8.4%</td>
<td>(12.2%)</td>
</tr>
<tr>
<td>CORE EBIT</td>
<td>436</td>
<td>392</td>
<td>11.2%</td>
</tr>
<tr>
<td>CORE EBIT Margin</td>
<td>12.2%</td>
<td>10.5%</td>
<td>10.9%</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>(119)</td>
<td>(111)</td>
<td>(7.2%)</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>17%</td>
<td>18%</td>
<td>(2.2%)</td>
</tr>
<tr>
<td>Profit for the Period</td>
<td>87</td>
<td>156</td>
<td>(44.2%)</td>
</tr>
<tr>
<td>EPS (CHF) Basic</td>
<td>1.67</td>
<td>3.01</td>
<td>(44.5%)</td>
</tr>
<tr>
<td>EPS (CHF) Basic CORE</td>
<td>4.99</td>
<td>4.50</td>
<td>10.9%</td>
</tr>
<tr>
<td>Operational Free Cash Flow</td>
<td>519</td>
<td>465</td>
<td>11.6%</td>
</tr>
<tr>
<td>Change in Net Working Capital</td>
<td>42</td>
<td>141</td>
<td>(32.3%)</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>210</td>
<td>310</td>
<td>(32.3%)</td>
</tr>
<tr>
<td>RONOA (before Hopkinton phasedown)</td>
<td>5.9%</td>
<td>7.0%</td>
<td>(15.7%)</td>
</tr>
<tr>
<td>RONOA (including Hopkinton phasedown)</td>
<td>8.7%</td>
<td>7.0%</td>
<td>(24.3%)</td>
</tr>
<tr>
<td>CORE RONOA</td>
<td>12.3%</td>
<td>11.0%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Net Debt</td>
<td>2,103</td>
<td>2,301</td>
<td>(8.6%)</td>
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<tr>
<td>Number of Employees</td>
<td>9,935</td>
<td>10,789</td>
<td>(7.9%)</td>
</tr>
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</table>

*1 – Restated as a results of IAS19 and divesture of Performance Products
*2 – CORE definition: see appendix