

## Dear Shareholders

I am pleased to share with you the agenda to the Annual General Meeting of Shareholders (AGM) of Lonza Group Ltd scheduled for 6 May 2021. Due to the ongoing uncertainties arising from the COVID-19 pandemic, we cannot conduct the AGM in person. Instead, the voting of shares will be conducted by the independent proxy, as last year. We regret that we will not have the opportunity for direct interaction, but I hope to see you at our AGM in 2022. As we will not meet, I would like to take this opportunity to share some of the key developments in 2020, and a note on our focus for 2021 and beyond.

As we look back on 2020, the year came with many surprises and challenges, for all of us. The pandemic impacted the entire world, including both public and private sector organizations. At Lonza, we were able to navigate the pandemic with only very limited operational impact, and without having to rely on state subsidies. We worked to mitigate negative financial consequences, and were able to maintain business continuity, while protecting the health and wellbeing of our employees, which is a priority for our business. We were privileged to support our customers in addressing the treatment challenges arising from the COVID-19 pandemic, including our successful collaboration with Moderna to enable large scale manufacture of the drug substance for Moderna's COVID-19 Vaccine. During the pandemic, we were able to support local communities by supplying sanitizers and protective equipment, and we recognized the tireless work of our employees by providing additional paid leave to rest and recover.

Despite the challenges of the previous year, we are pleased to confirm a positive financial result. In 2020, Lonza (with the Specialty Ingredients segment – LSI – reported as discontinued operations) achieved strong sales of CHF 4.5 billion, sales growth of 12.0%<sup>1</sup>, and CHF 1.4 billion CORE EBITDA, resulting in a margin of 31.2%. The results mainly reflect the Pharma Biotech & Nutrition segment (LPBN), which delivered 12.2%<sup>1</sup> sales growth and a CORE EBITDA margin of 32.1%. The LSI segment<sup>2</sup>, reported as a discontinued operation, delivered strong performance with 3.4%<sup>1</sup> sales growth alongside an improved 20.3%<sup>3</sup> CORE EBITDA margin.

During 2020, we completed the carve-out of our LSI segment, and we initiated the process to divest LSI. Since that time, we have entered into an agreement for the sale of LSI to Bain Capital and Cinven and expect to close the transaction in H2 2021.

In November 2020, we welcomed Pierre-Alain Ruffieux as the new Group Chief Executive Officer, bringing with him more than two decades of industry experience and an outstanding track record of professional achievement in both scientific and manufacturing excellence. Pierre-Alain's arrival allowed me to resume my role as Chairman after a year in the role as CEO *ad interim*.

Looking ahead, 2021 will be a decisive year as we gain control of the pandemic, and another formative year for Lonza. With the sale of LSI, we are turning an important page in Lonza's history. Lonza has a long history and heritage of continuous change and adaptation. As we turn 125 years old, Lonza will focus on its position as the leading manufacturer for the world's pharma, biotech and nutrition industries.

<sup>1</sup> All sales growth figures, expressed in percentage (%), are at a constant exchange rate (CER).

<sup>2</sup> Specialty Ingredients Business (excluding Corporate/carve-out and divestiture costs directly attributable to LSI).

<sup>3</sup> CORE EBITDA margin at a constant exchange rate (CER).

*Enabling a healthier world* is our business mission. It sits at the core of all we do. Alongside this focus on positive change and advancement, we also remain committed to resolving the legacies of the past. With almost 125 years of industrial history, we acknowledge our challenges, welcome the chance to remediate heritage issues and hope to create a positive legacy for the future. One example is the mercury contamination in the Rhone Valley, where more than 75 percent of the affected residential areas have already been remediated. Another example is the nitrous oxide emissions that we detected in our Visp (CH) site. After external validation and in-depth discussions with the relevant Swiss environmental authorities in 2018, we finalized plans for a catalyst, received the building permit from the local authorities in early 2020, and are expecting the catalyst to be operational before the end of 2021, as agreed with the authorities. More detailed information on the catalyst project is available in Lonza's 2020 Sustainability Report (<https://annualreport.lonza.com/2020/sustainability>) and on the Lonza website (<https://www.lonza.com/news/2020-02-10-10-00-00-English>).

As we become a more focused company supporting the pharma and biotech industry, we have also refreshed our focus on sustainability as a critical component of our customer value proposition. Critical to this focus will be our continuing efforts to build on our existing environmental sustainability framework, while actively managing our energy, water, emissions, waste, and carbon footprint. To ensure accountability and leadership for these efforts, we commit to reflecting environmental, social and governance (ESG) measures into the compensation of our Executive Committee by 2022. Aligned to our overall sustainability strategy, these measures will be clearly defined, focused and quantifiable, with an expected weighting of around 20%.

Today, the Board of Directors already comprises more than one third female members, and the Executive Committee more than one quarter from April 2021. Board membership ends after nine terms, creating a healthy rotation that enables Board composition to align with evolving strategy and the Board's skills needs. In 2020, we also created a group-wide Diversity & Inclusion Taskforce. This will consider diversity in its broader sense and ensure that Lonza continues to welcome and embrace the value of different views, perspectives and experiences.

On behalf of the Board of Directors, I would like to thank you for supporting Lonza. Your trust and loyalty is our incentive to perform, deliver and grow, both now and in the future. Please stay safe and healthy, and I hope we have a chance to meet at the AGM 2022.

Sincerely,

**Albert M. Baehny,**  
Chairman of the Board of Directors