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Q1 2019 Corporate Overview
Q1 2019 Corporate Overview – Performance

Reporting strong performance in Pharma Biotech & Nutrition, headwinds in Specialty Ingredients

- Solid Q1 performance for company as a whole
- Lonza Pharma Biotech & Nutrition (LPBN) outperforming expectations
- Unforeseen challenges with Lonza Specialty Ingredients (LSI) led to underperformance of the segment
- Outlook 2019 maintained based on continued headwinds in LSI, balanced by strong performance in LPBN
Continued investments in pharma businesses, with all projects progressing as planned

Scope of segments aligned in Q1 2019 to enable more focused measures, stronger collaboration and leveraging of synergies

Commercial, operational and cost-control measures in LSI are in place to mitigate headwinds and increase efficiency

Accelerated portfolio review is ongoing
Organizational Structure up to 1 March 2019
Consumer Health & Nutrition (CHN) formerly part of LSI segment

- CDMO services for
  - Chemicals – Small molecules
  - Biologics – Large molecules
  - Biologics – Cell and gene technologies
- Bioscience Solutions

Lonza Specialty Ingredients (LSI)

- Consumer & Resources Protection
- Consumer Health

Lonza Pharma & Biotech (LPB)

- Consumer Product Ingredients (CPI) consisting of home & personal care and professional hygiene
- Consumer Health & Nutrition (CHN) consisting of nutritional ingredients, dosage forms and delivery systems

Split of former Consumer Health Division
Rationale for segment alignment

**LPBN**
- New set-up strengthens offerings along food-pharma convergence
- Shared technology and innovation in dosage form and delivery systems for pharmaceutical and nutritional applications

**LSI**
- New set-up leverages overlaps along a common microbial-control platform
- Supports integration of supply chain and operations to increase efficiency, profitability and supply security
Segments LONZA Pharma Biotech & Nutrition (LPBN)
CDMO Services within LPBN
Lonza Q1 2019 CDMO Services Overview
Outperformance in Biologics, with investments progressing as planned

Mammalian and Microbial
Continued demand for commercial manufacturing, for development services and clinical batches
Operational and commercial integration supported by new segment alignment

Cell and Gene
Continued momentum in a dynamic market environment with strong interest for Lonza technology offerings

Small Molecules
Businesses benefitted from innovative business model offerings, formulation and encapsulation capabilities
Strong demand in EMEA and APAC for pharma hard capsules

Operations
Operational improvements ongoing to increase capacity across all businesses
Aim to enhance profitability specifically in Cell & Gene Technologies and Bioscience Solutions
New Investment Projects and Customers Announced in Q1 2019
Continuing investment in innovation and CDMO customer-backed growth projects

**Ibex™ Solutions**

First Ibex™ Design & Ibex™ Develop customers committed ahead of operations commencement in 2020

Ibex™ Dedicate: Lonza’s share of Sanofi JV contracted, including commercial supply of Portola’s Andexxa®

**Cocoon™ Technology**

Pilot project to introduce Cocoon™ to the clinic with Sheba Medical Center, the largest hospital in Israel and the Middle East

**JV with Chr. Hansen**

Equipping new drug product facilities in Basel (CH) to serve pre-clinical to phase II projects in microbiome space

Initial investment of ~€45 million, spent equally between both parties

€150 million – €200 million market potential for the JV (preclinical to Phase II supply by 2025)
First End-to-End CDMO for Live Biotherapeutic Products

Full-service offering for microbiome through partnership with Chr. Hansen

**DRUG SUBSTANCE**
- IP in:
  - Microbial physiology (anaerobes)
  - Fermentation
  - Freeze-drying

**DRUG PRODUCT**
- IP in:
  - Formulation
  - Drug delivery technology
  - cGMP knowledge & regulatory experience

**Unique offer**
- Rapid start of operations

**STAGE 1: 2019 – 2022**
- Development services
  - Approx €45 M investment ~ 50 staff initially
  - Serving start-up and small biotech with pre-clinical development projects
  - Service offering focused on process development and small batches
Announced Investment Projects Progressing as Planned – Overview

Focusing on selected CAPEX projects in our healthcare businesses
Announced Investment Projects Progressing as Planned – Details (1/2)

Focusing on selected CAPEX projects in our healthcare businesses

<table>
<thead>
<tr>
<th>Lonza site</th>
<th>Technology</th>
<th>Project type</th>
<th>Start of operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharma &amp; Biotech</td>
<td>Biologics: three innovative CDMO offerings spanning the complete product lifecycle in one location: Ibex™ Design – preclinical to clinical Phase 1 (SUT*) Ibex™ Develop – Clinical phase 2 to commercial (SUT*) Ibex™ Dedicate – fully customizable. Includes 50:50 JV Sanofi-Lonza for large-scale biologics commercial manufacturing</td>
<td></td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td>Small molecules: Capacity expansion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Visp (CH)</td>
<td>Biologics: Hybrid mid-scale (6K) for commercial monoclonal antibodies manufacturing; Cell therapy manufacturing suites</td>
<td></td>
<td></td>
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<tr>
<td>Portsmouth, NH (USA)</td>
<td>Biologics: Small-scale clinical and early commercial mammalian offerings (SUT*) GE KUBio off-the-shelf factory and Lonza development labs. Fully operated by Lonza</td>
<td></td>
<td>2020</td>
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<tr>
<td>Guangzhou (CN)</td>
<td>Biologics: Cell and Gene Therapy manufacturing</td>
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<td>Houston, TX (USA)</td>
<td>Small Molecules: Encapsulation technologies</td>
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<td>Tampa, FL (USA)</td>
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*Single-use Technology

- New facility
- Expansion
- New technology

Lonza site
- Visp (CH)
- Portsmouth, NH (USA)
- Guangzhou (CN)
- Houston, TX (USA)
- Tampa, FL (USA)
Announced Investment Projects Progressing as Planned – Details (2/2)

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<td>Slough (UK)</td>
<td>▪ Biologics: Single-use technologies for mammalian derived products including development and clinical / niche commercial manufacturing</td>
<td>New facility</td>
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<tr>
<td>Singapore (SG)</td>
<td>▪ Biologics: Single-use technologies for commercial manufacturing of recombinant proteins</td>
<td>Expansion</td>
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<td>Basel (CH)</td>
<td>▪ Biologics: Parenteral drug product development services</td>
<td>Expansion</td>
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<td>▪ Biologics: Microbiome JV with Chr. Hansen / Pharma-grade drug product production</td>
<td>New technology</td>
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<td>Hayward (USA)</td>
<td>▪ Biologics: Single-use technologies for clinical manufacturing of recombinant proteins</td>
<td>New facility</td>
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<td>Greenwood, SC (USA)</td>
<td>▪ Combined capsule production, ingredient production and finished dosage form development</td>
<td>Expansion</td>
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Products Businesses within LPBN
## Lonza Q1 2019 Nutritional and Bioscience Products Overview

Robust performance for nutritional ingredients, dosage forms and delivery solutions

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Delivering Constant Innovation for Consumer Goods Markets

Continuing to introduce new nutritional offerings

**Infant Formula Ingredients**

Cooperation with DuPont Nutrition & Health to supply a human milk oligosaccharide to support a healthy gut microbiota

**Organic Food Colorants**

Introduced range of naturally sourced food colorants to support plant-based polymer capsule offerings

**Sports Nutrition Ingredients**

Launch of new sports nutrition ingredient based on highly active antioxidant enzymes
Segments LONZA Specialty Ingredients (LSI)
Lonza Q1 2019 Specialty Ingredients Overview
Headwinds faced by the LSI business and the wider chemicals industry

- All businesses faced raw material shortages and supply-chain disruptions
- Causes include China’s Blue Sky environmental initiative and major chemical plant explosion in China
- The extent of the challenges across all businesses could not have been foreseen in January 2019
- Cost-containment measures have started to mitigate impact
Lonza Q1 2019 Specialty Ingredients Overview
Segment performance below expectations

Industrial Applications
Impacted by softening demand in end-markets: composites for electronics, anti-microbial actives for paints & coatings and construction applications

Personal and Home Care Preservation
Soft sales caused by increased competitive pressure

Professional Hygiene
Ongoing healthy demand and raw material price increases were passed on to customers

Wood Applications
Increasingly competitive environment, but new business secured in North America & EMEA

Agricultural Offerings
Continued soft demand for agro products, increased competition and feedstock cost
Pricing power to pass on higher input costs to customers remained limited
Prices in vitamin B3 have not recovered in Q1 2019
Outlook 2019 and Mid-Term Guidance 2022
Confirming Outlook 2019

A balance between headwinds in LSI and successes in LPBN

- Outlook 2019 anticipates a year of significant investments in biologics, macro-economic uncertainty and headwinds in the cyclical parts of its Specialty Ingredients businesses

- Accelerated portfolio review announced for 2019 to further strengthen the company’s position within its core healthcare businesses

Outlook 2019 is based on Lonza’s continuing operations (excluding the Water Care business unit), the present macro-economic environment, current visibility and constant exchange rates
Adjustment to exclude the Water Care Mid-Term Guidance from Lonza Group financial projections prepared in 2017

Investments included in the newly-formed Pharma Biotech & Nutrition segment to capitalize on anticipated market growth

Plans to re-invest parts of the proceeds of Water Care disposal into healthcare businesses alongside continuing focus on deleveraging

Confirming Mid-Term Guidance 2022 is based on Lonza’s continuing operations (excluding the Water Care business unit), the present macro-economic environment, current visibility and constant exchange rates
Appendices
Events Calendar & Contacts

- 24 April 2019: Ex-Dividend Date
- 25 April 2019: Record-Dividend Date
- 26 April 2019: Dividend-Payment Date
- 24 July 2019: Half-Year Results 2019

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

www.lonza.com/about-lonza/investor-relations

DIRK OEHLERS
Investor Relations Officer
T +41 61 316 8540
dirk.oehlers@lonza.com

DR KRISTIN KÖHLER
Investor Relations
T +41 61 316 8782
kristin.koehler@lonza.com
CORE Definition

Lonza believes that disclosing CORE results of the Group’s performance enhances the financial markets’ understanding of the company because the CORE results enable better comparison across years.

Therefore, the CORE results exclude exceptional expenses and income related to e.g. restructuring, environmental-remediation, acquisitions and divestitures, 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 internally assessing the Group’s performance.

In Lonza’s 2018 Full-Year Results 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 2019 and Mid-Term Guidance 2022 herein may not prove to be correct. The statements in the section on Outlook 2019 and Mid-Term Guidance 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 2019 and Mid-Term Guidance 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 2019 and Mid-Term Guidance 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.