Bringing Biotech and Specialty Chemical Expertise to Our Customers

Q3 2015 Qualitative Business Update – 29 October 2015

Richard Ridinger – CEO

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Q3 2015 – Business Overview

- Positive momentum continued in Q3, which led to healthy overall company performance.
- The successful transformation of Lonza leads to a continued path of stabilization.
- Specialty Ingredients (LSI) segment had a solid performance with Agro Ingredients contributing high growth rates.
- Pharma&Biotech (LPB) segment’s strong performance was driven by commercial Mammalian Manufacturing and Emerging Technologies.
- Overall currency impact was well balanced between strong USD benefiting LPB and a weak EURO impacting LSI.
- The re-designed microbial fermentation plant in Visp (CH) into a multi-purpose facility is fully on track and meets market interest in microbial biologics.
- Total permanent headcount at the end of September 2015 increased to 9,782 FTE (from 9,721 FTE in H1 2015).
Lonza Segments & Markets

Specialty Ingredients Segment

Our Markets:
- Consumer Care
- Agro Ingredients
- Industrial Solutions
- Wood Protection
- Water Treatment

Pharma&Biotech Segment

Our Markets:
- Pharma&Biotech
- BioResearch

H1 2015*
- Sales: CHF 1,131 mn
- CORE EBITDA: CHF 217 mn
- CORE EBIT: CHF 172 mn
- CORE RONOA: 23.0%

H1 2015*
- Sales: CHF 754 mn
- CORE EBITDA: CHF 182 mn
- CORE EBIT: CHF 117 mn
- CORE RONOA: 12.8%

*CORE definition: see appendix
Business Highlights
Consumer Care and Agro Ingredients

Consumer Care
- The positive growth momentum in the North American Hygiene business remained in Q3, and recovery is expected in EMEA in Q4.
- Nutrition experienced overall good market demand.
- Personal Care business was mainly influenced by increasing demand for anti-dandruff actives.

Agro Ingredients
- Chemical Custom Manufacturing in our Visp (CH) facilities experienced higher capacity utilization. Market interest for fermentation contract manufacturing continued.
- Meta™ experienced further sound demand in Europe due to favorable weather conditions and geographic expansions (Asia, Latin America and South Africa).
- We acquired the New Zealand company Zelam to strengthen our portfolio for formulations in Agro Ingredients.
Business Highlights
Industrial Solutions and Wood Protection

Industrial Solutions
- Favorable demand situation in our target markets and in all regions continued in Q3 2015.
- In Coatings and Composites, demand for our composite resin products for the electronics industry in Asia continues to be strong.
- Performance Ingredients was characterized by generally good demand across all relevant markets.

Wood Protection
- Wood Protection had good demand across all major product lines.
- The U.S. market continues to be robust and grow at a solid pace. In APAC in Q3, treated wood volumes were somewhat lower after a solid first half of the year.
Business Highlights
Water Treatment

- Water Treatment’s business in Q3 performed on a like-for-like basis above previous year.
- The Brazilian Real devaluation has a heavy impact on South America business, and price increases were only partly successful due to the economic crisis.
- Industrial, Commercial, Municipal and Surface (ICMS) experienced strong sales growth in the United States and South Africa, especially with municipal and industrial water.
Business Highlights

Custom Manufacturing

- Robust results in Pharma&Biotech were mainly driven by commercial Mammalian Manufacturing and Emerging Technologies.
- Lonza and Alexion announced a new additional long-term agreement, under which a new manufacturing line will be added in Portsmouth, NH (USA).
- In Microbial Manufacturing and Small Molecules, Lonza continued activities to improve its product mix and optimize the portfolio.
- The re-designed microbial fermentation plant in Visp into a multi-purpose facility is fully on track and meets market interest in microbial biologics.
- Viral Therapy’s plans to expand manufacturing in Houston, TX (USA) were well received by customers.
- Cell Therapy signed several contracts for development of processes in bioreactors.
Business Highlights
Custom Development and Bioscience Solutions

Custom Development Services
- Mammalian and Microbial technologies are experiencing high demand for development services and clinical product supply, profiting from investment flows into biotech companies and attracting a double-digit number of new customers from small biotech to large pharma.

Bioscience Solutions
- Growth over prior year is expected to continue as a result of strong performance in both media biotherapeutics and MODA™ software (especially in North America, Europe and Asia Pacific).
- We developed improved Human Normal Bone Marrow-Derived Mesenchymal Stem Cells, which have expanded characterizations to meet industry guidelines for translational and cell therapy research applications.

Quality
- In the first nine months of 2015, we had 16 successful inspections of our pharma sites by regulatory authorities, as well as 109 audits by customers.
Outlook 2015

Based on present macro-economic environment, current visibility and taking the bi-yearly cracker shutdown in Visp in Q4 into consideration, Lonza is confident that it will deliver its Full-Year 2015 outlook as follows:

- Sales growth in reported currency compared with last year’s sales
- CORE EBIT growth of above 5% in constant exchange rates
- CORE RONOA of above 15%
- CAPEX expected to remain below CHF 300 million
- Debt reduction ongoing
Calendar of Events & Contacts

Important Lonza Group Dates
29 Oct 2015 Third-Quarter 2015 Business Update
27 Jan 2016 Full-Year 2015 Results
22 Apr 2016 Annual General Meeting
26 Apr 2016 First-Quarter 2016 Business Update

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Appendices
**CORE Results as Defined by Lonza**

Lonza believes that disclosing CORE results of the Group’s performance enhances the financial markets’ understanding of our company 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 internally assessing the Group’s performance.
# H1 2015 Key Financial Figures

<table>
<thead>
<tr>
<th>CHF mn</th>
<th>H1 2015</th>
<th>H1 2014</th>
<th>Change YoY</th>
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<tbody>
<tr>
<td>Sales</td>
<td>1'904</td>
<td>1,800</td>
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<td>EBITDA</td>
<td>375</td>
<td>362</td>
<td>3.6%</td>
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<td>EBITDA Margin</td>
<td>19.7%</td>
<td>20.1%</td>
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<tr>
<td>CORE EBITDA</td>
<td>391</td>
<td>368</td>
<td>6.3%</td>
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<td>CORE EBITDA Margin</td>
<td>20.5%</td>
<td>20.4%</td>
<td>(10.7%)</td>
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<td>EBIT</td>
<td>192</td>
<td>215</td>
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<td>EBIT Margin</td>
<td>10.1%</td>
<td>11.9%</td>
<td>7.9%</td>
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<tr>
<td>CORE EBIT</td>
<td>260</td>
<td>241</td>
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<tr>
<td>CORE EBIT Margin</td>
<td>13.7%</td>
<td>13.4%</td>
<td>40.0%</td>
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<tr>
<td>Financing Costs</td>
<td>(56)</td>
<td>(40)</td>
<td>(20.7%)</td>
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<td>Tax Rate</td>
<td>19.0%</td>
<td>19.5%</td>
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<tr>
<td>Profit for the Period</td>
<td>111</td>
<td>140</td>
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<td>EPS (CHF) Basic</td>
<td>2.12</td>
<td>2.69</td>
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<tr>
<td>EPS (CHF) Basic CORE</td>
<td>3.18</td>
<td>3.12</td>
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<td>Operational Free Cash Flow</td>
<td>299</td>
<td>124</td>
<td>141.1%</td>
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<td>Change in Net Working Capital</td>
<td>(15)</td>
<td>173</td>
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<td>Capital Expenditures</td>
<td>96</td>
<td>70</td>
<td>37.1%</td>
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<td>CORE RONOA</td>
<td>16.1%</td>
<td>14.5%</td>
<td>(12.8%)</td>
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<td>Net Debt</td>
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<td>Number of Employees</td>
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<td>9,761</td>
<td>-0.4%</td>
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CORE definition: see appendix