

# Lonza Capital Markets Day

17 October 2023



# Agenda

09:30 – 09:40	Albert M. Baehny	Introduction
09:40 – 10:10	Philippe Deecke	Financials
10:10 – 10:25	Maria Soler Nunez	Operations and Growth Projects
10:25 – 11:05	Jean-Christophe Hyvert	Biologics
11:05 – 11:20		<i>Break</i>
11:20 – 11:40	Gordon Bates	Small Molecules
11:40 – 12:00	Daniel Palmacci	Cell & Gene
12:00 – 12:20	Christian Seufert	Capsules & Health Ingredients
12:20 – 12:25	Albert M. Baehny	Closing Remarks
12:25 – 13:00	Executive Management Team	Q&A
13:00 – 13:30		<i>Lunch</i>
13:30 – 13:40	Renzo Cicillini	Introduction to Visp and Safety Instructions
13:40 – 14:00		Transfer to Site
14:00 – 16:00		<i>Site Tour</i>
16:00 – 16:15		Transfer to Canteen
16:15 – 17:00		Refreshments and Departure

# Introduction

Albert M. Baehny

Leading in the Resilient and Growing  
CDMO Market



# We Have Heard Investor Feedback and Will Address Key Themes Today

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## Capacity overbuild concerns

- Global capacity expansion across the industry
  - Continued strong demand in biopharma suggests low risk of capacity overbuild for best-in-class industry partners
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## COVID revenue

- Unusual levels of market volatility arising from pandemic-related business
  - A challenge to compare irregular trajectory of pandemic business to normal business
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## Biotech funding

- Commercial and clinical Phase 2 and 3 business not affected
  - Temporary decline in organic growth rates in preclinical and clinical Phase 1 with early signs of positive rebound
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# We Have Heard Investor Feedback and Will Address Key Themes Today

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## Cell & Gene Therapy business margins

- Fast growing business affected by the current Biotech funding constraints
  - Slowly improving margin business capturing significant long-term commercial opportunity
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## Capital allocation, cash conversion from CAPEX, medium-term returns

- Capital allocation strategy focused on organic growth, shareholder value and disciplined M&A
  - Strict investment criteria and rigorous project execution, closely monitored at board level
  - Organic growth highly correlated to growth CAPEX investments with clear growth project thresholds (IRR and ROIC)
  - Committed to long-term shareholder value creation underpinned by ongoing CHF 2bn share buy-back program and 35 – 45% dividend payout commitment
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## Executive management team

- Strong and experienced bench of senior business leaders
- Unwavering focus on delivering the Lonza strategy and vision

# Lonza is Uniquely Positioned to Capture Growth in CDMO Market

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Global leader in the highly attractive CDMO market

Business geared for growth, strongly backed by technology, innovation and organic investments

Broad and sophisticated portfolio of crucial modalities to bring new drugs quickly and securely to the market

Mission critical services in the drug product development value chain

Strong customer partnerships with a critical mass of long-term commercial contracts

Tight investment project management with the strength to deploy high incremental capital per year at high returns

# Considerations on Lonza's Growth Projects

## CAPEX allocation

Around 70 – 80% of CAPEX to support future growth

## Clear growth project thresholds

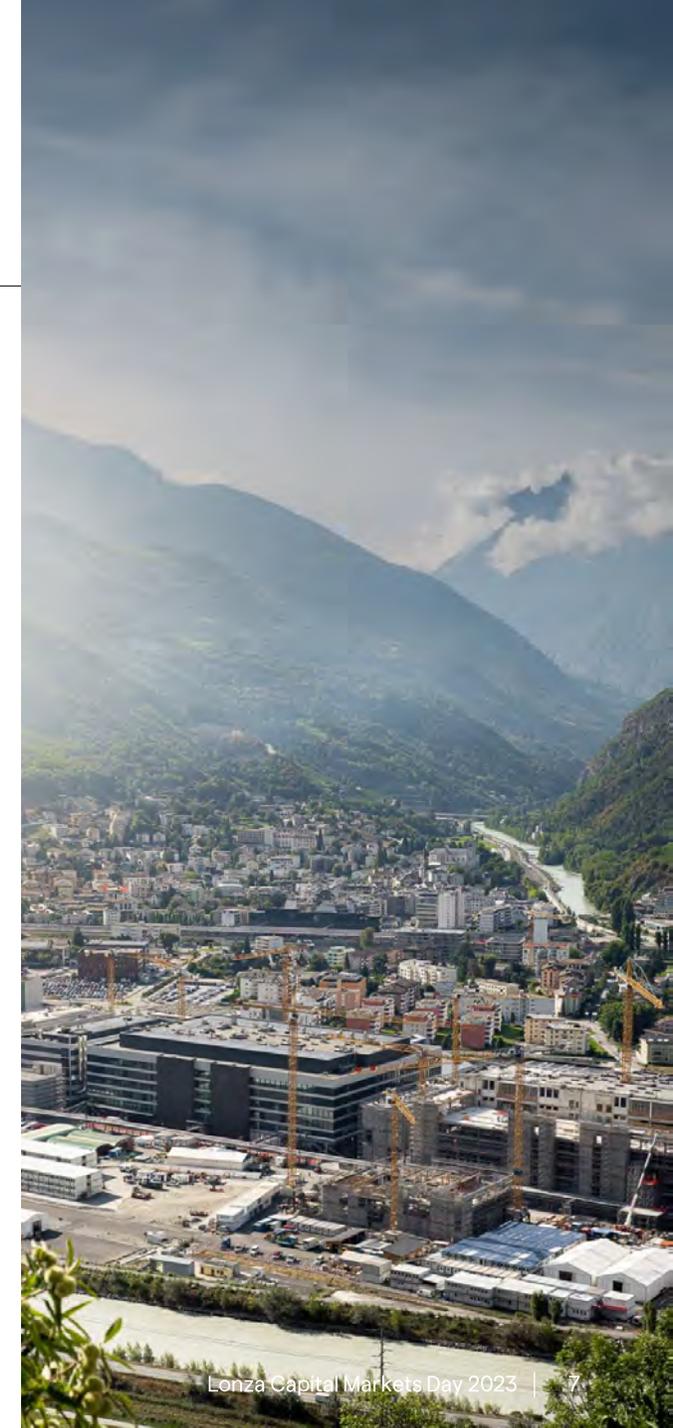
IRR 15%

ROIC around 30% at peak sales

## A shared risk model on long-term projects

*Multi-purpose assets:* long-term supply agreements (3 to 7 years) with minimum commitment and frozen committed supply window

*Dedicated assets:* long-term contracts with a dedicated team between Lonza and customer. Termination fees support a shared risk model



# The CDMO Market Remains Attractive and Robust

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Resilient pharma end-markets addressing ageing populations and rising chronic disease

Innovation in technologies and targets requiring novel modalities and medicines

Increased reliance on strategic partners across large pharma and small biotech

Shift to more complex molecules with continuing regulatory scrutiny

Market that competes on quality, expertise and reputation above price

High risks for new market entrants include a combination of capital intensity, technological capabilities, trust partnerships and regulatory compliance

# Our ESG Strategy - Aligned with the UN Sustainable Development Goals

<p><b>3</b> GOOD HEALTH AND WELL-BEING</p> 	<p>To <b>improve the lives of patients</b> by supporting and enabling our customers on the path to commercialization</p> <p>To provide safe workplaces, caring for employees' well-being and fostering their involvement and participation</p>	<p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>To innovate and invest in <b>sustainable facilities</b> built for a carbon and resource neutral future</p> <p>To focus on low-carbon, energy and water efficiency and safety in design</p>
<p><b>4</b> QUALITY EDUCATION</p> 	<p>To <b>develop an internal learning system</b> and harmonized platform to support higher employee engagement</p> <p>To bolster our partnerships with external institutions for the benefit of our employees and the scientific community</p>	<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>To improve our <b>supply and value chains</b> by implementing vendor standards, including supplier decarbonization</p> <p>To engage strategic industry partners for collaboration in responsible sourcing</p>
<p><b>5</b> GENDER EQUALITY</p> 	<p>To <b>increase the percentage of women in management roles</b> to 35% by 2035</p> <p>To deploy robust initiatives to support the hiring, retention and promotion of women</p>	<p><b>13</b> CLIMATE ACTION</p> 	<p>To <b>reduce our current footprint on GHG emissions</b> over the next decade</p> <p>To reach the ultimate aim for net-zero GHG emissions by 2050</p>
<p><b>6</b> CLEAN WATER AND SANITATION</p> 	<p>To <b>reduce water consumption</b> intensity by 50% by 2030</p> <p>To continuously assess water risks in our network</p>		

# Our Strategic Priorities

## Innovation

Anticipating technological trends

Building IP and protected capabilities

Extending differentiated positioning

Continuous transformation through data management and AI

## Collaboration

Early partnership with our customers

Joint mission in creating customized solutions

## Service

Industry leading service levels

Clear and consistent focus on quality

Customer satisfaction and retention

## Performance

Highest efficiency output

Continuous process improvements

Accelerate the path to drug commercialization

Translate into superior growth, margins and ROI

## Value Creation

Deliver on Lonza guidance for 2024 – 2028

Disciplined capital allocation

Delivering for shareholders, stakeholders and society

# The Lonza Executive Management Team Delivering our Strategy



Albert M. Baehny

Chairman  
and CEO a.i.



Philippe Deecke

CFO



Maria Soler Nunez

Head,  
Group Operations



JC Hyvert

President,  
Biologics



Gordon Bates

President,  
Small Molecules



Daniel Palmacci

President,  
Cell & Gene



Christian Seufert

President,  
Capsules &  
Health Ingredients

# Financial Update

Philippe Deecke

Attractive Business Model and Growth  
Investments Driving Financial Performance



# Attractive Business Model and Growth Investments Driving Financial Performance

Strong historical performance

New 2024 – 2028  
Mid-Term Guidance

Attractive and diverse growth project portfolio to drive future growth

Compelling capital allocation strategy delivering shareholder value



# Attractive Business Delivering Strong KPIs and Financials

## 2022 Figures

**>1,025**  
Molecules<sup>1,2</sup>

**~800**  
CDMO customers

**21**  
Large Ongoing  
Growth Projects

**~70% of sales**  
in commercial

**6.2bn**  
Sales in CHF

**+16%**  
Sales CAGR  
2019 – 2022 in CER

**32%**  
CORE<sup>3</sup> EBITDA margin

**>3.5bn**  
Growth CAPEX in CHF  
2019 – 2022

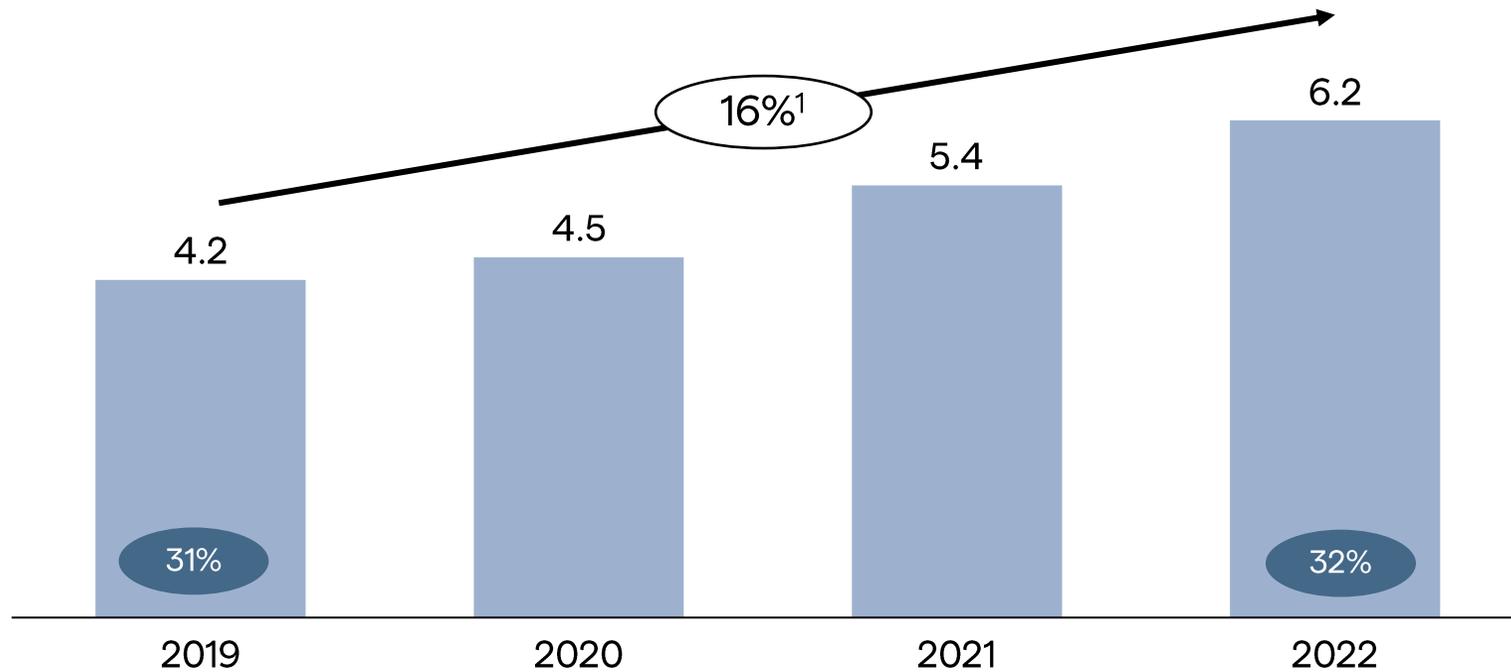
<sup>1</sup> Large molecules including mammalian, microbial, bioconjugates and cell and gene therapy products (pers. medicines included for pre-clinical and clinical molecules only)

<sup>2</sup> Small molecules including active pharmaceutical ingredients (API), Highly Potent API (HPAPI), dosage form and delivery systems and particle engineering

<sup>3</sup> CORE results and Constant Exchange Rates (CER) are non-IFRS measures. For Lonza's definition of CORE results, also refer to the Alternative Performance Measures Brochure published in conjunction with the Lonza Half-Year Report 2023.

# Strong Topline Growth in Recent Years

Sales 2019 – 2022 in bn CHF



● CORE EBITDA Margin

Strong underlying business

Ex-COVID low- to mid-teens growth

All divisions grew above market

New assets drive CDMO growth

+1%pt core EBITDA margin despite ramp-up dilution and inflation

<sup>1</sup>Sales CAGR 2019 – 2022 in CER

# Attractive Business Model and Growth Investments Driving Financial Performance

Strong historical performance

New 2024 – 2028  
Mid-Term Guidance

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# Group Mid-Term Guidance 2024 – 2028

Sales growth driven by new Biologics assets

Margin improvement from growth projects, Cell & Gene maturing, operational excellence

CAPEX expected to decrease to mid-to-high teens as % of sales by 2028

Strong balance sheet with commitment to investment grade rating of BBB+

**11 – 13%**

Sales CAGR in CER  
(2024 – 2028)

**32 – 34%**

CORE EBITDA margin in  
2028

**Double-digit**

**ROIC**

in 2028

**1.5 – 2.0x**

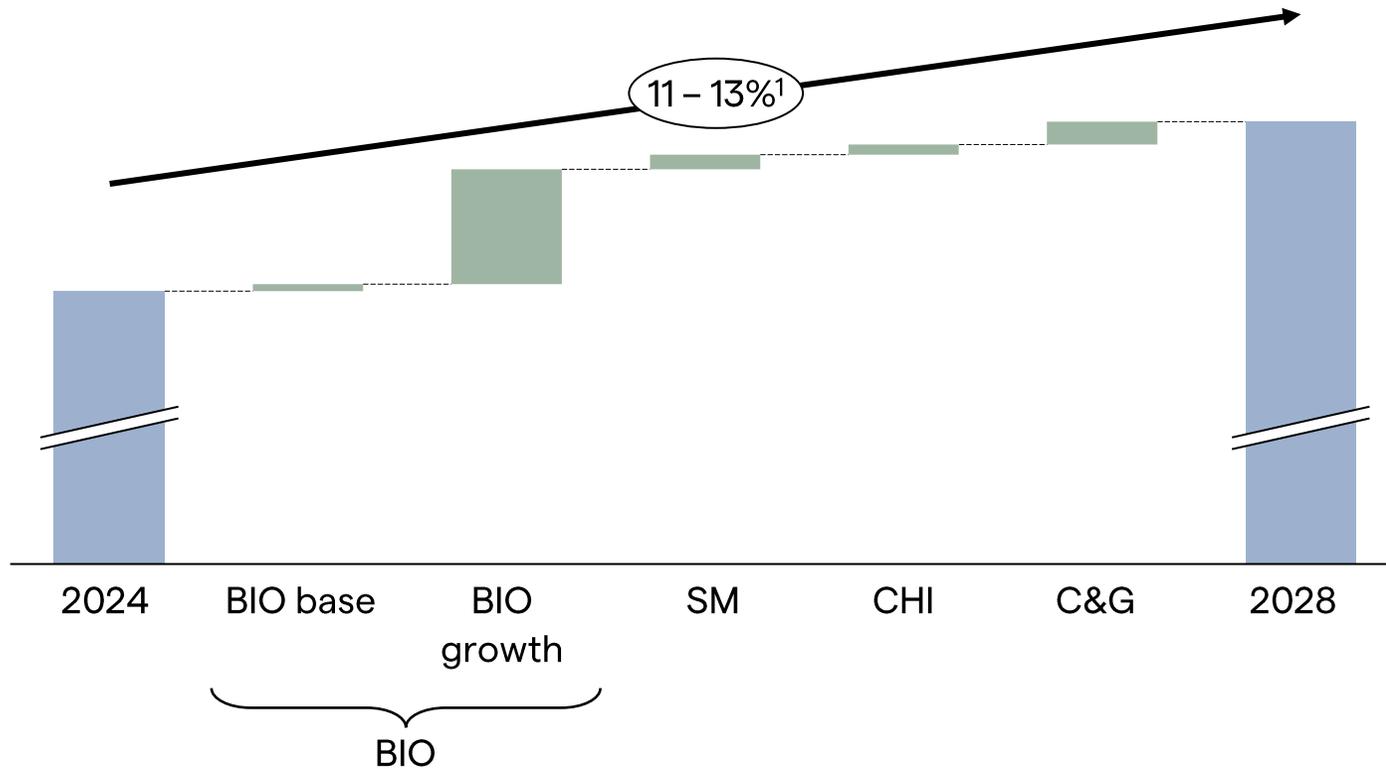
Net Debt / CORE EBITDA

# Ahead of Market Sales Growth and Margin Improvements Across Divisions

<b>Division</b>	<b>Sales CAGR 2024 – 2028 (CER)</b>	<b>CORE EBITDA margin 2024 – 2028</b>
<b>Biologics</b>	<b>Mid-teens</b>	<b>&gt;35%</b>
<b>Small Molecules</b>	<b>Mid-to-high single-digit</b>	<b>&gt;30%</b>
<b>Cell &amp; Gene</b>	<b>Mid-teens</b>	<b>&gt;25%</b>
<b>Capsules &amp; Health Ingredients</b>	<b>Low-to-mid single-digit</b>	<b>&gt;30%</b>

# Sales Growth Supported by Known Commercial Growth Assets

## Sales Trajectory 2024 – 2028 in CHF



Biologics growth driven by new assets, many of which are in ramp-up stage

>60% of next three years sales secured<sup>2</sup> in Biologics and Small Molecules

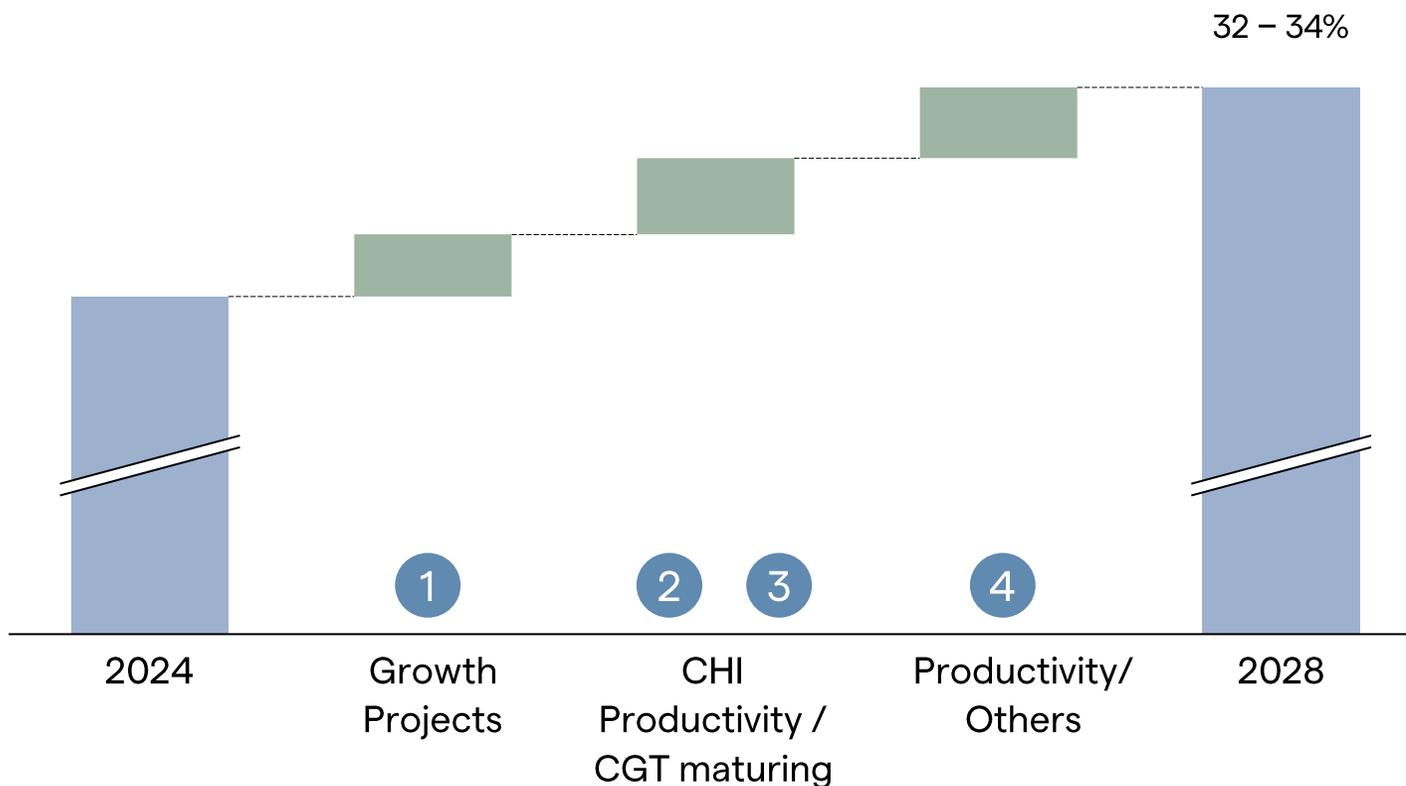
CGT portfolio maturing to more commercial products

<sup>1</sup>Sales CAGR 2024 – 2028 in CER

<sup>2</sup>Signed and weighted pipeline opportunities

# Growth Projects and Productivity Drive Margin Improvement

CORE EBITDA margin trajectory 2024 – 2028 in %



- 1 Lower dilution from growth projects phase in ramp-up
- 2 Cell & Gene margins moving towards Group margin by 2028
- 3 Growth and new technology deployment in CHI
- 4 Continued productivity / operating leverage

# Attractive Business Model and Growth Investments Driving Financial Performance

Strong historical performance

New 2024 – 2028  
Mid-Term Guidance

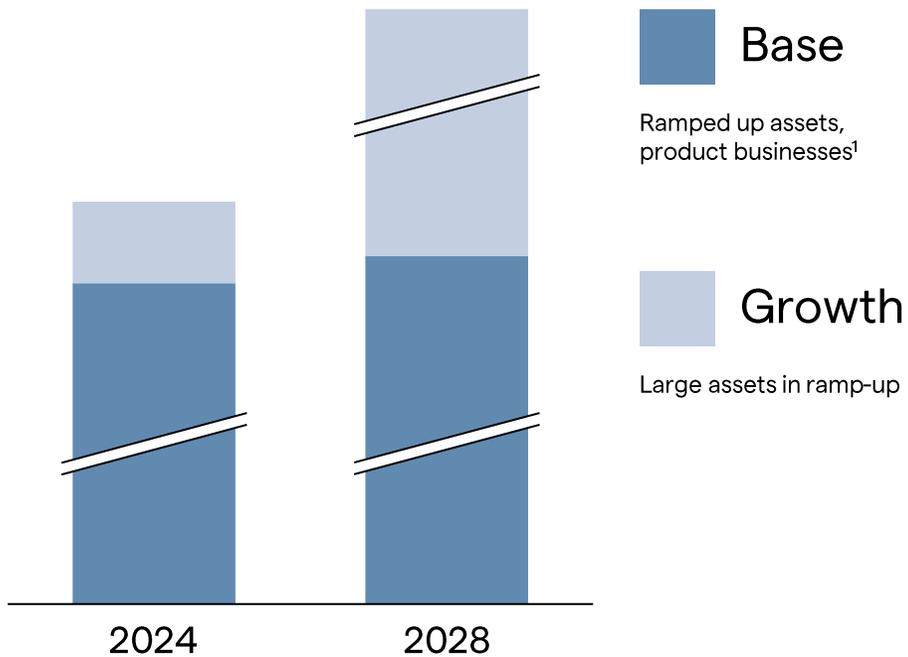
Attractive and diverse growth project portfolio to drive future growth

Compelling capital allocation strategy delivering shareholder value



# Large and Stable Base Complemented by Dynamic Growth Portfolio

Sales: Base vs. Growth Business in CHF



**Base**  
Ramped up assets, product businesses<sup>1</sup>

**Growth**  
Large assets in ramp-up

## Base Business

- Stable, growing and resilient business
- High asset utilization
- High revenue visibility
- Strong cash generation
- Strong margin

## Growth

- New assets
- Fast growth
- Low margin during ramp-up
- Margin accretive at peak
- De-risked through contracting

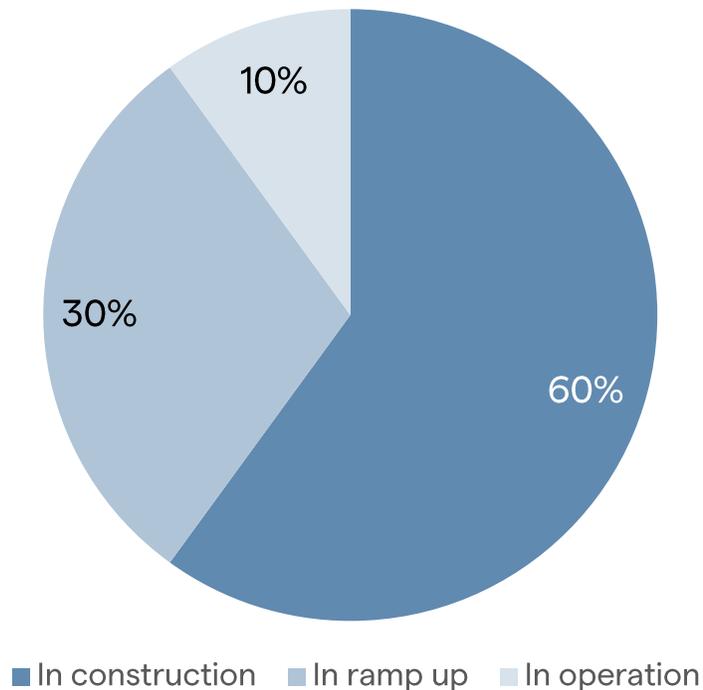
<sup>1</sup>CHI and Bioscience

# Growth Project Portfolio at a Glance

## 21 Large Ongoing Growth Projects

CAPEX above CHF 50m

Total Projects CAPEX split of the 21 projects



**9**  
Modalities

**CHF 1.8bn**  
Cumulative sales  
2018 – 2023E

**90%**  
invested in  
commercial / mixed  
assets

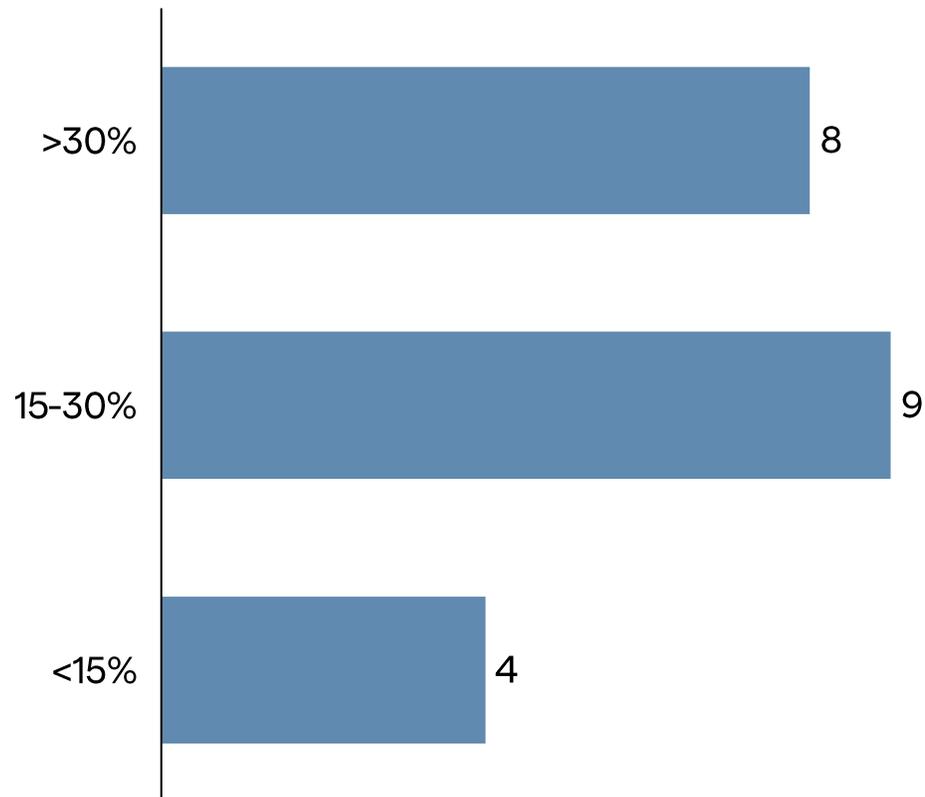
**95%**  
invested in EU / US

**15%**  
IRR threshold

**30%**  
ROIC threshold  
(at peak)

# Broad Growth Project Portfolio Returning More Than 2x Cost of Capital

Number of Growth Projects clustered by IRR (%)<sup>1</sup>



Growth project portfolio delivering high return on capital

Majority of our portfolio returns above IRR threshold of 15%

A few projects, mainly clinical stage, facing utilization challenges. These are important strategic assets to attract clinical phase customers

<sup>1</sup> IRR based on Lonza investment only

# Investment Program Securing Leadership Role in Industry

	Wave 1 7 projects	Wave 2 11 projects	Wave 3 3 projects <sup>2</sup>
	Establishing CDMO base	Broadening offering and reinvesting LSI <sup>1</sup> proceeds	Focus on commercial assets
Construction initiation	2018 – 2020	2021 – 2023	2024 – 2028
Investment priorities	Biologics CGT China HPAPI	ADC Biologics Drug Product Large Scale Mammalian mRNA	ADC Biologics Drug Product Cell & Gene Small Molecules

<sup>1</sup>Former Specialty Ingredients business divested in 2021  
<sup>2</sup>Approved projects

Please note: Financials excl. COVID-19 business

# Investment Program Securing Leadership Role in Industry

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Construction initiation	2018 – 2020	2021 – 2023	2024 – 2028
Investment priorities	Biologics CGT China HPAPI	ADC Biologics Drug Product Large Scale Mammalian mRNA	ADC Biologics Drug Product Cell & Gene Small Molecules
CAPEX / Sales	High teens	c.30%	Converging to mid-to-high teens
Peak Sales / Growth CAPEX	1.0x – 1.1x		
IRR threshold	15%		
ROIC at peak threshold	30%		

<sup>1</sup> Former Specialty Ingredients business divested in 2021

<sup>2</sup> Approved projects

Please note: Financials excl. COVID-19 business

# Growth Assets Driving Future Growth and Profits

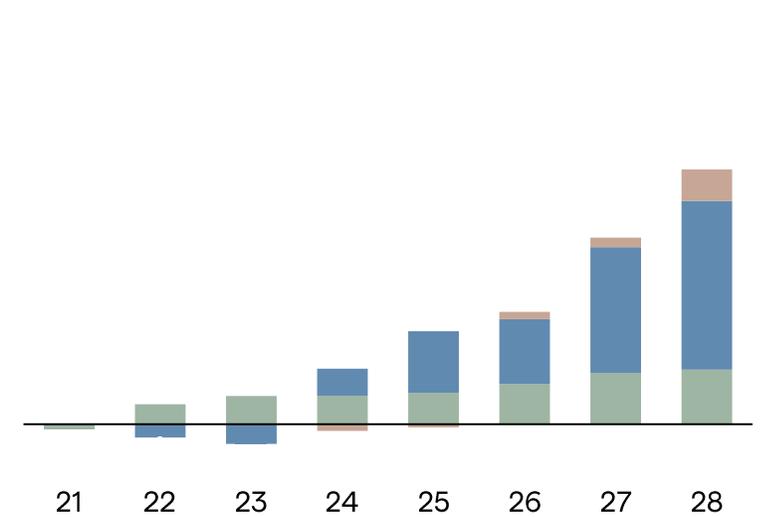
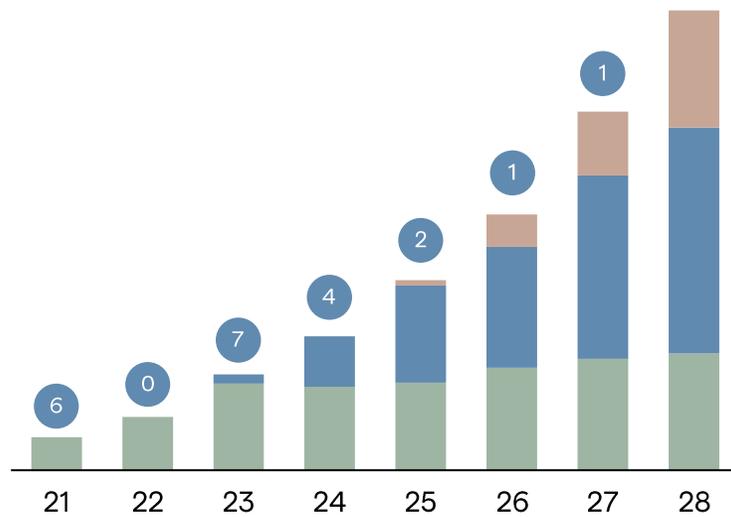
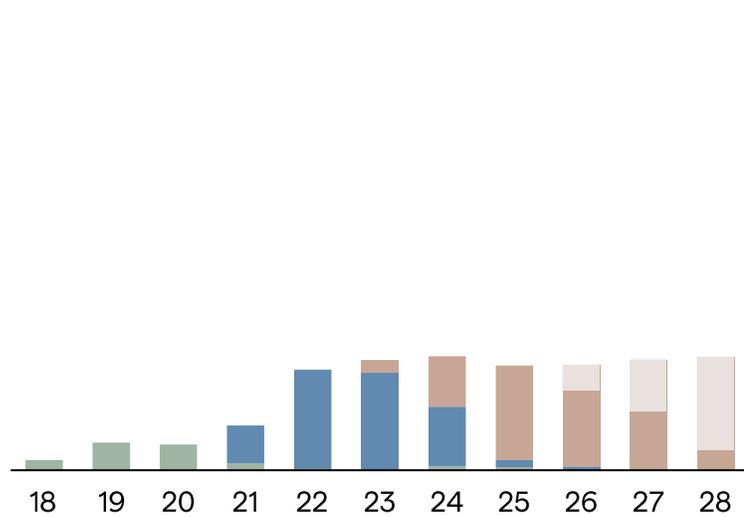
Illustrative<sup>2</sup>

in CHF

Growth project CAPEX<sup>1</sup>

Growth project sales<sup>1</sup>

Growth project CORE EBITDA<sup>1</sup>



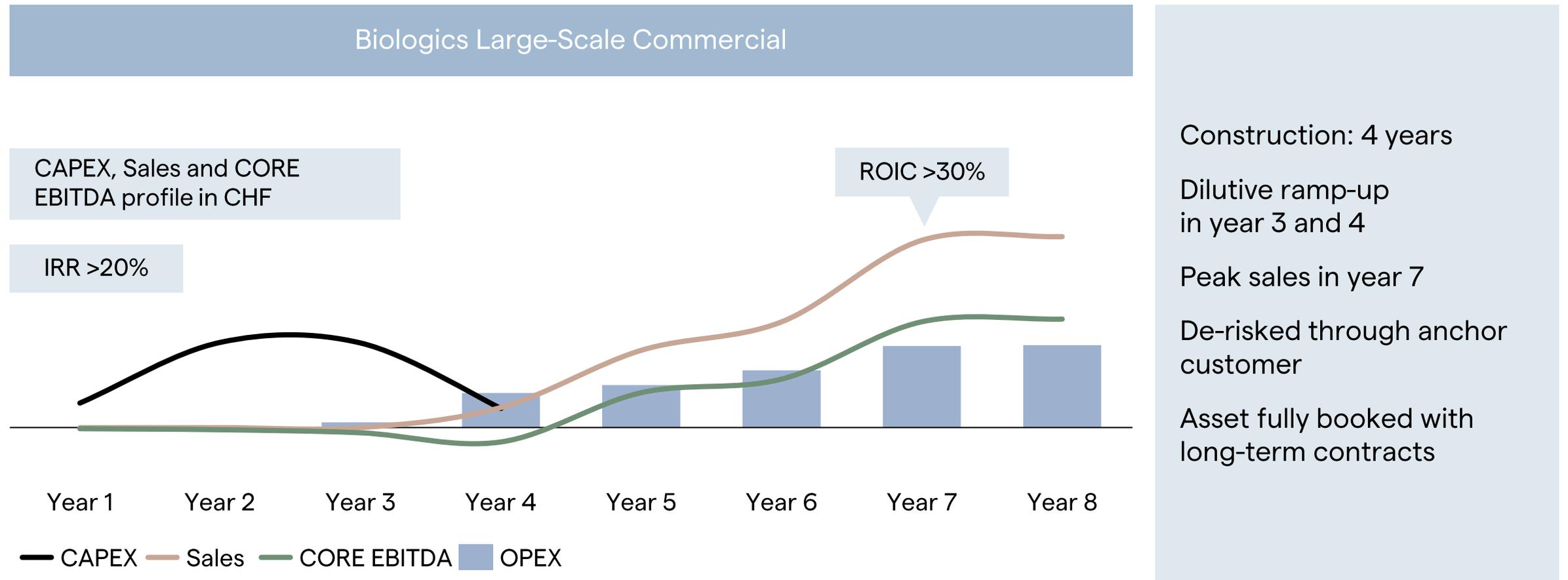
Wave 1   Wave 2  
Wave 3   Next Wave

● Number of new projects ramp up

<sup>1</sup> Relates to large Wave 1–3 growth projects only, also includes expected but not yet confirmed Wave 3 projects   Please note: Financials excl. COVID business  
<sup>2</sup> Not drawn to scale

# Diverse Projects with High Visibility and Focus on Value Creation (1/2)

## Illustrative Project Dynamics



# Diverse Projects with High Visibility and Focus on Value Creation (2/2)

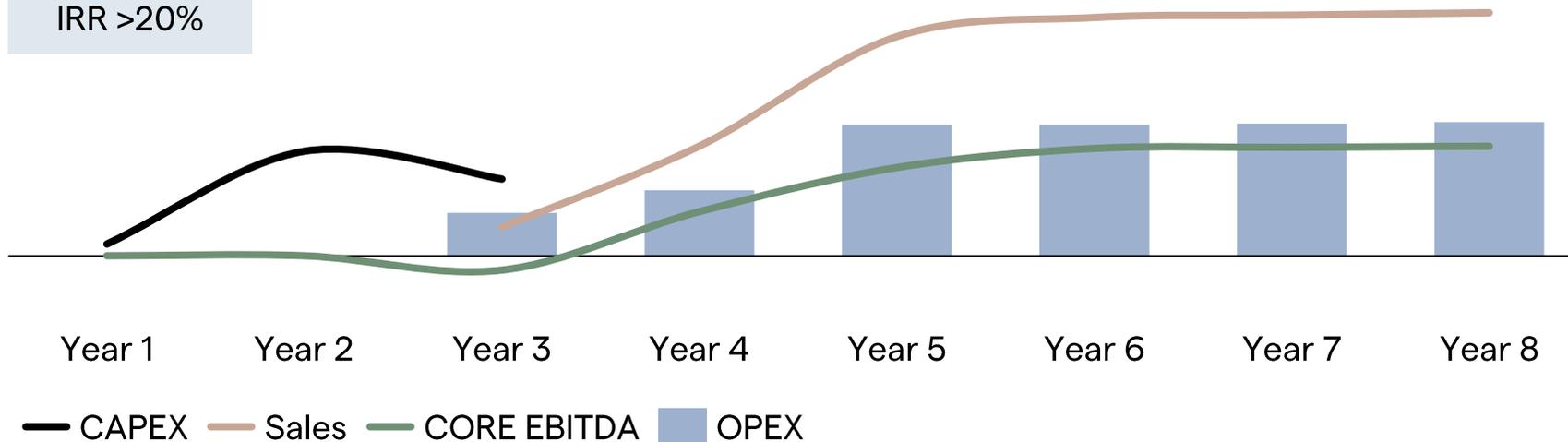
## Illustrative Project Dynamics

Biologics Commercial Small Scale (2k)

CAPEX, Sales and CORE EBITDA profile in CHF

IRR >20%

ROIC >30%



Faster construction and ramp-up due to expansion of existing asset

Peak sales in year 5

Mixed customer base (large pharma and small biotech)

# Attractive Business Model and Growth Investments Driving Financial Performance

Strong historical performance

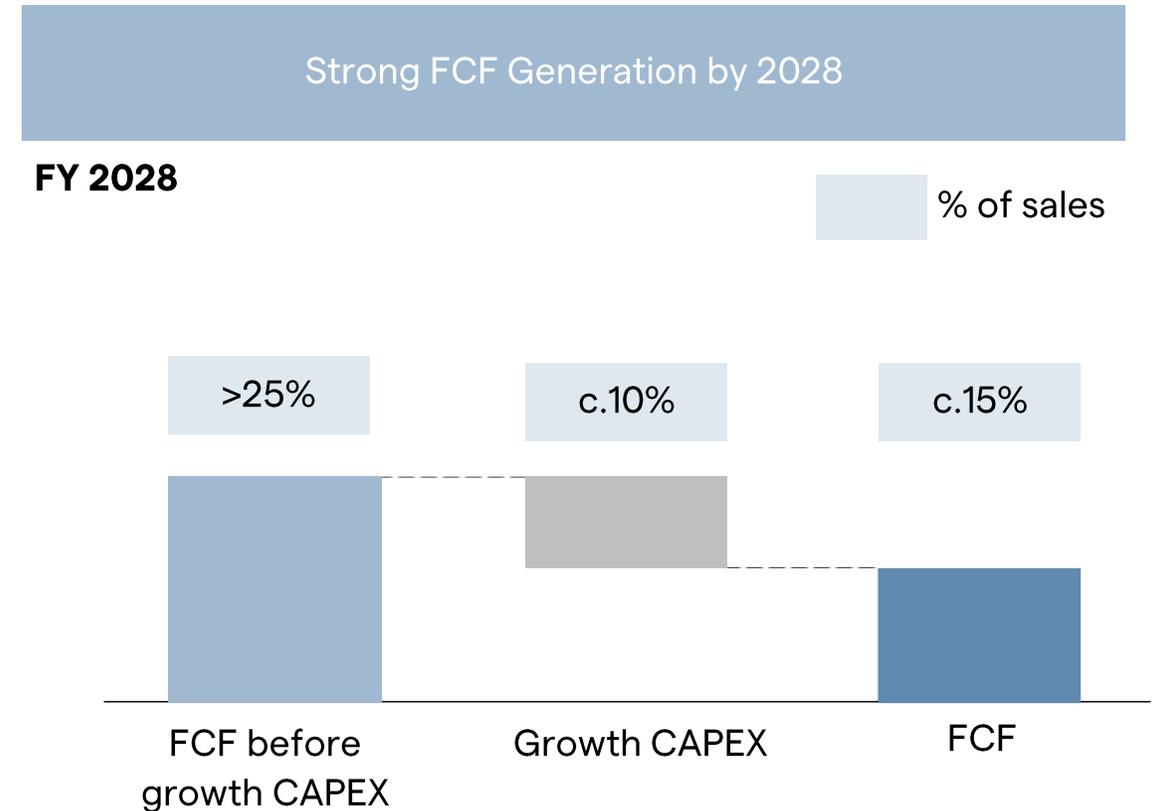
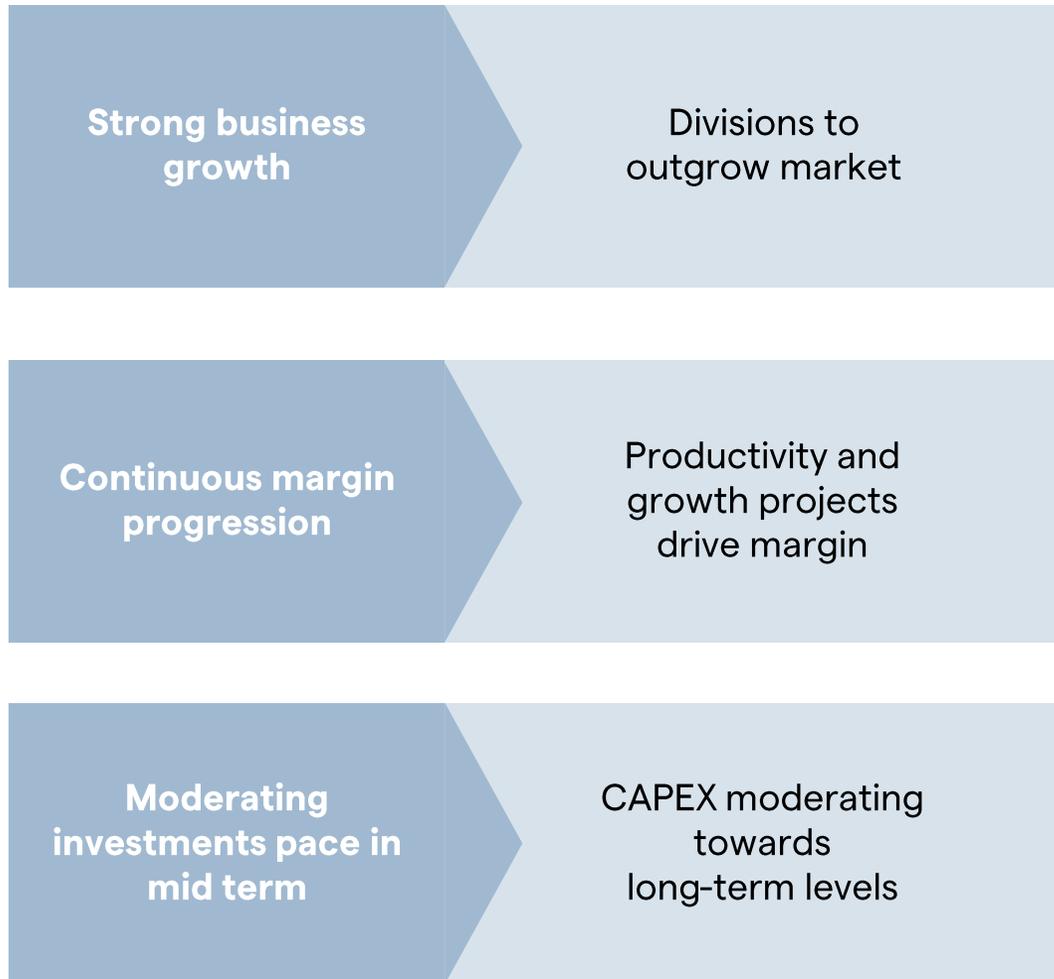
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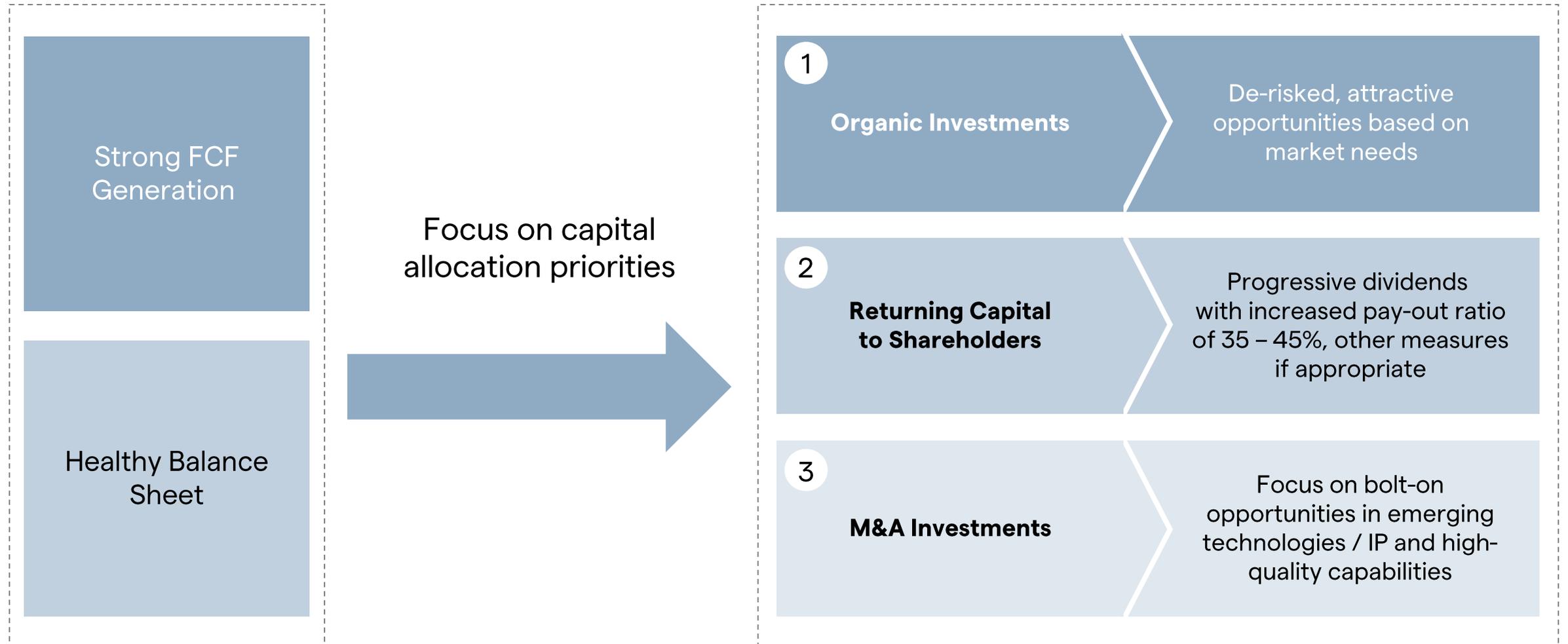
Compelling capital allocation strategy delivering shareholder value



# Strong Business Fundamentals to Drive Increase in Free Cash Flow (FCF)



# Prioritizing Organic Growth, Shareholder Return and Bolt-On M&A



# Q3 Financial Update



# Q3 Update: Confirming Business Dynamics Shared in H1 2023

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CDMO business dynamics continue to be strong, with high demand for commercial capacities

Biologics and Small Molecules contract wins in commercial Drug Product and Bioconjugation

Biotech funding stabilizing, no pick-up yet for early-stage services:

- Early-stage clinical business in Biologics continues to grow, but assets not fully utilized
- Cell & Gene Technology with underutilized suites, but strong commercial business delivery

US nutraceutical capsules still soft, slight uptake in Q3, increased margin erosion from industry overcapacity

Two customer driven events in Biologics and Small Molecules impacting 2023 Outlook and 2024

# Q3 Update: Two Customer Events Impact 2023 and 2024 Performance

## Moderna COVID-19 Contract

Cancellation of long-term agreement

Contract termination triggers accelerated recognition: additional compensation in 2023 and lost revenues in 2024

Negotiations still underway with approximate termination agreement of CHF 0.2bn

## Kodiak Sciences

Customer faced negative read-out of KSI-301 program in Phase 3<sup>1</sup>

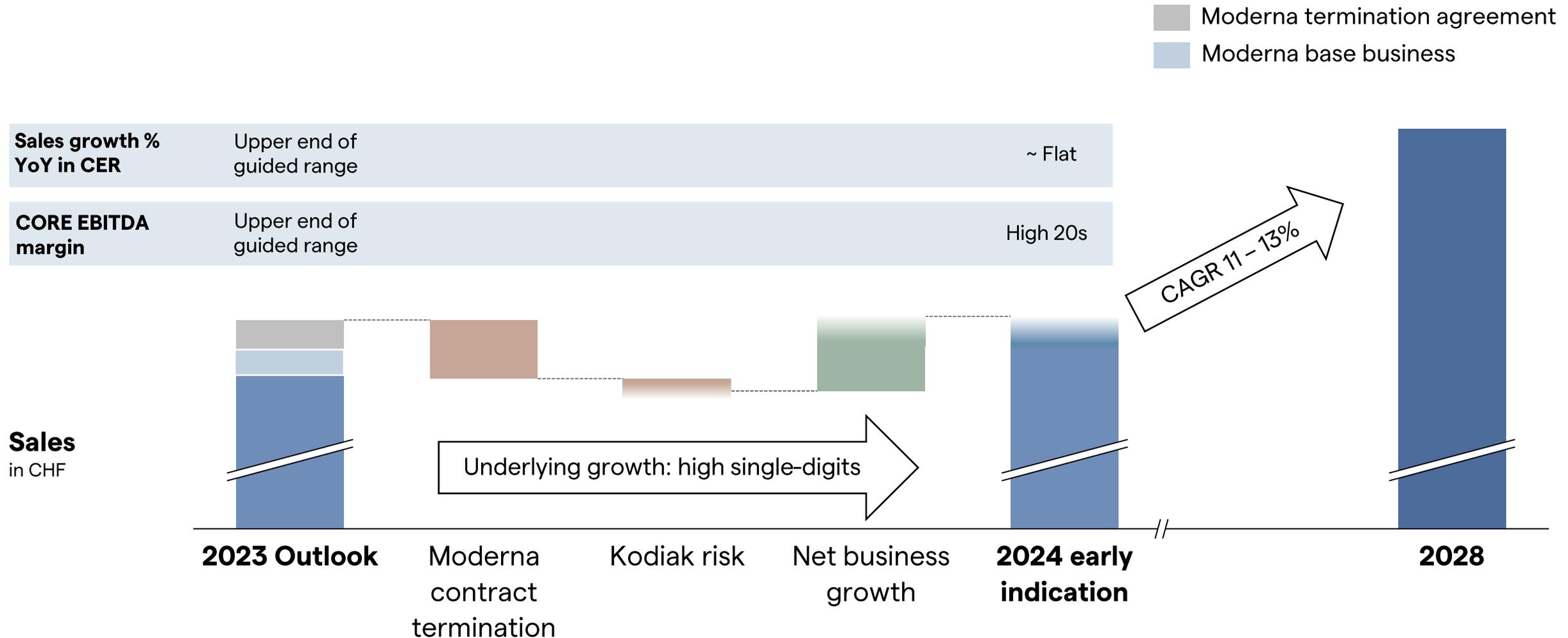
Parties are currently discussing the future of the program

Business risk for Lonza in 2024

Dedicated assets can be repurposed within two to three years if needed

<sup>1</sup> Kodiak Sciences announcement (24/7/23) of results of Phase 3 studies of tarcocimab tedromer

# Customer Events Negatively Impacting 2024



# Concluding Remarks

Strong financial performance in recent years

Attractive portfolio of 21 ongoing growth projects

2023 operationally on track, and positively impacted by customer events

Compelling mid-term growth and profitability driven by divisional above-market growth, existing projects and focus on strategic priorities

Strong shareholder returns from focus on cash generation

**11 – 13%**  
Sales CAGR in CER  
(2024 – 2028)

**32 – 34%**  
CORE EBITDA margin in 2028

**Double-digit  
ROIC**  
in 2028

**1.5 – 2.0x leverage**  
Net Debt / CORE EBITDA

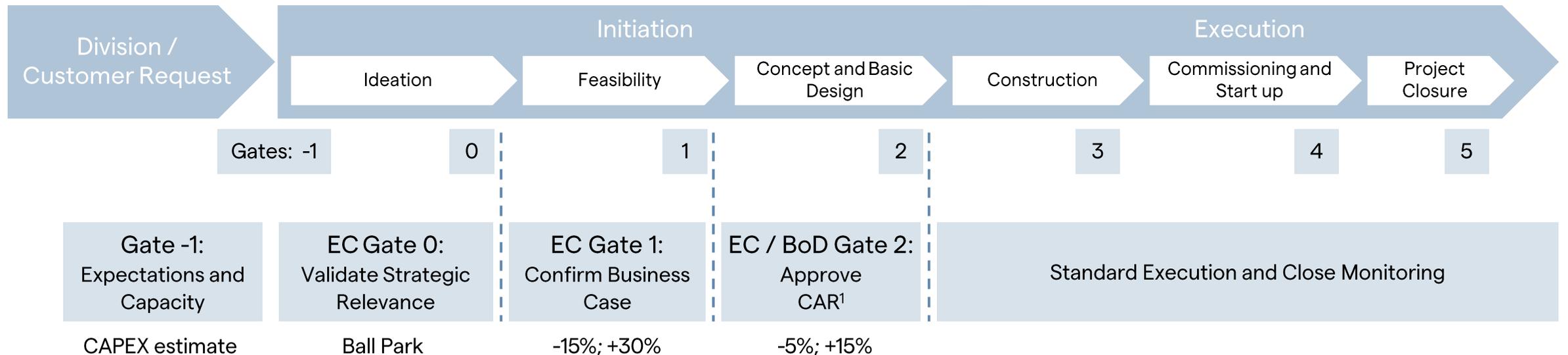
# Growth Projects

Maria Soler Nunez

Operational Excellence to Drive  
Performance and Growth



# Strong Governance Model Enables Successful CAPEX Execution



## Selected Key Considerations



<sup>1</sup> CAR: Capital Authorization Request

<sup>2</sup> IRR: Internal Rate of Return; NPV: Net Present Value

# Project Execution is Highly Standardized and Closely Monitored

## Project Execution

Equipment procurement and asset construction

Asset Commissioning, Qualification, Validation (CQV)

Health Authority approval and ramp-up of operations

Enabled by:

- End-to-end project lead in division responsible for business case delivery
- Standard cross-functional project organization
- Standard project management until ramp-up and closure
- Technical standards and paperless CQV
- Integrated plan with operations for ramp-up readiness

## Project Monitoring / KPIs

Steering Committees per project with standard reporting

Portfolio review of projects in execution:

- Schedule, cost, contingency run down

Annual investment project performance; reviews to EC and Board of Directors:

- NPV, IRR, ROIC and payback
- Delivery on time and within budget
- Learnings taken are applied to future projects

Actions taken as needed

# Visp - Our Growth in Action



The Visp Ibex® Biopark is substantially complete, enabling future growth

# Visp Pre-Investment in Ibox<sup>®</sup> Biopark, Manufacturing Complex Shells and Infrastructure Substantially Completed

## Site Visp services

Security  
Canteen  
Training and apprentice program  
Fire Brigade  
Wastewater treatment plant  
Logistics, offices, utilities

## Ibox<sup>®</sup> Biopark (100'000m<sup>2</sup>)

Central utility building  
2 QC laboratory and development buildings

## Manufacturing Complexes (MCs)

Shell with two wings for manufacturing unit  
1 office section  
1 gowning section  
1 infrastructure utility section

## A Compelling Value Proposition

Well-maintained Biopark infrastructure delivers economies of scale and centralized service provision

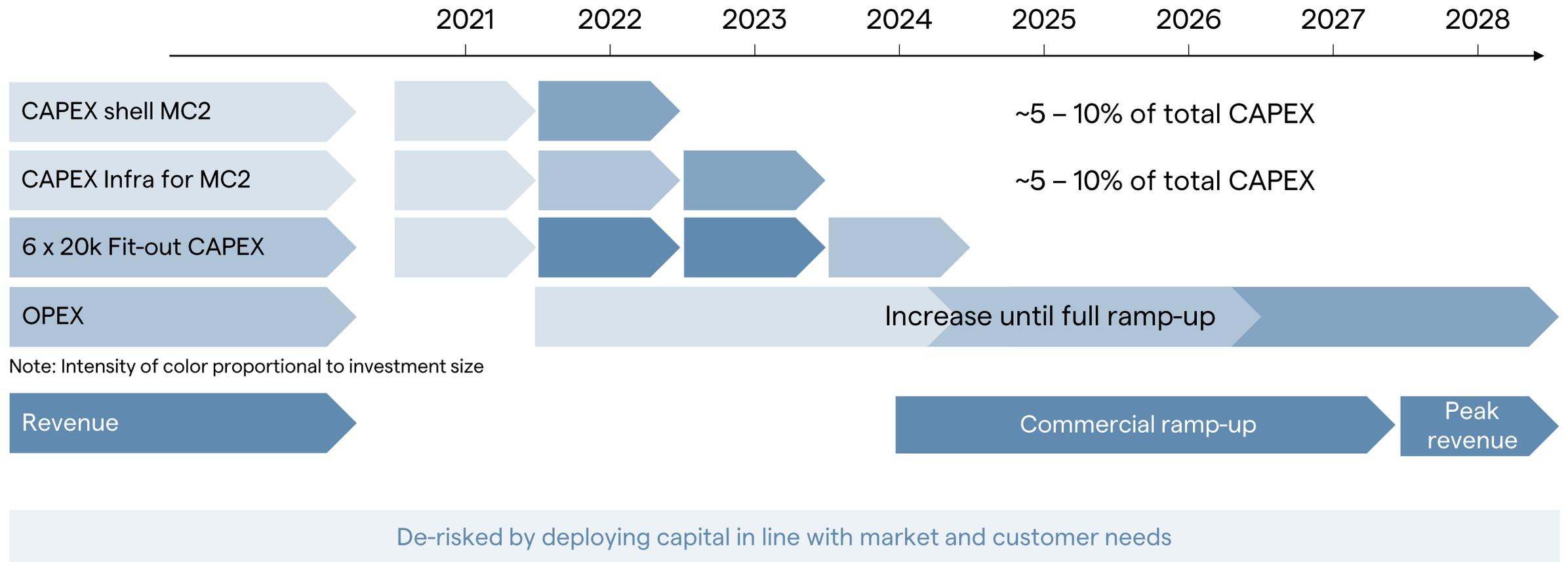
Utilities and site services are incorporated as an integral part of the campus facilities

MCs provide an agile model that can be tailored to customer needs with a pre-existing shell that expedites build-out

Fast repurposing of build-out in case of changing market demands

# Pre-Investment Allows Agile Response to Customer Needs

Example: Project mammalian 6 x 20k in MC2 wing 1; 90% construction completed



# MC Concept is Fully Flexible in Fit Out Size and Technology (1/2)

Mammalian	Microbial	ADCs
		
Large-scale JV with Sanofi	Mid-scale facility	Dedicated customer suite
Large-scale and small-scale assets  Close and long-term customer relationships	An attractive platform for customers  Lonza has a leading market offering	Unique end-to-end capabilities  Optimized for scale and process

# MC Concept is Fully Flexible in Fit Out Size and Technology (2/2)



COVID-19 vaccine

High therapeutic and commercial potential

Quick ramp-up for production, and fast redeployment



Isolator technology - several customers

New offering in Lonza portfolio

Limited capacity in the market



Bacthera (joint venture with Chr-Hansen)

Dedicated commercial manufacturing facility for SER-109

Leveraging Lonza's capsule technology

# Closing Remarks

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From ideation to launch, robust management process in place to deliver our growth projects

Strategic selection  
of high-value  
customer-relevant  
CAPEX programs  
following strict returns  
criteria

Structured gated  
approach  
to execution  
(design, construction,  
fit-out and ramp-up)

Progress monitoring  
allows early issue  
detection and mitigation

Learnings are carried  
forward to new projects

# Biologics

Jean-Christophe Hyvert

Delivering a Complete CDMO Offering  
Across the Lifecycle



# Executive Summary

Attractive market	<p>Biologics CDMO market remains highly attractive</p> <p>Growing at CAGR ~10% in USD and 7% in absolute molecules from 2023 and 2028</p>					
Broad and tailored customer offering	Expertise	Flexibility	Speed	Integration	De-risked supply chain	
Offering tailored to market need	Technical capabilities		Full lifecycle management		End-to-end offering	Global reach
Modalities and business units	Mammalian	Bioconjugation	Microbial	Drug Product	mRNA	Licensing

# Biologics Strategy Overview

Our ambition	Our strategic priorities	Our five enablers ensure we deliver for our customers and develop our people	Five-year targets 2024 – 2028
<p><b>Strengthen our position as the Biologics CDMO partner of choice</b></p>	<p><b>Full Lifecycle Management</b> Acquire molecules early and manage them as they grow</p> <p>Licensing business unit drives early phase awareness and technology adoption</p> <p><b>End-to-End Offering</b> Development and manufacturing services for drug substance and drug product</p> <p><b>Sustainable Global Manufacturing, Site Specialization</b> Offer entry points in all three key geographies</p> <p>Clear path from clinical trials to launch and beyond</p> <p>Switzerland is home to centers of excellence for bioconjugates, microbial and drug product. UK is our center for excellence for development</p>	<p><b>Talent</b> People who come stay and grow</p> <p><b>Capacity</b> Network - Balance</p> <p><b>Innovation / Digital</b> Disruption - Incremental</p> <p><b>Customer</b> Market-oriented</p> <p><b>Marketing</b> Pure-play and complete CDMO offering across the lifecycle</p>	<p><b>Mid-teens CAGR<sup>1</sup></b></p> <p><b>&gt;35% EBITDA</b></p>

<sup>1</sup>2024 – 2028 Sales CAGR at constant exchange rates

# Key Customer Wins in Q3 2023

## Key Achievements Q3

Significant long-term contract signings in Q3

Ibex<sup>®</sup> conjugation program

Fully integrated program

First commercial Ibex<sup>®</sup> ADC drug product program

First commercial drug product program in execution for pharma customers

## Update on 2023

Launch of Gene-to-IND offer

Diversified customer base and retention across life cycle



# Lonza is Well Positioned in a Very Attractive Market

## Key Market Trends

CDMO capacity is outpacing in-house

Small biotechs represent a higher proportion of the molecule pipeline, while commercial manufacturing represents most of the value

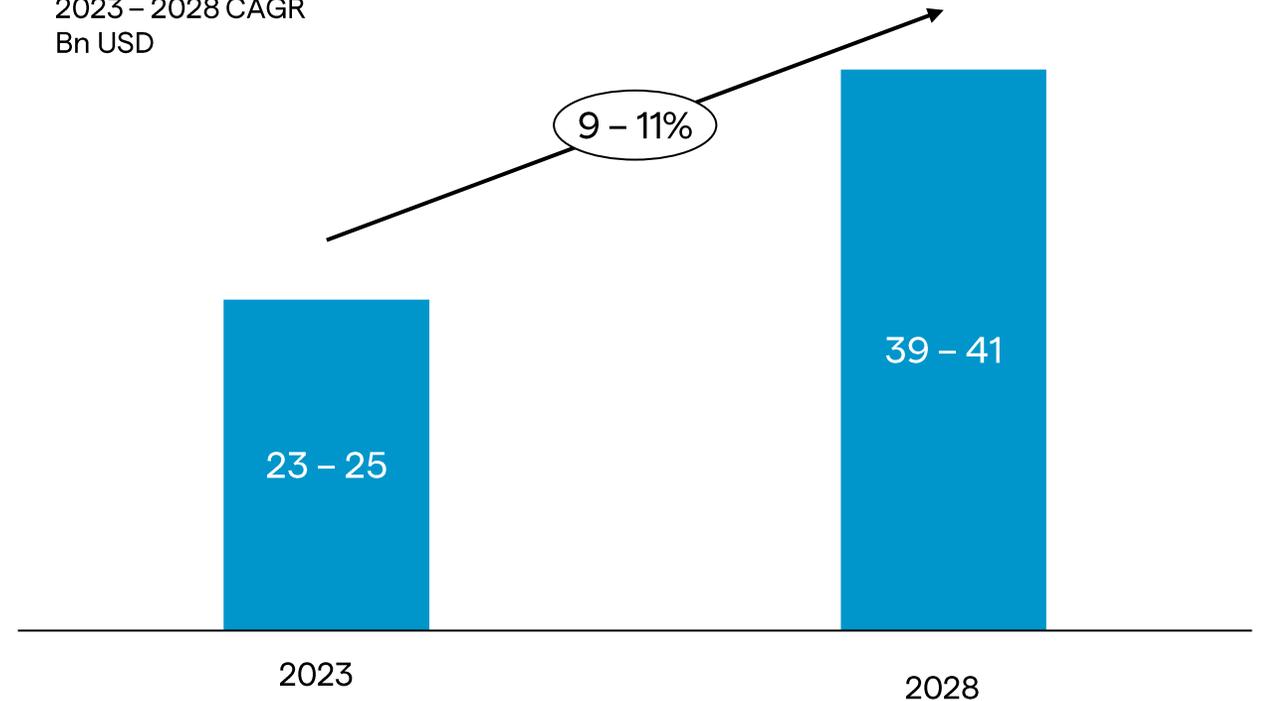
We expect biotech funding to return to historical levels

New biologics drug types and novel indications are a key growth factor

Further tightening of aggregated capacity utilization projected<sup>2</sup>

## Biologics Market CDMO Outlook<sup>1</sup>

2023 – 2028 CAGR  
Bn USD

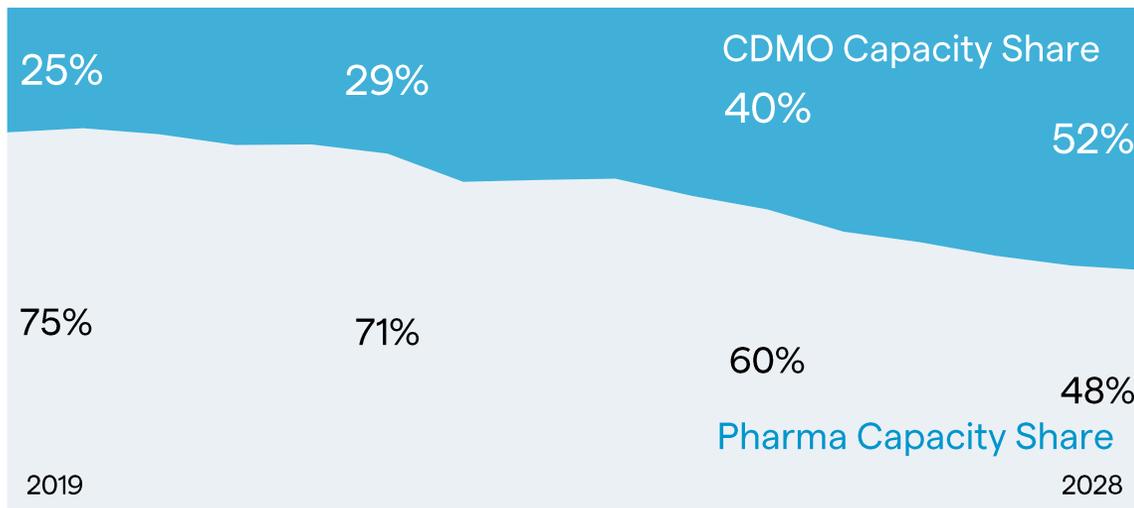


<sup>1</sup> 2023 – 2028 CAGR in USD (ex CGT); Source: Lonza internal analysis, Lonza internal analysis

<sup>2</sup> UBS Research (2023)

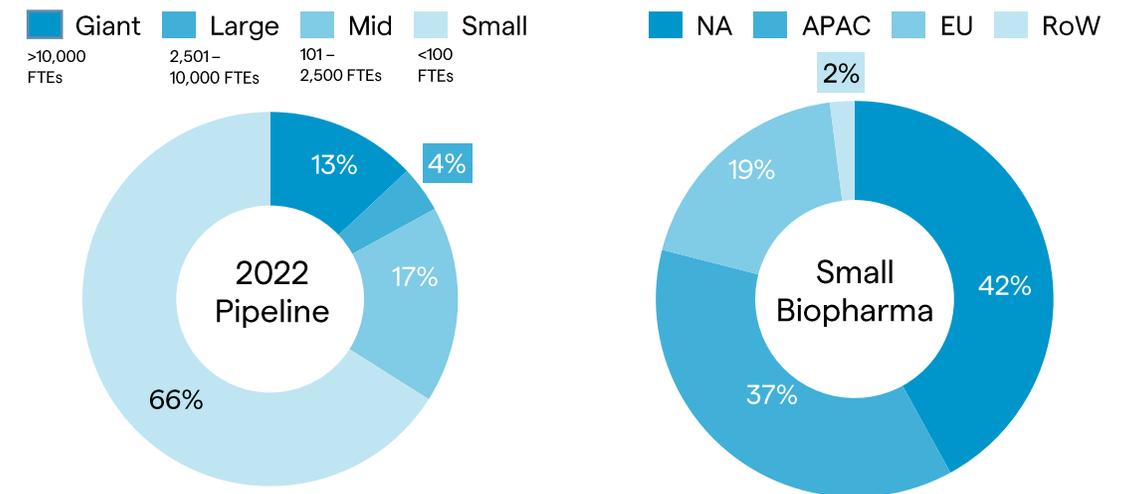
# Continued Positive Indicators for Increased Outsourcing

## Expected Market Share of Installed Mammalian Capacity CDMO vs. Pharma<sup>1</sup> 2019 – 2028



Lonza positioned as pure play CDMO

## Biologics Industry Pipeline (Number of Molecules) / Share by Company Type<sup>2</sup> and Regions



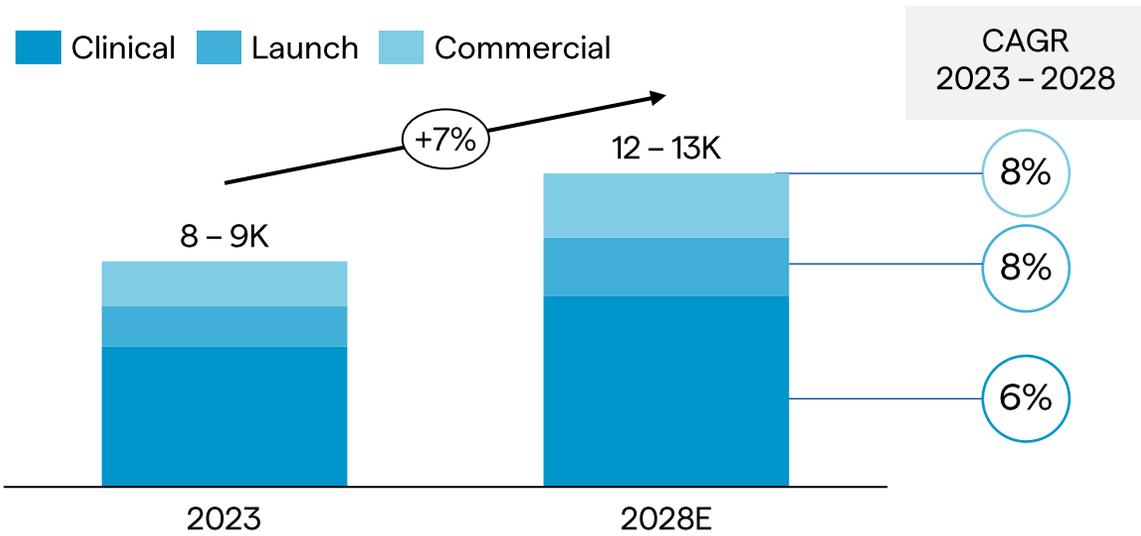
We have tailored offerings across the entire value chain to meet the needs of small biotech players as they grow, alongside large pharma

<sup>1</sup> Source: Lonza internal analysis; publicly announced capacity expansions (2023)

<sup>2</sup> Source: Lonza internal analysis, Citeline

# Biologics Pipeline Growth Requires CDMOs with Capacity and Breadth

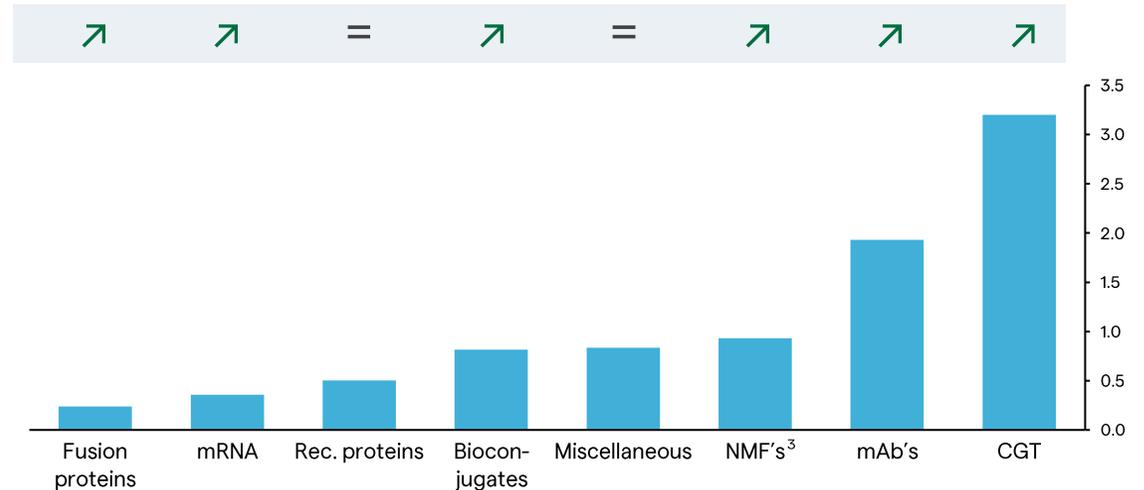
## Biologics Industry Pipeline (Number of Molecules)<sup>1</sup>



We have a strong track record in operationalizing new technologies and industrializing new treatments

## 2023 Biologics Pipeline (Clinical to Marketed Number of Molecules in Thousands)<sup>2</sup>

Expected Growth



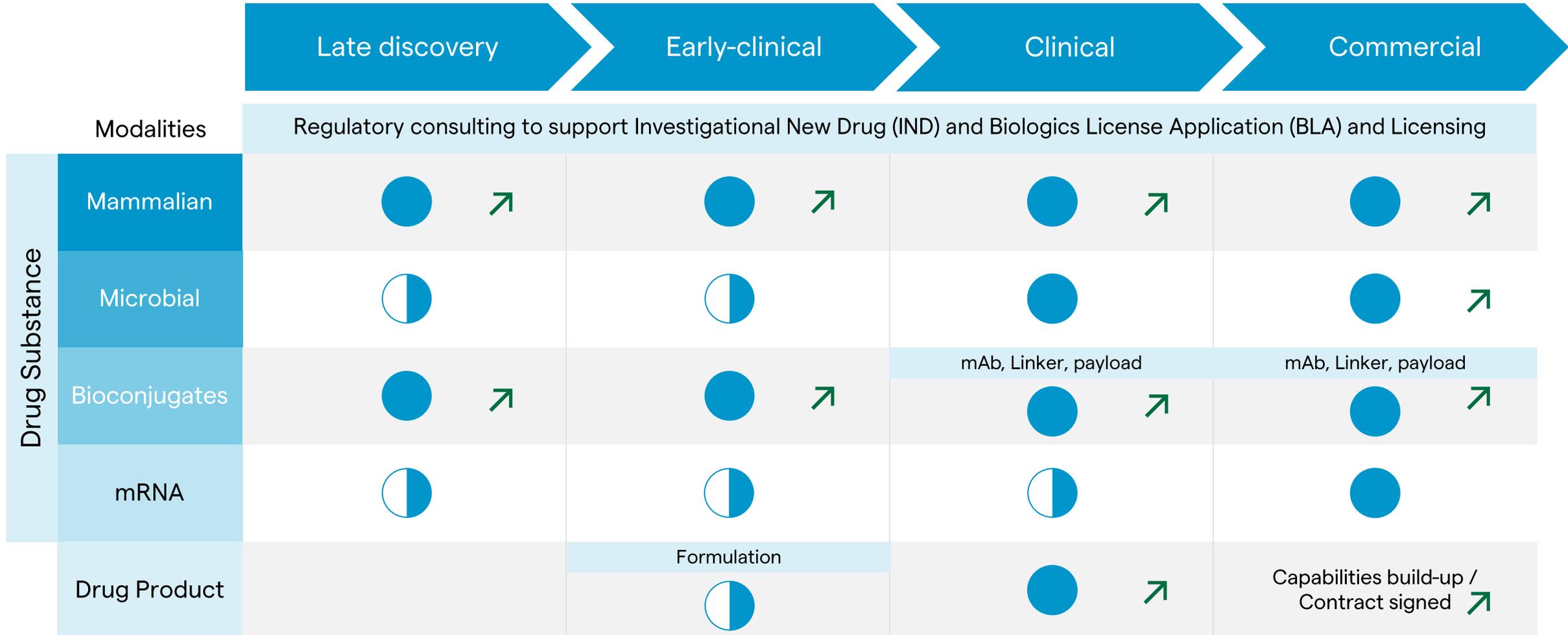
Our portfolio of offerings can address all high-growth areas in the biologics pipeline

<sup>1</sup> Source: Lonza internal analysis

<sup>2</sup> Source: Lonza internal analysis, Citeline

<sup>3</sup> New Molecule Format

# Our Portfolio Offers End-to-End Solutions Across the Whole Life-Cycle

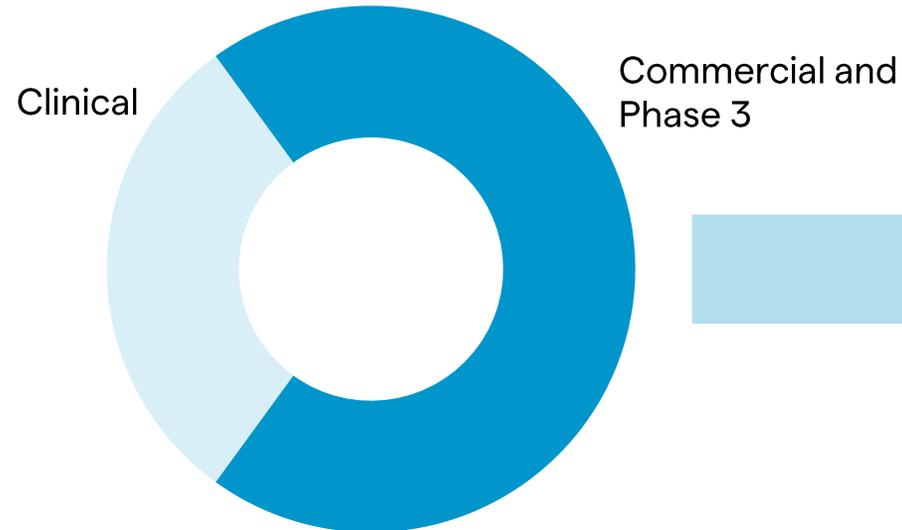


↗ Expansions vs. 2019

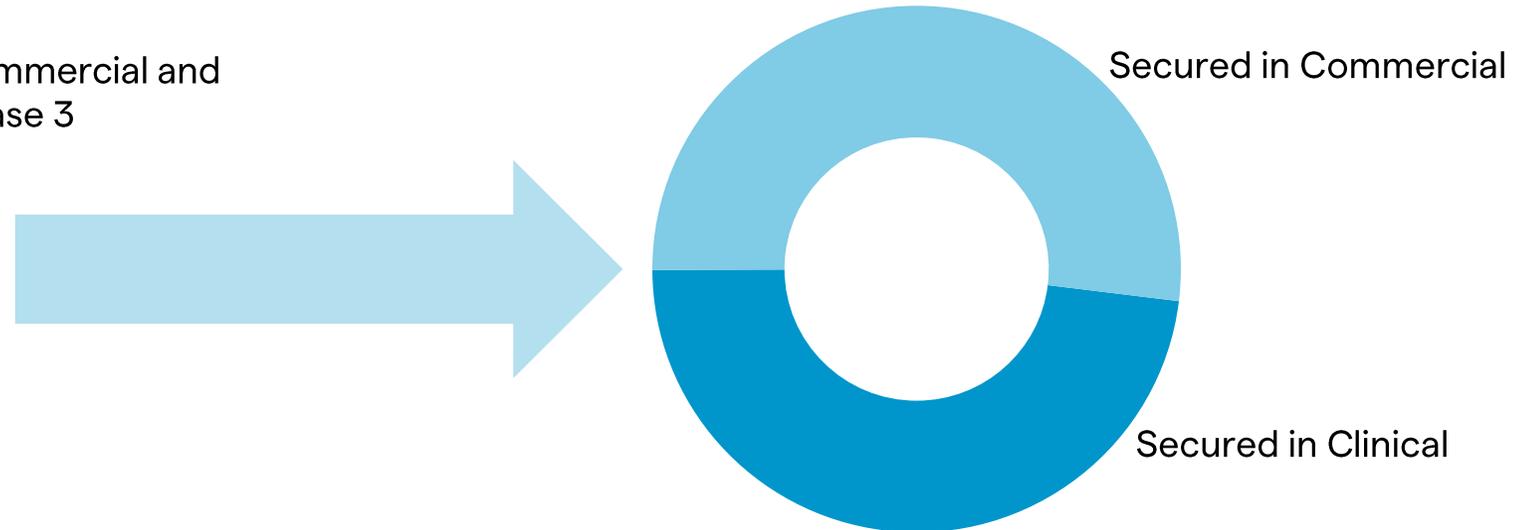
◐ Offering Development since 2021

# Trusted Partner for Scale-Up and Commercialization

Biologics Sales Generated from Commercial or Clinical Projects (%)



Commercial Sales Generated from Molecules Secured in Clinical or Commercial (%)



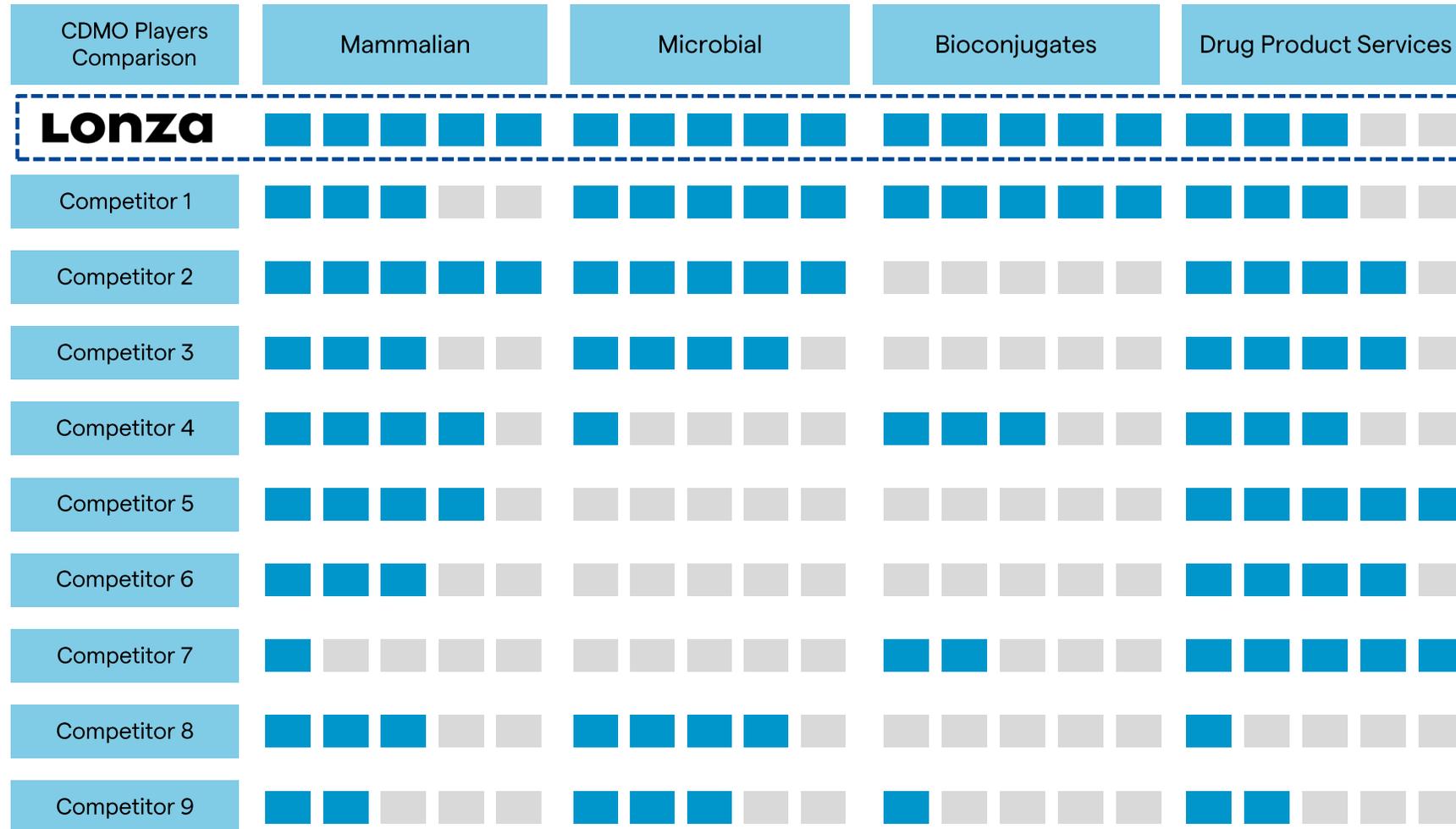
Our historical strength lies in commercial capabilities, which account for most of our sales and profitability

It is a segment with good visibility

~50% of commercial sales secured in clinical Phase 1 and 2 or earlier and increasing

Our rich clinical offering is set up to capture and retain molecules with high therapeutic and commercial value

# Most Complete Offer Delivered Through a Global Network



Pure-play CDMO and global network make us a partner of choice

Lonza has one of the most complete offerings across technologies

Fully integrated offering to manage the molecule across the entire lifecycle

# Review of Key Business Units

Mammalian

Bioconjugates

Microbial

Drug Product  
Services



# Review of Key Business Units

Mammalian

Bioconjugates

Microbial

Drug Product  
Services



# Strong Contribution and Outlook in Mammalian

Recognized industry leader

Developed global network across scales: from early-stage development to end of life management

Sustained double-digit growth from 2020 to 2023

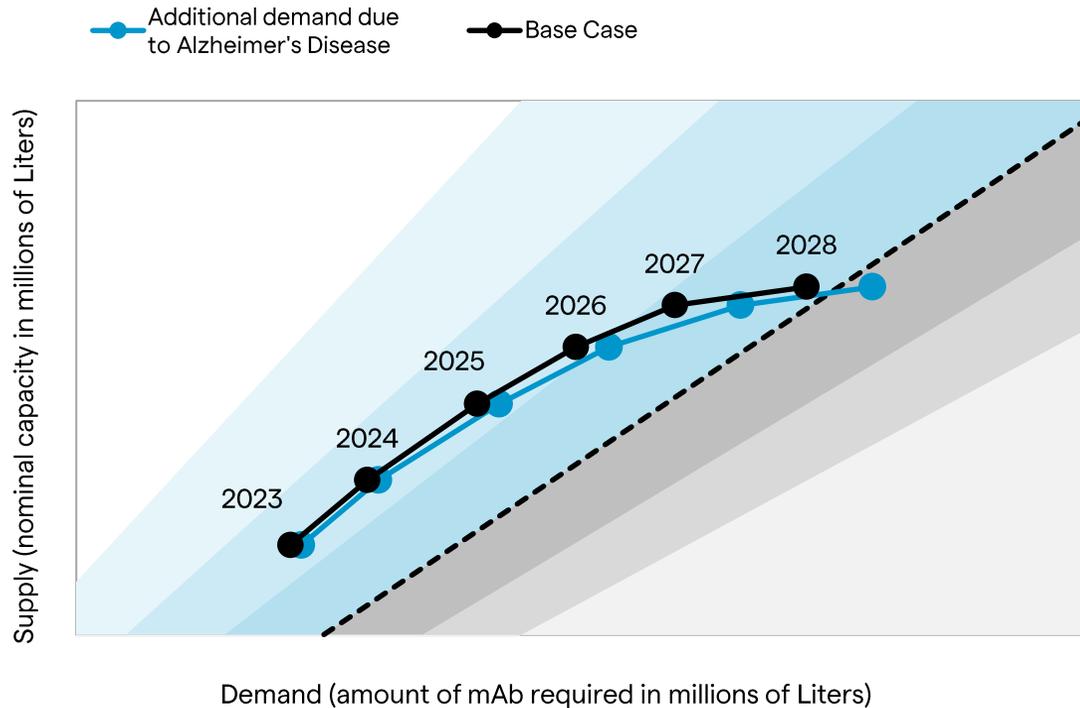
Business models tailored to customer needs

Strong pipeline both clinical and commercial with a >30% win rate

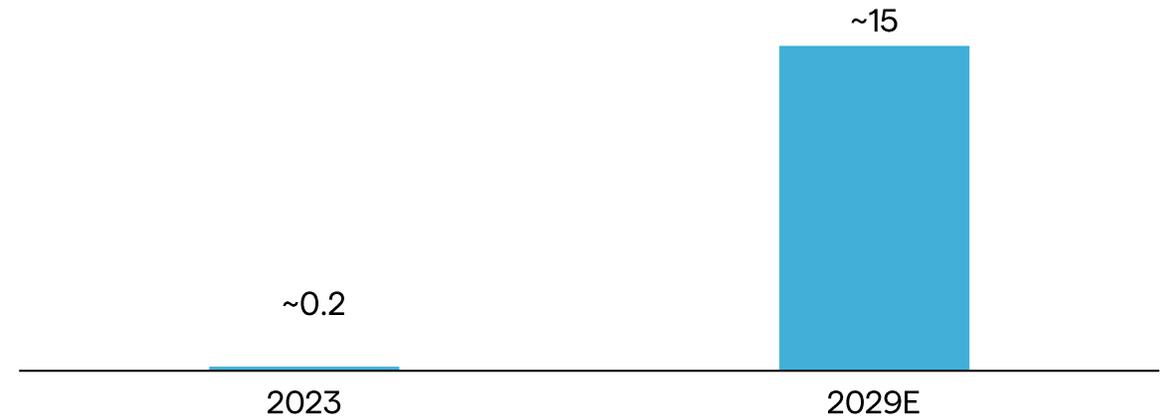


# Capacity Utilization is High and More Will be Required for Novel Indications

## Mammalian Industry Capacity Utilization (% Demand / Supply)<sup>1</sup>



## Sales Forecast for Alzheimer's Disease mAbs (bn USD)<sup>2</sup>



Additional capacity must be added 2025+ to meet new demand, especially large-scale manufacturing

Approval of ultra-large volume mAbs would exacerbate the situation and lead to a further 3 – 4% increase in industry capacity utilization

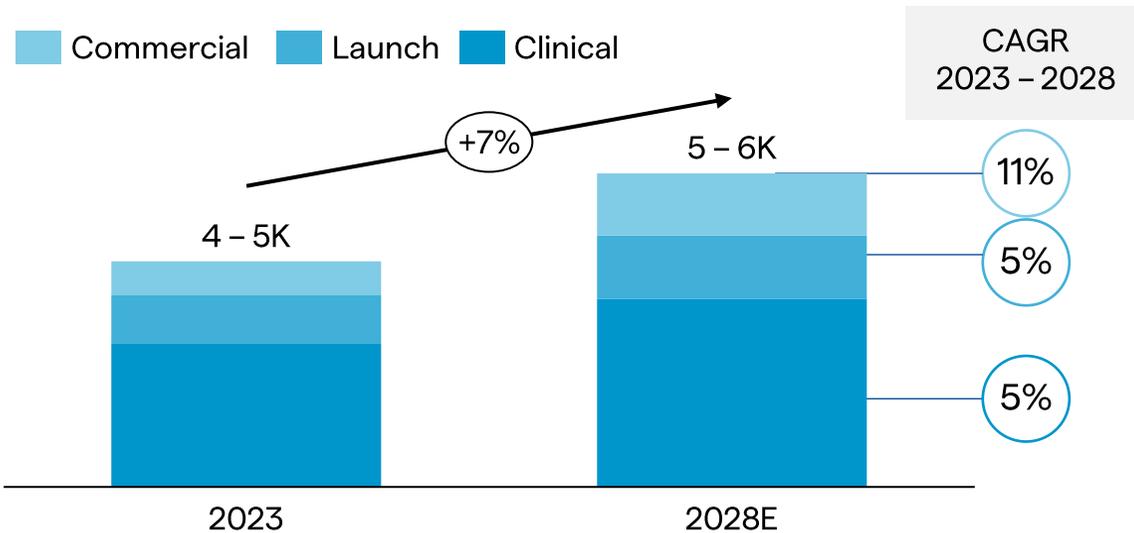
<sup>1</sup> Source: Lonza internal analysis, IQVIA, EvaluatePharma, Citeline, publicly announced capacity expansions (2023)

<sup>2</sup> Source: Lonza internal analysis, EvaluatePharma

<sup>3</sup> Estimated as maximum capacity utilization (--- dotted line)

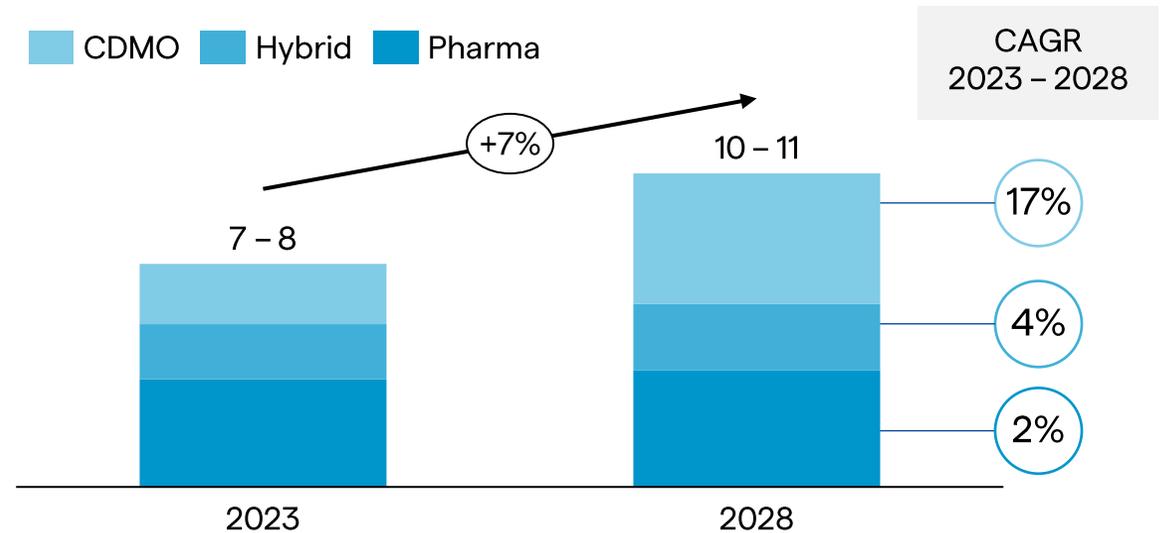
# Market Growth Driven by Healthy Pipeline and Commercial Programs

## Mammalian Molecule Pipeline (Number of Molecules)<sup>1</sup>



Sustained market growth, and increased demand for outsourcing in large-scale commercial manufacturing

## Total Capacity (m liters)<sup>2</sup>



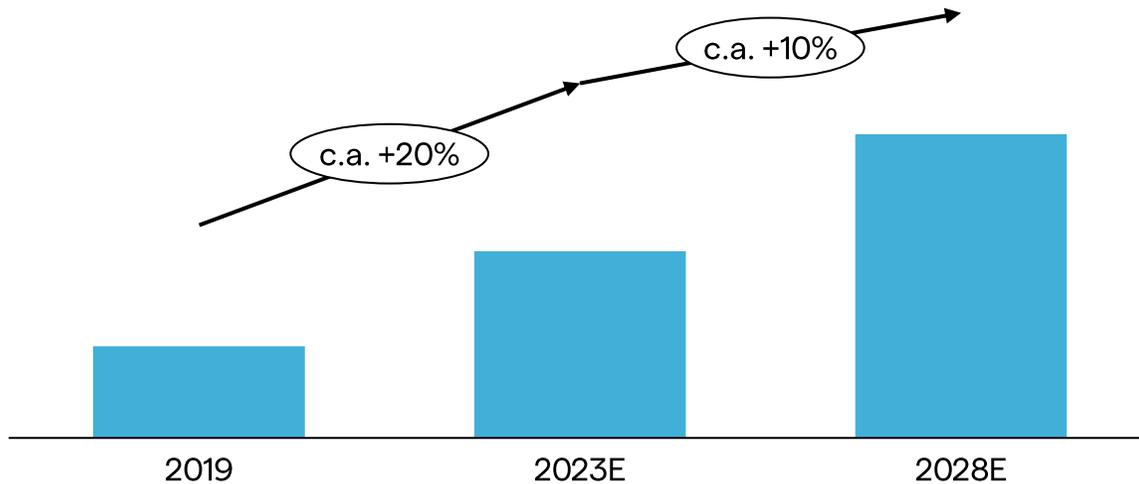
Total market supply is expected to increase through CDMO capacity

<sup>1</sup> Source: Lonza internal analysis, includes monoclonal and recombinant antibodies, proteins, peptides, and biosimilars

<sup>2</sup> Source: Lonza internal analysis; publicly announced capacity expansions (2023)

# Building Strong Clinical Pipeline to Secure Commercial Demand

## Evolution of Sales in Clinical and small-scale Commercial (in m USD)



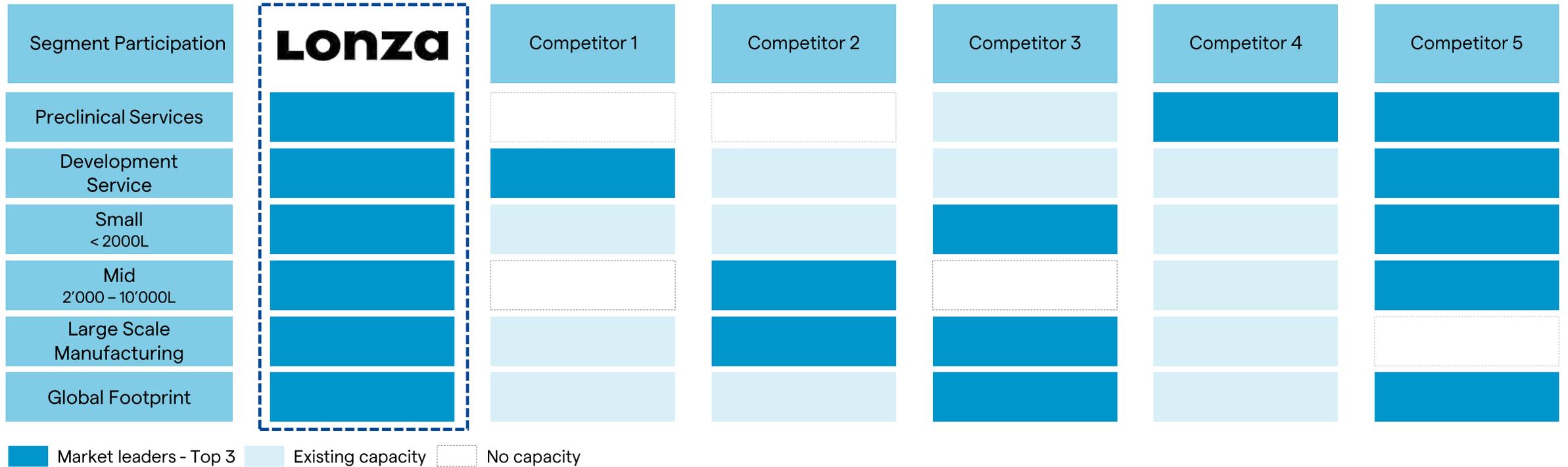
Anticipated 10% CAGR (2024 – 2028) will be supported by small-scale expansion in Visp, Portsmouth, Singapore and development services

## Mammalian Molecule Growth by Clinical Phase (%)

	Lonza Molecule Numbers CAGR 2019 – 2022
Pre-clinical	37.8%
Phase 1 – 2	16.1%
Phase 3	21.6%
Commercial	4.1%
<b>Total</b>	<b>18.1%</b>

Strong molecule acquisition and high retention rate will drive the growth and commercial pipeline

# Mammalian has the Most Complete Market Offering Across the Value Chain



# Review of Key Business Units

Mammalian

Bioconjugates

Microbial

Drug Product  
Services



# Capturing Accelerated Bioconjugates Market Growth with an Integrated Offering and Early Mover Position

Strongly growing market >10%, ADC >30%

Leading player with stronghold in commercial space and unique capabilities to integrate broad offering

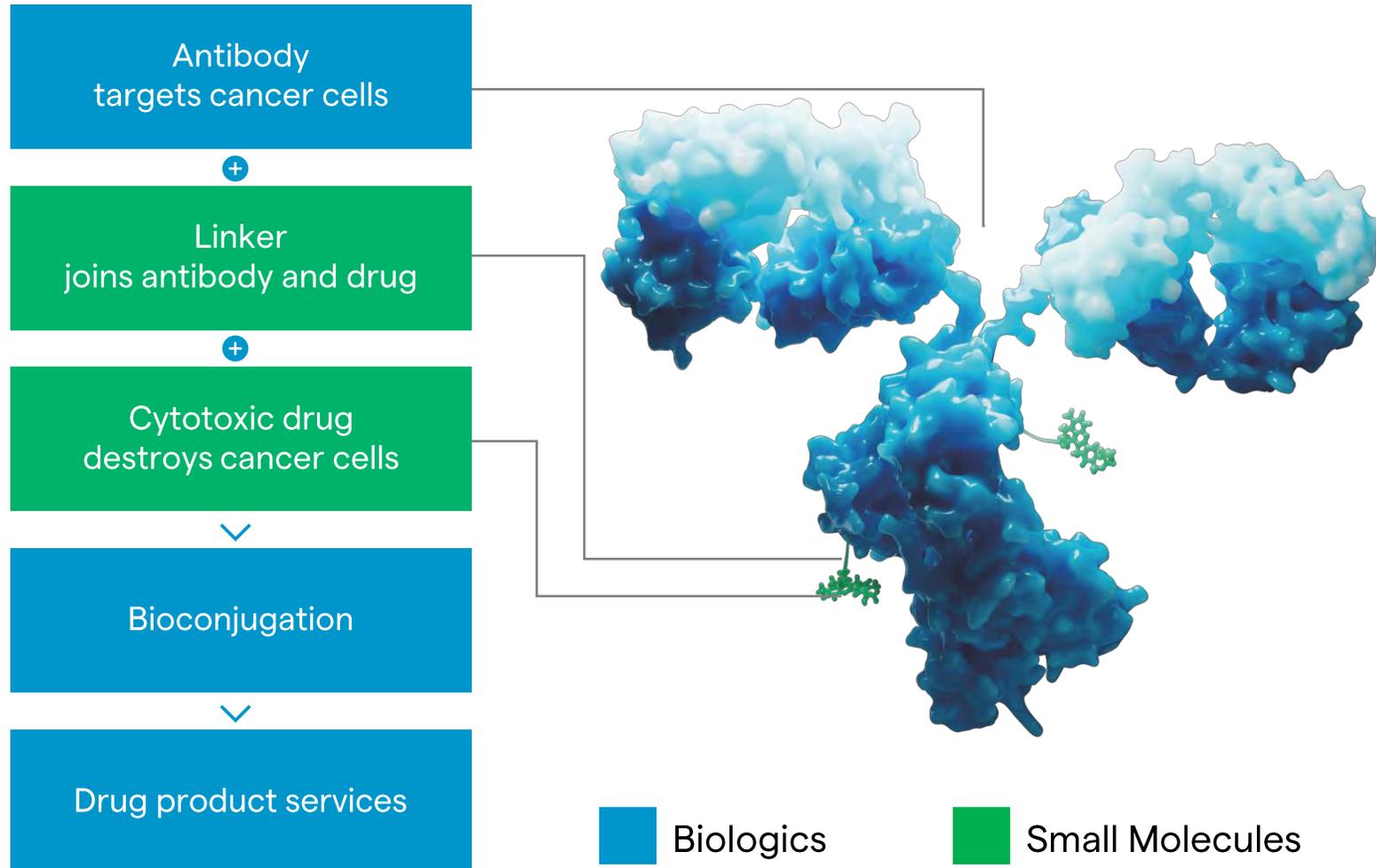
Strategic focus on life cycle management, and end-to-end offering

Drive innovation as a key differentiator

Solid growth and highly utilized asset. Opportunity to double the growth with investment



# ADCs – the Science and the Offering



ADCs<sup>1</sup> are a highly targeted and effective cancer treatment

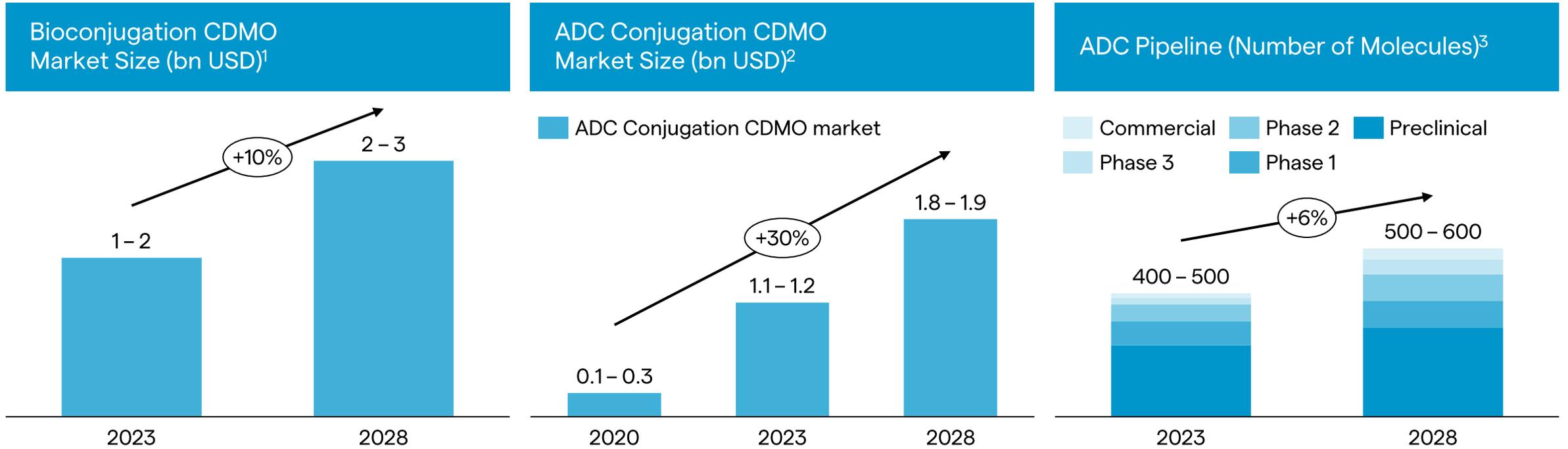
Integrated offering across divisions

Capabilities from discovery to commercialization

Leader in manufacturing commercially approved therapeutics

<sup>1</sup>Antibody Drug Conjugate

# Strong Growth of the ADC Conjugation CDMO Market at 30% CAGR



Market continues to grow, and supply chain complexity drives outsourcing  
Our end-to-end service provides a differentiated and attractive offering

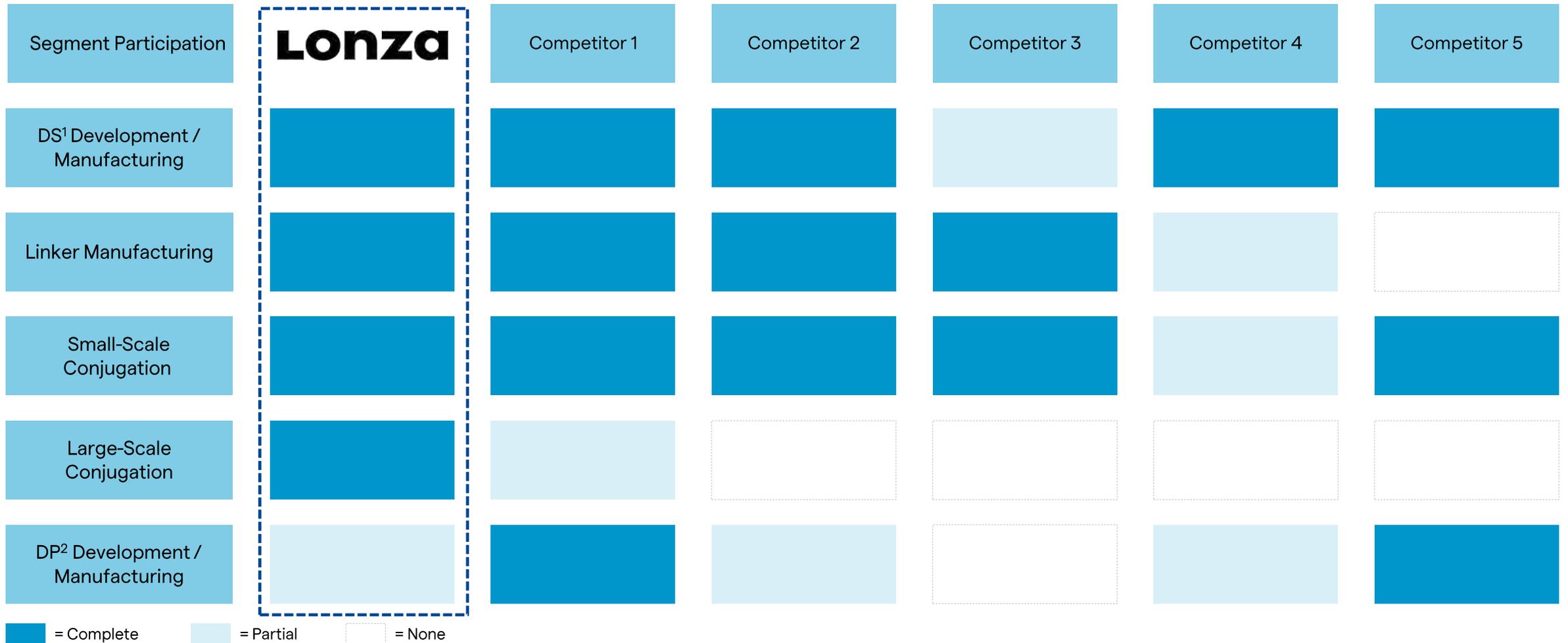
Strong preclinical pipeline supports ADC Pharmaceutical Acquisition of Synaffix supports molecule acquisition strategy and innovation focus

<sup>1</sup> Source: EvaluatePharma, GlobalData

<sup>2</sup> Source: Roots Analysis

<sup>3</sup> Source: Lonza internal analysis

# Ahead of Competition in Many Steps of the Conjugation Value Chain



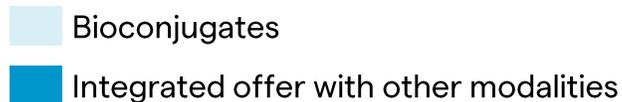
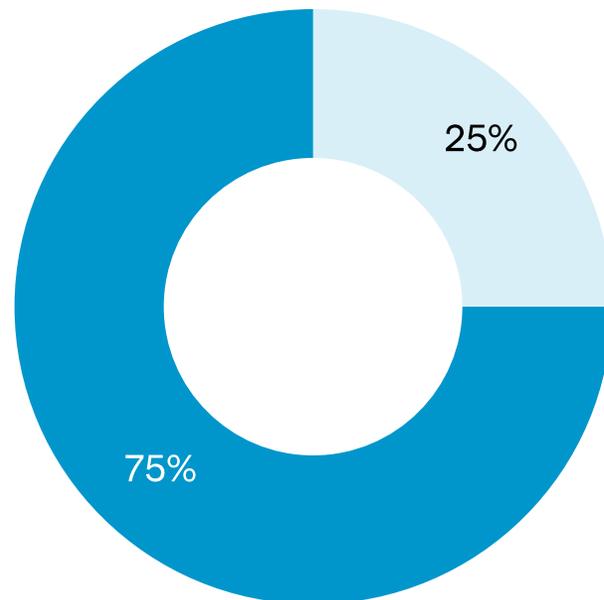
Source: Lonza internal analysis

<sup>1</sup>Drug substance

<sup>2</sup>Drug product

# End-to-End Offering Delivers Value to Our Customer and Business

## Expected Bioconjugate Revenues from Integrated Program in 2024



## Value created across Biologics

~50% of current Drug Product opportunities are linked to Lonza mAbs supply

70% of Lonza's top ten customers leverage a multi-platform solution, and this is an increasing trend

Around 40% of the open opportunities are integrated offer

# Market Demand and Innovation Supported by Business Growth

## Market Needs

Very strong ADC CDMO market growth

High demand for integrated offerings to reduce complexity

Need for Innovation: diverse payloads attached to mAbs (e.g., Oligos, polysaccharides, etc.)

## Our Business Response

2018

~65 batches

13 Programs

2023

~300 batches<sup>1</sup>

32 Programs

New multi-purpose and dedicated assets  
Synaffix acquisition drives innovation focus  
Commercialization expertise

Opportunity to double the business

<sup>1</sup>Excluding dedicated asset

# Review of Key Business Units

Mammalian

Bioconjugates

Microbial

Drug Product  
Services



# Strong Performance in the Robust Microbial Market

Sales grew 35% from  
2020 to 2023

Ramp up of new  
mid-scale asset and  
renewed customer  
pipeline

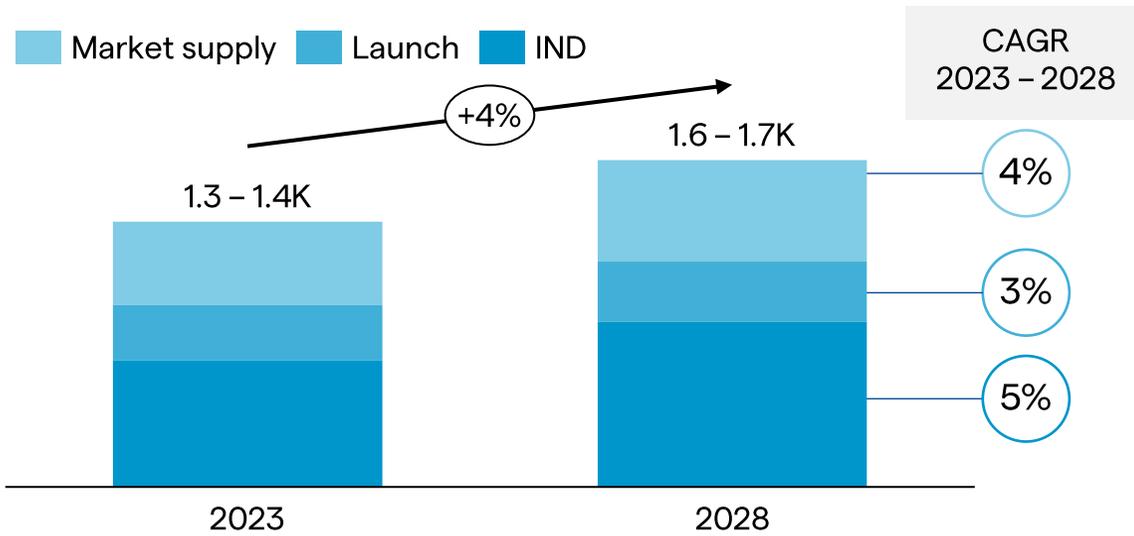
Our molecule pipeline  
grew by more than 15%  
CAGR from 2019 to  
2022

Selective molecule  
acquisition strategy



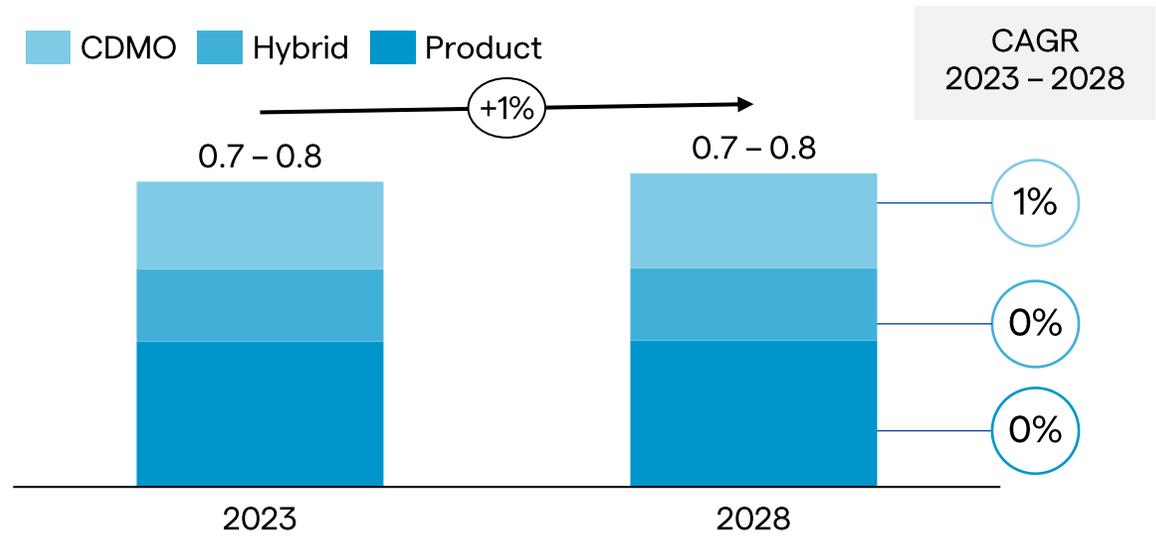
# Microbial CDMO Market Growth Driven by Robust Molecule Pipeline

## Microbial Molecule Pipeline (Number of Molecules)<sup>1</sup>



CDMO market growth is driven by late-phase manufacturing. Sustained IND growth reflects a healthy pipeline

## Total Capacity (in m liters)<sup>2</sup>

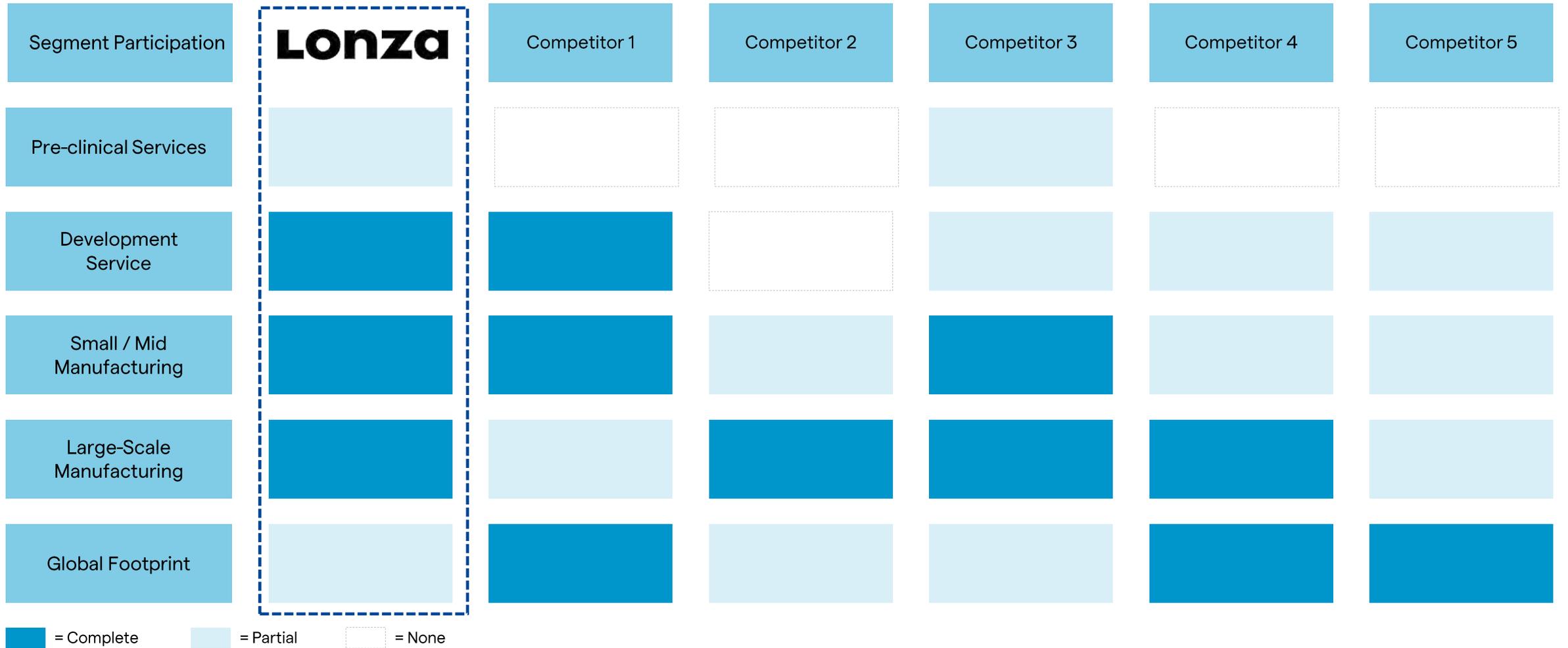


Overall, market supply grows slower than demand. Proprietary expression system supports our selective acquisition strategy

<sup>1</sup> Source: Lonza internal analysis, Citeline. Market data excludes bacterial cells. Pipeline data excludes bacterial cells, but includes biosimilars

<sup>2</sup> Sources: Lonza internal analysis; publicly announced capacity expansions (2023)

# Lonza Offers the Most Complete Service in the Microbial Market



# Review of Key Business Units

Mammalian

Bioconjugates

Microbial

Drug Product  
Services



# Drug Product Services (DPS) Operates in an Attractive Market Segment

Demonstrating  
20% YoY growth  
every year since  
2020

In 2022, DPS  
executed 180  
customer projects

1.5 – 2m doses  
produced between  
2022 – 2023

Expect to reach  
45m doses in 2030

Signings:

Drug product  
commercial anchor  
customer for Visp

First ADC customer

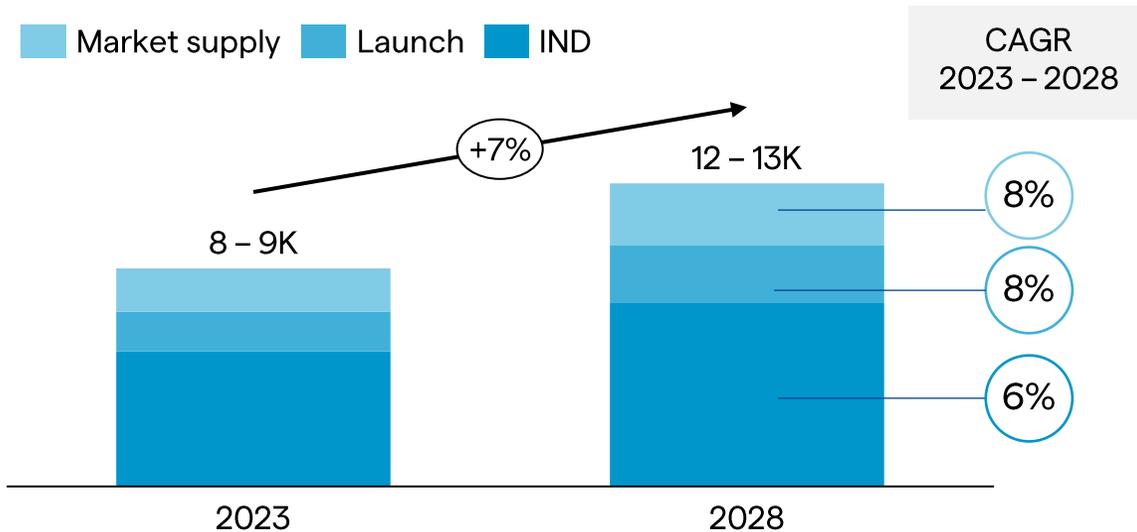
7 BLAs to date

>130 new product  
introductions  
since August 2019  
in Stein



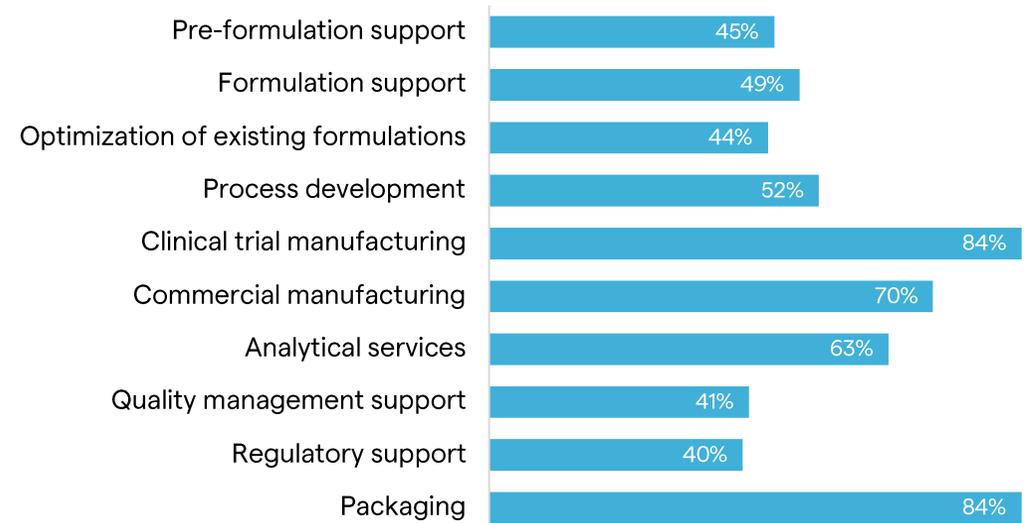
# Sustained DPS Market Growth in a Highly Outsourced Market

## Drug Product Molecule Pipeline (Number of Molecules)<sup>1</sup>



Drug Product CDMO market value growth driven by large and growing biologics pipeline. Specific growth in next-generation biologics and biosimilars fuels demand for injectables

## The Outsourcing Rate of Activities for Sterile Injectables (%)<sup>2</sup>

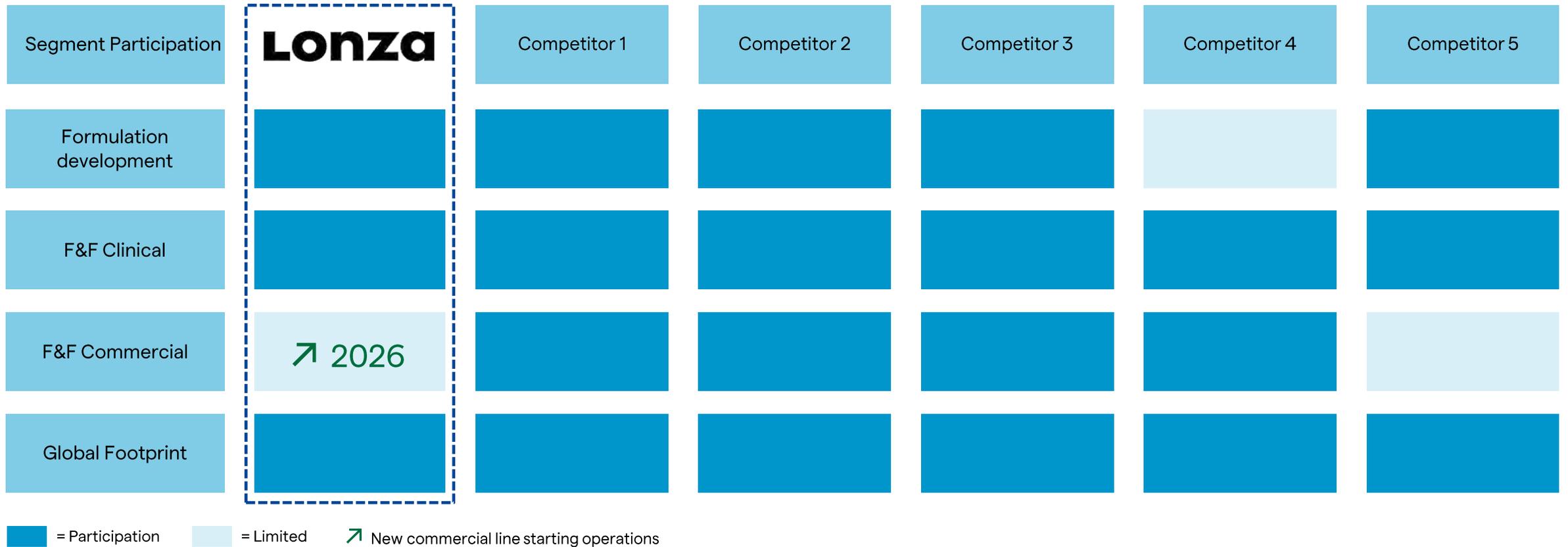


With new commercial capacity and an attractive integrated offer, we can capture growth in the outsourcing of clinical products (past focus) and commercial products (future focus)

<sup>1</sup> Source: Lonza internal analysis, Citeline

<sup>2</sup> Sources: Outsourced Pharma Report 2021, FDA.gov, GlobalData

# DPS Business is Closing the Gap with Other Market Leaders

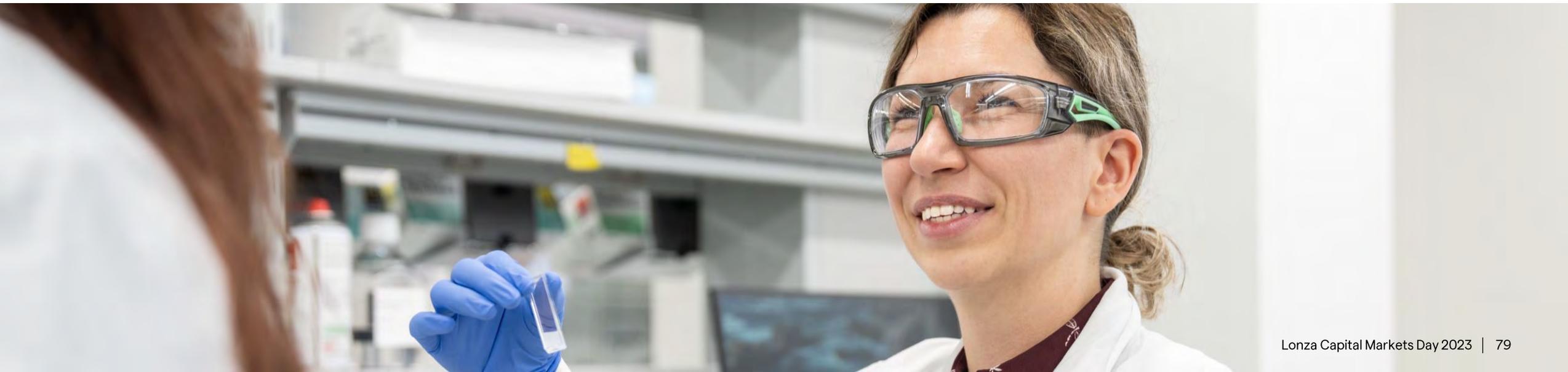


# Division Summary

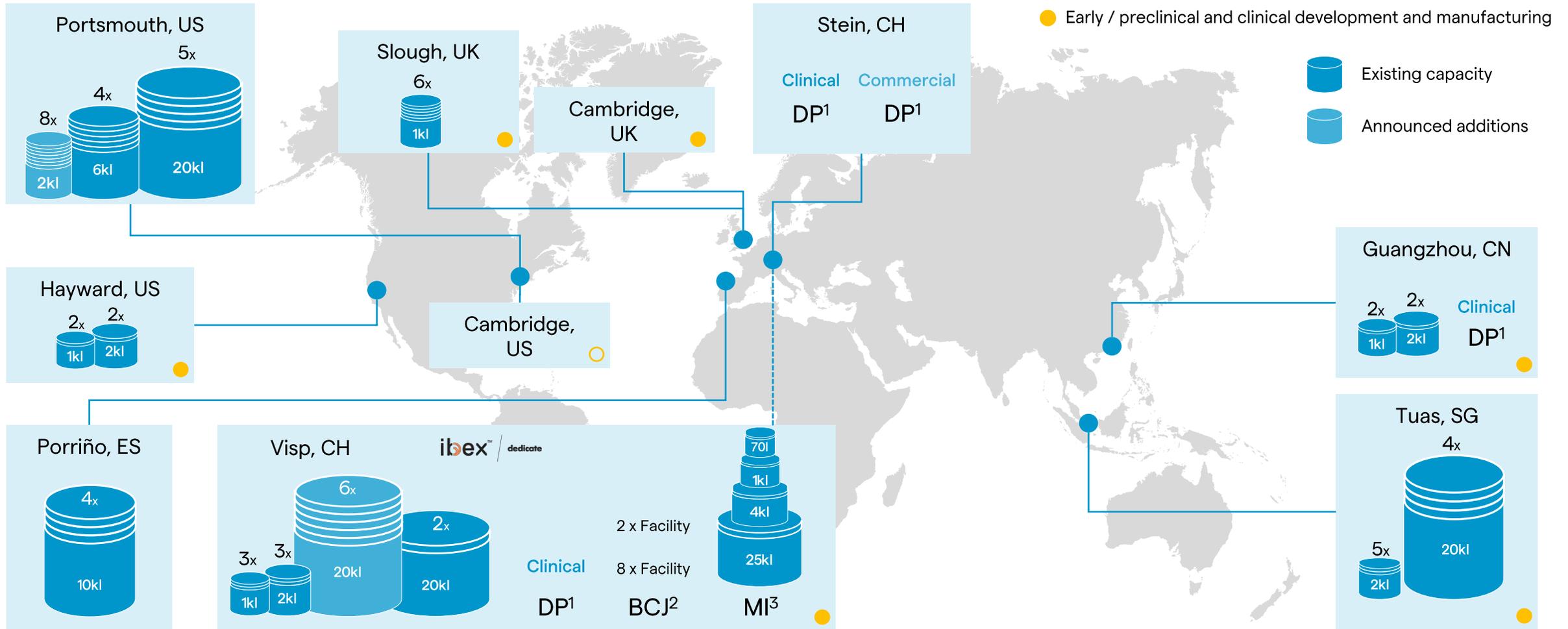
Operations

Innovation

Financials



# Tailored Customer Offerings on a Global Scale

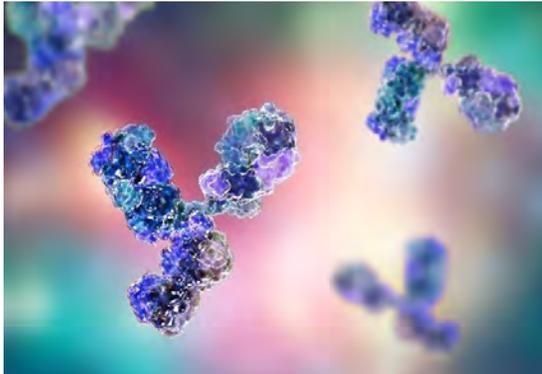


<sup>1</sup> DP: Drug Product  
<sup>2</sup> BCJ: Bioconjugate  
<sup>3</sup> MI: Microbial

Source: Internal data

# Enhancing our Technological Edge through Targeted Innovation

## Expression Technologies



“Gene-to-IND” early-phase service offers improved timelines, titers and product quality

bYlok™ scaffold and other gene editing technologies

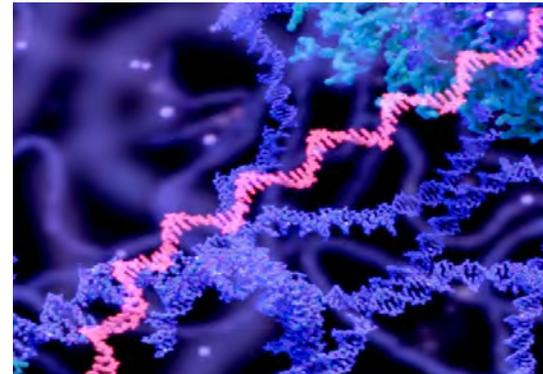
## Continuous Bioprocessing



Cost of Goods reduction in both clinical and commercial assets

N-1 perfusion and continuous purification technologies

## Next-Generation Modalities



Early-stage capabilities in mRNA and bioconjugation to complement existing expertise in scale-up and commercial supply

## Digitization



Technologies for real-time control of bioprocess performance in both clinical and commercial assets

Machine learning and AI tools optimize complex bioprocesses and yields

# Licensing of Biologics Technologies Anticipates Trends and Creates Innovation Opportunities

Strong IP  
property portfolio

Detector for  
market trends  
and innovation

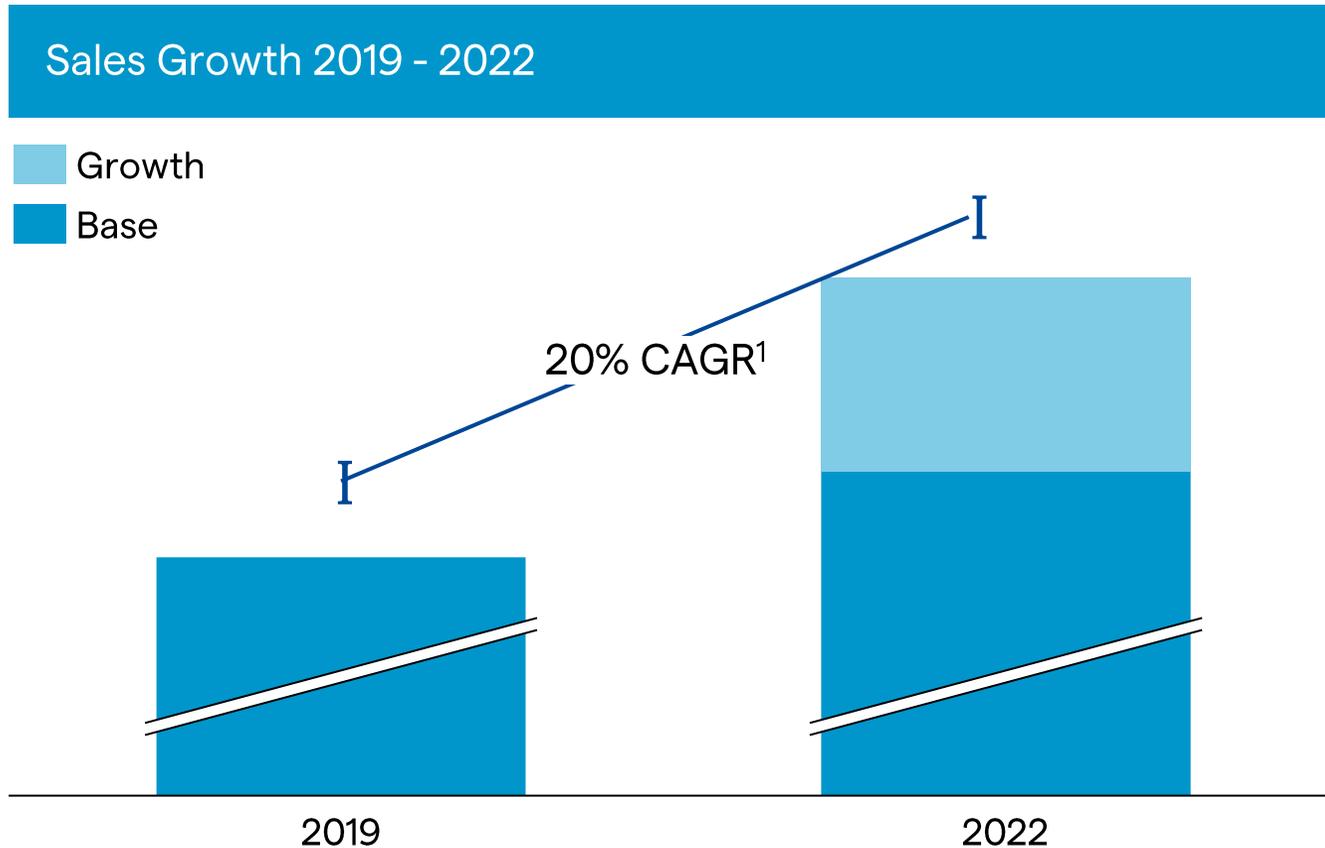
Strong GS  
expression system  
offering, completed  
by technology  
acquisitions and  
strategic in-licensing  
(GS piggyBac<sup>®</sup>,  
bYlok<sup>®</sup>)

Business model  
aligned with  
customer need and  
molecule lifecycle

Highly profitable  
business grows  
below industry  
average



# Historical Sales Growth Benefited from Growth Project Delivery



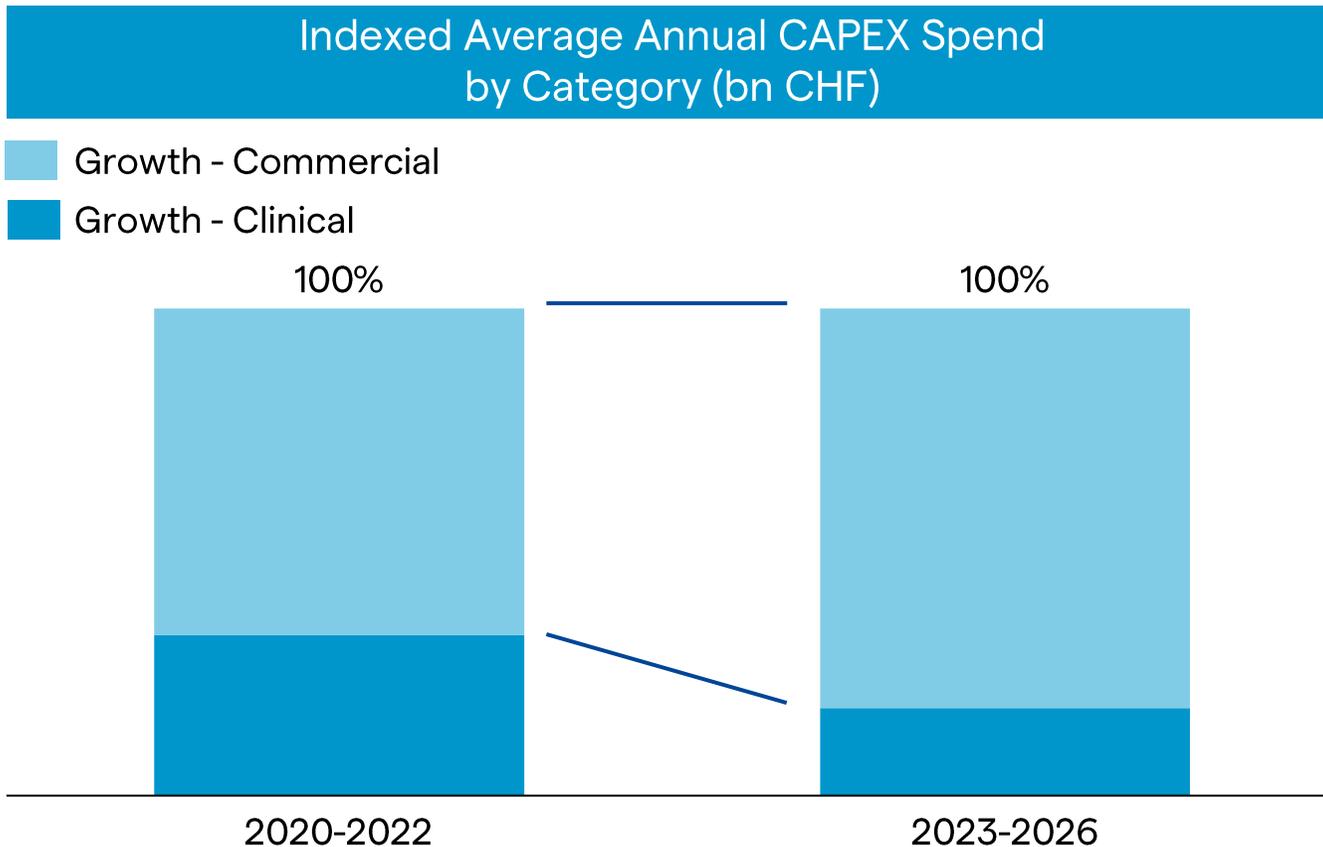
Overall, Biologics grew sales by 20% CAGR CER between 2019 and 2022 and 13% CAGR CER excluding Moderna

Past investments into growth projects such as Moderna, Ibex<sup>®</sup> Design, or mid-scale mammalian facility resulted in significant growth

Base business growth supported by throughput optimization

<sup>1</sup>2019 – 2022 Sales CAGR at constant exchange rates

# Future Investments Focus on Expanding Commercial Capacity



Past investments further strengthened the required infrastructure for clinical pipeline and lifecycle management

Investment will focus on expanding commercial capacity to harvest the clinical pipeline (including large-scale Mammalian, Bioconjugation, Commercial Drug Product Fill & Finish)

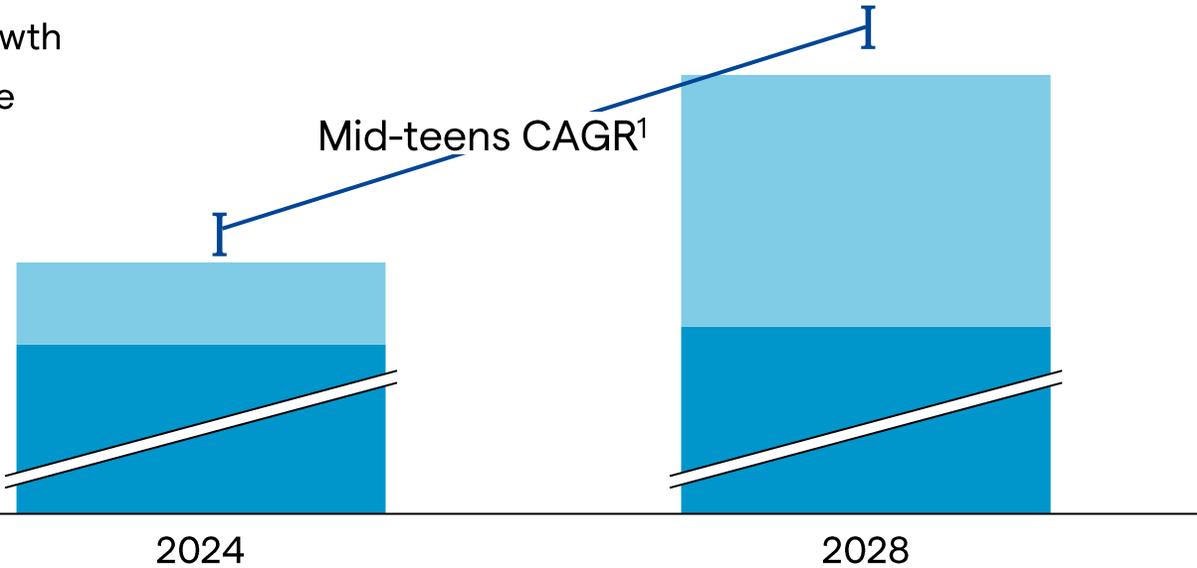
Mid- to long-term investment required to replace end-of-life assets as well as replacement of IBEX contract termination

# Mid-teens Growth Sustained by Strong Outsourcing Trend and Growth Project Execution

## Sales Growth Outlook<sup>1</sup>

Illustrative (m CHF)

■ Growth  
■ Base



Mid-Term Guidance  
2024 – 2028

Mid-teens CAGR Sales growth<sup>1</sup>  
>35% CORE EBITDA margin in 2028

## Market and Business Highlights

**Growth:** sales exceeds market growth, driven by large commercial contracts, upcoming additional capacity, and future commercial expansion

**Profit:** sustained by commercial growth investments and operational improvements. Fluctuation linked to timing of asset ramp-up

**CAPEX:** focus on expanding commercial capacity, maintenance of existing assets and site infrastructure updates

<sup>1</sup>2024 – 2028 Sales CAGR at constant exchange rates

# Closing Remarks

Biologics market leader

The market is attractive,  
we can capture share

We have the right fundamentals  
and have the right strategy

Our Commitment

Mid-Term Guidance 2024 – 2028:

Mid-teens CAGR growth<sup>1</sup>  
>35% CORE EBITDA margin

# Small Molecules

Gordon Bates

Meeting our Customers' Complex Small  
Molecules Needs



# Executive Summary

---

A proven strategy to create and capture value

An industry leading reputation developed over 40 years

An attractive and growing target market

# Proven Strategy to Create and Capture Value

## Our Purpose

We help customers develop and manufacture innovative small molecule medicines through our commitment to science, technology and delivery

## Strategic Priorities

Be a strong development partner driven by science

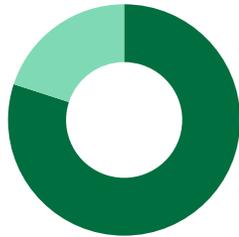
Be present throughout the product lifecycle

Make the customer experience great

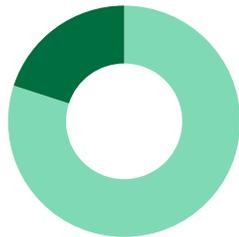
# Our Leading Industry Reputation Developed over 40 Years

% Sales 2022

Drug  
Substance



Particle  
Engineering  
and Drug  
Product



Trusted partner for quality and security of supply

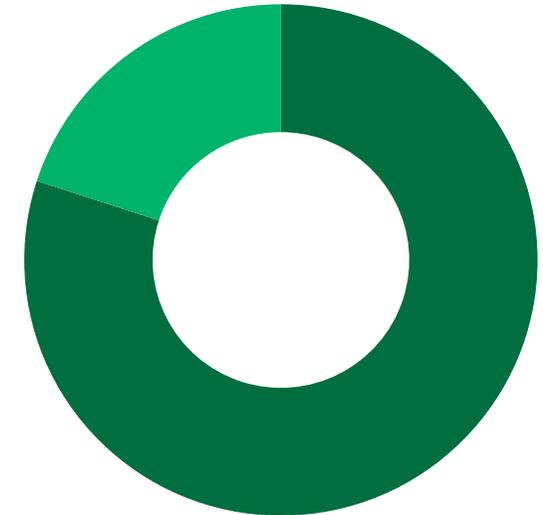
Expert scientific, regulatory and manufacturing teams

Strong and loyal customer base

Broad asset network provides flexibility for niche to high-volume product demand

Integrated product supply

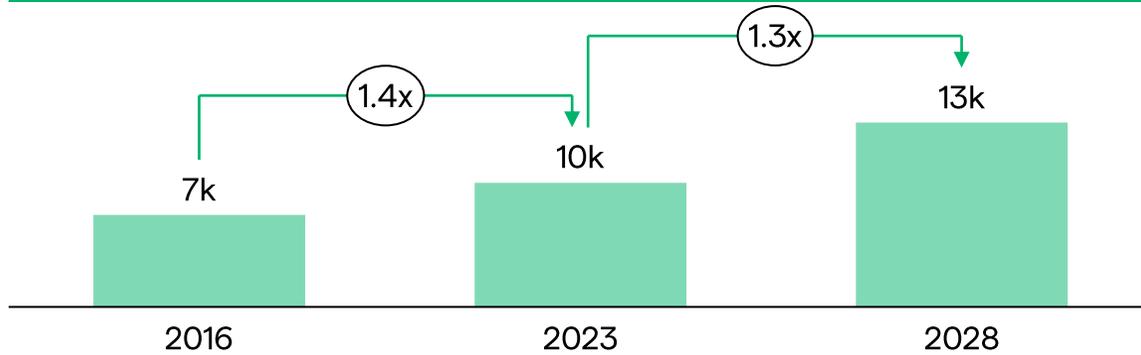
Sales Portfolio 2022



Commercial  
Clinical

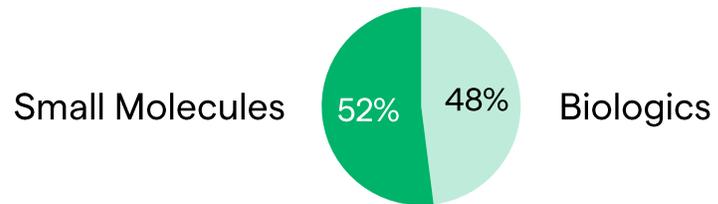
# We Play in an Attractive and Growing Market

## Record Number of Small Molecules in Development



Number of small molecules in development<sup>1</sup>

## Lonza Capabilities Aligned with Major Market Modalities

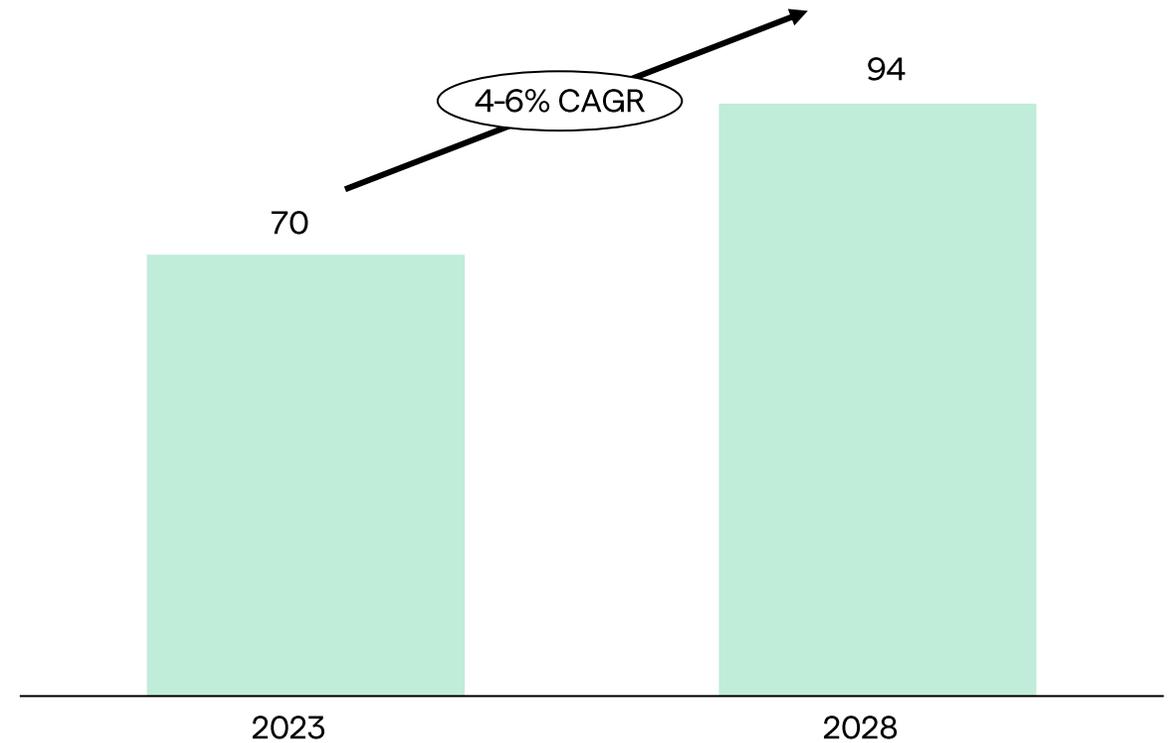


% molecules in global drug pipeline, 2023<sup>1</sup>

<sup>1</sup> Source: Lonza internal analysis, Citeline

<sup>2</sup> Source: Lonza internal analysis, EvaluatePharma

## Attractive and Growing Market



% Small Molecules Outsourced Market, in bn USD<sup>2</sup>

# Our Capabilities are Well Aligned with Key Market Trends

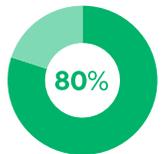
## Small Molecule Market Trends<sup>1</sup>



of molecules approved for oncology, most being highly potent molecules (HPAPI)



of molecules with solubility issues



of pipeline owned by smaller companies



of regulatory approved drugs on accelerated pathways<sup>2</sup>

## Our Capabilities

Proven expertise for development and manufacturing of complex HPAPI / ADC processes

Industry-recognized scientific expertise for bioavailability enhancement

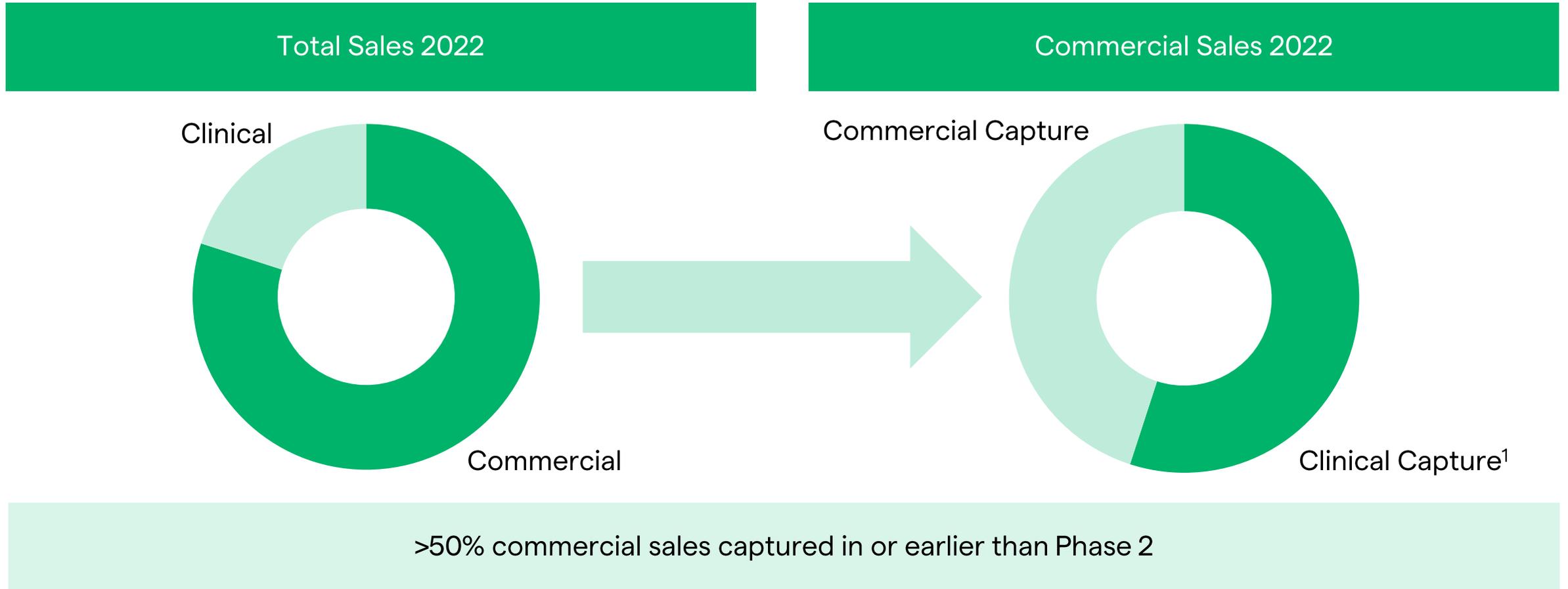
Close customer relationships cultivated

Mature quality processes and regulatory expertise supports rapid scale-up and commercialization

<sup>1</sup> Source: Lonza internal analysis, Citeline

<sup>2</sup> Includes FDA approvals assigned special designations such as priority review, accelerated approval, fast track, breakthrough therapy, and orphan classification

# We are a Trusted Partner for Scale-Up and Commercialization

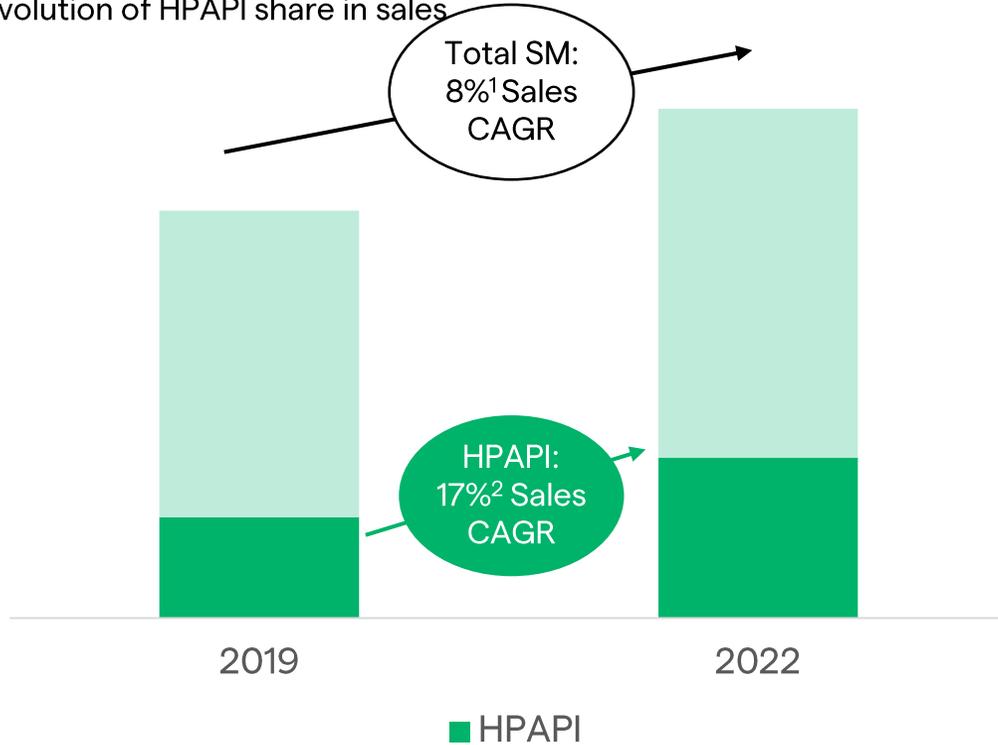


<sup>1</sup> Sales % generated from molecules captured in pre-clinical, clinical Phase 1 and 2

# Our Highly Potent API (HPAPI) Expertise Supports Blockbuster Oncology Products

## Strong and Growing HPAPI Business

Evolution of HPAPI share in sales



<sup>1</sup> 2019 – 2022 Sales CAGR at constant exchange rates

<sup>2</sup> 2019 – 2022 Sales CAGR at actual exchange rates

## Proven HPAPI Commercialization Track Record



Existing Facility, Visp

- HPAPI Drug Substance manufacturing
- Products scaled from clinical to commercial
- Large pharma portfolio – long-term contract
- Operational since 2021

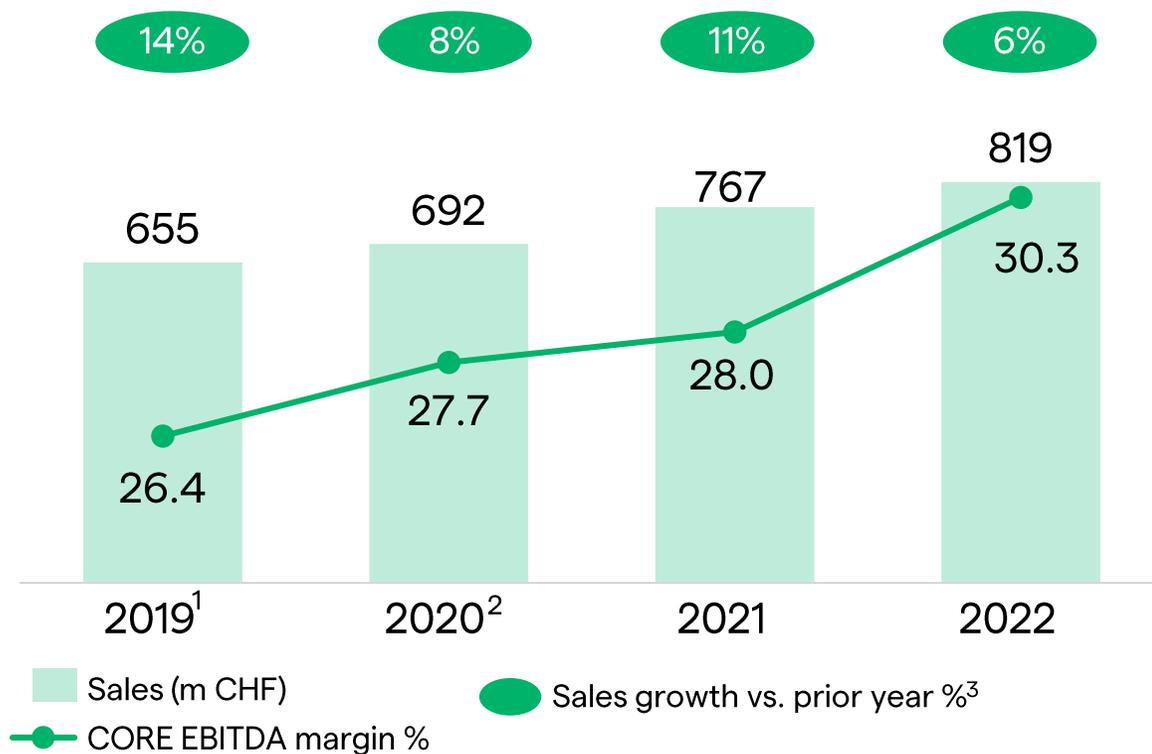


New Manufacturing Complex, Visp

- New manufacturing complex including dedicated ADC production suite
- Product scaled from clinical to commercial
- Large pharma – long-term contract
- Operational in 2024
- Integrated supply chain with Biologics

# A Strong Financial Performance Track Record

## Key Financials



<sup>1</sup> 2019 like-for-like, adjusted for changes in divisional structure and Alternative Performance Measure policy

<sup>2</sup> 2020 restated as published in Annual Report 2021

<sup>3</sup> At constant exchange rates

<sup>4</sup> 2019 – 2022 Sales CAGR at constant exchange rates

<sup>5</sup> 2019 – 2022 CORE EBITDA CAGR at actual exchange rates

## Performance Drivers

Sales  
8% CAGR<sup>4</sup>

Secure base capacity utilization with loyal customer portfolio

Dedicated capacity expansions supported by long-term agreements

EBITDA  
13% CAGR<sup>5</sup>

Asset and product portfolio management

Operational excellence

Operating leverage

# Investing in Strong Global Network to Drive Future Growth



## Future investment priorities

Commercial drug substance to capture strong demand (incl. HPAPI)

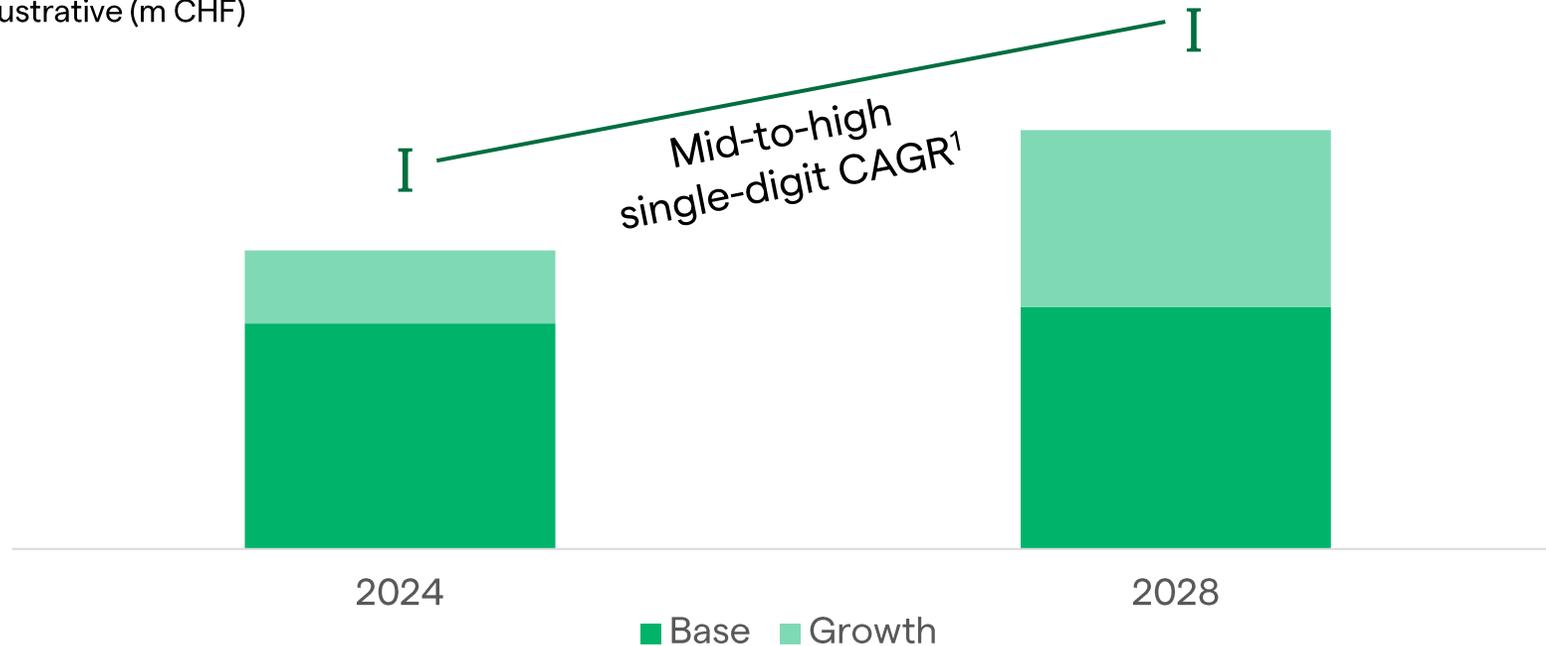
Early-phase drug substance capacity to accelerate pipeline capture

Commercial particle engineering to support pipeline commercialization

# Our Future Trajectory is Driven by Capacity Expansion Projects

## Sales Growth Outlook

Illustrative (m CHF)



Mid-Term Guidance  
2024 – 2028

Mid-to-high single-digit growth<sup>1</sup>  
>30% CORE EBITDA margin in 2028

Record levels of order commitments and broad contract coverage

Healthy late-stage pipeline expected to commercialize

Strong utilization of base assets

Non-linear sales profile as growth assets scale to peak

Sustained margin performance

<sup>1</sup>2024 – 2028 Sales CAGR at constant exchange rates

# Closing Remarks

A proven strategy to create  
and capture value

An industry-leading reputation  
developed over 40 years

An attractive and  
growing target market

Our Commitment

Mid-Term Guidance 2024 – 2028:

Mid-to-high single-digit growth<sup>1</sup>  
>30% CORE EBITDA margin

# Cell & Gene

Daniel Palmacci

Driving the Commercialization of Cell  
and Gene Therapies



# Executive Summary

Attractive Market	Cell and Gene Market has shown transformative efficacy, now is becoming established through commercialization phase  CDMO Market growing at CAGR ~15% in CHF From 2024 to 2028			
Strategic Pillars	Manufacturing expertise	Commercialization track record	Innovation	Partnerships with frontrunners
Our Businesses	Cell & Gene Technologies	Bioscience	Personalized Medicine (Cocoon®)	
Synergistic Offerings	CDMO services leader	Specialty product business	Innovative start-up	
Strategy to Differentiate	Commercialization engine	Leader in selected core markets	Solving for affordability and scalability	

# Review of Key Business Units

Cell & Gene Technologies

Bioscience

Personalized Medicine



# Review of Key Business Units

Cell & Gene Technologies

Bioscience

Personalized Medicine



# Cell & Gene Technologies are Poised to Remain a Commercialization Leader

Recognized industry leader

Delivered 30% topline CAGR and turned to profitability between 2018 and 2022

Leader in successful CGT commercialization with a large proportion of outsourced, marketed products

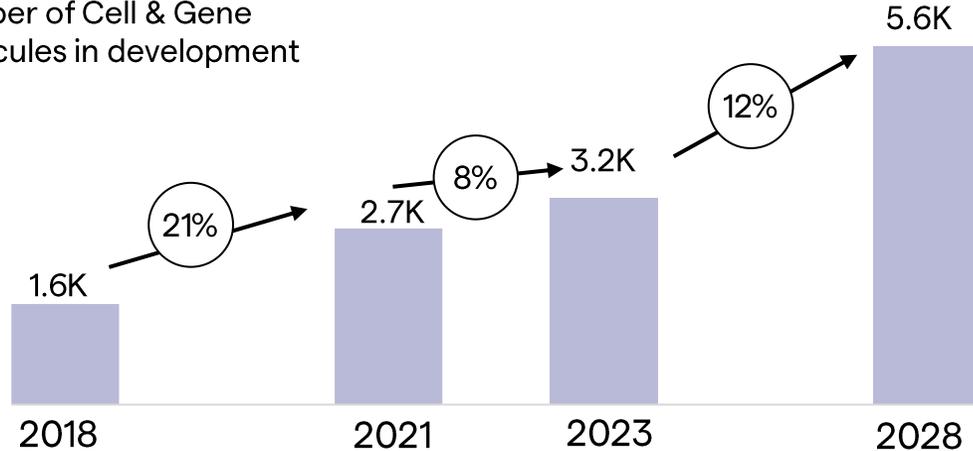
Strategically investing in novel and disruptive technologies



# The Market Shifted from Optimism to Temporary Slowdown, with a Strong Outlook Driven by Increased Commercialization

## Temporary Slow-Down Recently Impacted Early-Stage Pipeline

Number of Cell & Gene molecules in development

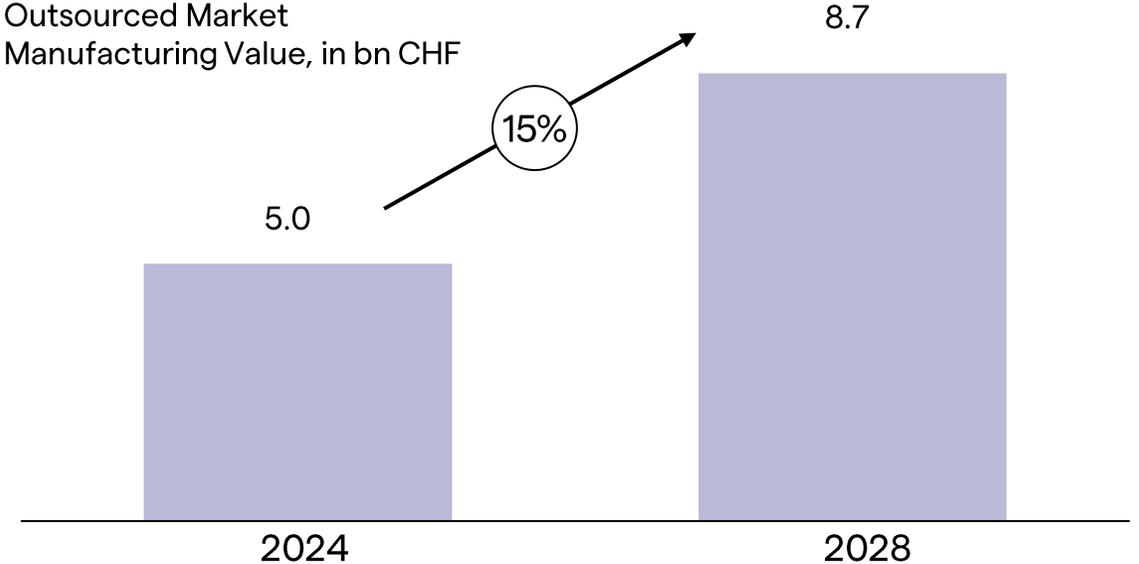


**CAGR 18 – 21      CAGR 21 – 23      CAGR 23 – 28**

Phase 3 / Commercial	13%	19%	17%
Phase 1 / 2	16%	12%	16%
Preclinical	24%	5%	8%

## Strong Growth of Cell & Gene CDMO Market Driven by Commercial Products

Outsourced Market Manufacturing Value, in bn CHF



# Clear Trend for Increased Outsourcing

## Key drivers for outsourcing

Expertise is key to successful manufacturing. Challenge for small companies to hire and develop people

Multiple developers face manufacturing challenges

Developers are choosing to allocate scarce funds to clinical development, instead of manufacturing

Visible trend in industry to divest facilities: multiple companies approached us in recent years to sell their facilities – majority were developers

Outsourcing levels are expected to be in line with the biologics market

Modality	Share Outsourced 2028 <sup>1</sup>
Biologics	52%
Viral Vectors	58%
Allogeneic	45%
Autologous	49%

<sup>1</sup>Outsourced manufacturing share by 2028

# Lonza has a Robust Strategy and Benefits from Global Trends in Cell & Gene

Trend	Customer	Lonza	Competitors
	Interest / Demand	Readiness	
CMC / BLA de-risking	Strong	Positive	Neutral to Negative
Flexible capacity	Strong	Positive	Neutral to Negative
Emerging modalities	Strong	Positive	Neutral
Cost reduction	Strong	Neutral to Positive	Positive to Neutral
Financial resilience	Medium	Positive	Positive or Negative

# Our Competitive Position is Strong Across Both Modalities and Services

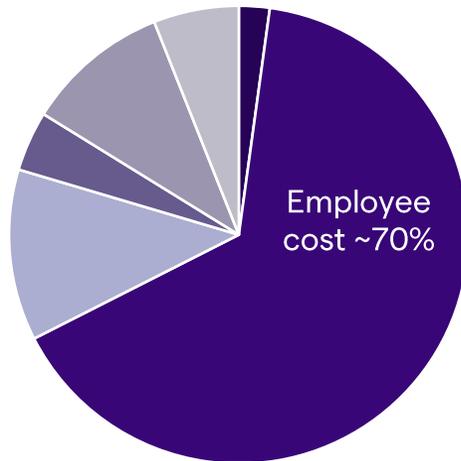
Modalities / Services	<b>Lonza</b>	Competitor 1	Competitor 2	Competitor 3	Competitor 4	Competitor 5	Competitor 6
Cell Therapy	Strong	Moderate	Moderate	Moderate	Moderate	Weak	Moderate
Viral Vector Therapy	Strong	Strong	Moderate	Moderate	Moderate	Strong	Moderate
Exosomes	Strong	Weak	Weak	No capability	No capability	No capability	No capability
PSCs	Strong	No capability	Weak	Weak	Strong	No capability	No capability
Platforms	Moderate	No capability	No capability	No capability	Moderate	Moderate	No capability
Process Development	Strong	Moderate	Weak	Weak	Weak	Strong	Weak
Clinical Manufacturing	Strong	Strong	Strong	Moderate	Strong	Strong	Strong
Commercial Experience	Strong	Strong	Moderate	Moderate	Moderate	Strong	Moderate

Strong
  Moderate
  Weak
  No capability

# The Largest CDMO Capability and the Three Outsourced, Commercial Products

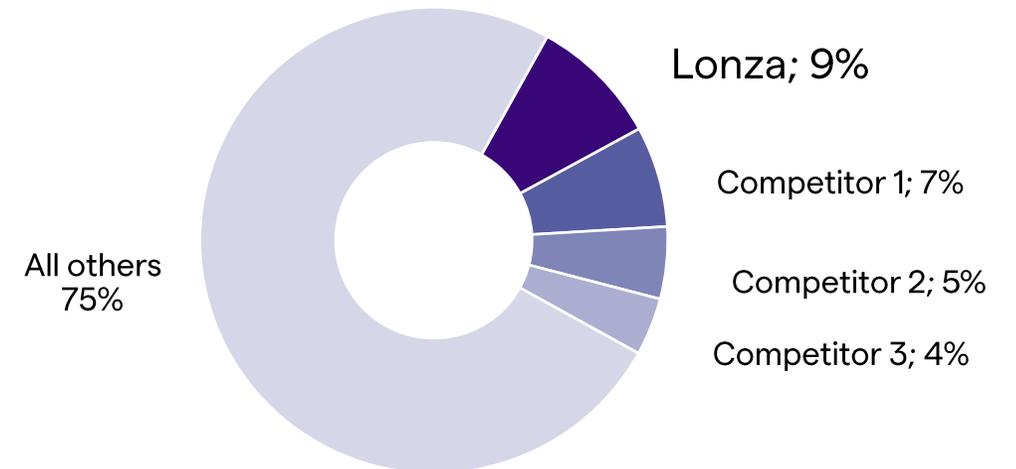
Employee cost has the main share of COGS<sup>1</sup> and is a good proxy for capacity

Manufacturing cost breakdown



Lonza has the largest CDMO capability

% share in CDMO by FTE



In Cell & Gene manufacturing, capability plays a decisive role in defining success

Since 2015, 22 CGT products<sup>2</sup> have been approved, ~50% outsourced to CDMOs  
Lonza supports three commercial products

<sup>1</sup> Cost of goods

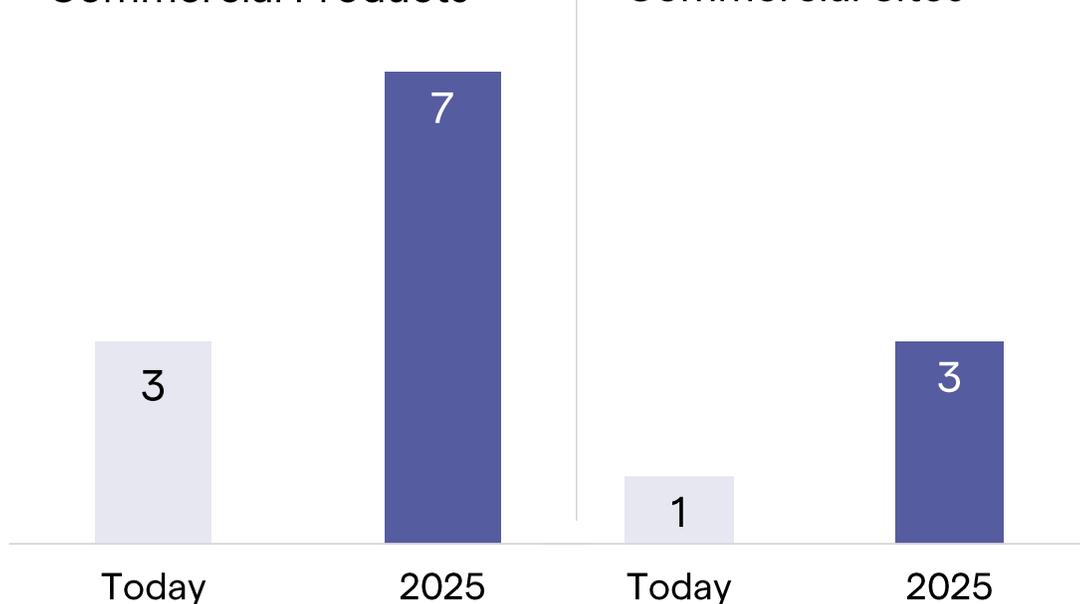
<sup>2</sup> Second generation CGT products include immunotherapy, gene therapy, and gene-modified cell therapy  
Source: Alliance for Regenerative Medicine 2023 State of the Industry Briefing report, LinkedIn Insights

# Set to Remain a Leader in the Commercialization of Cell & Gene Therapies

By 2025 our Manufacturing Network will Shift to Commercial

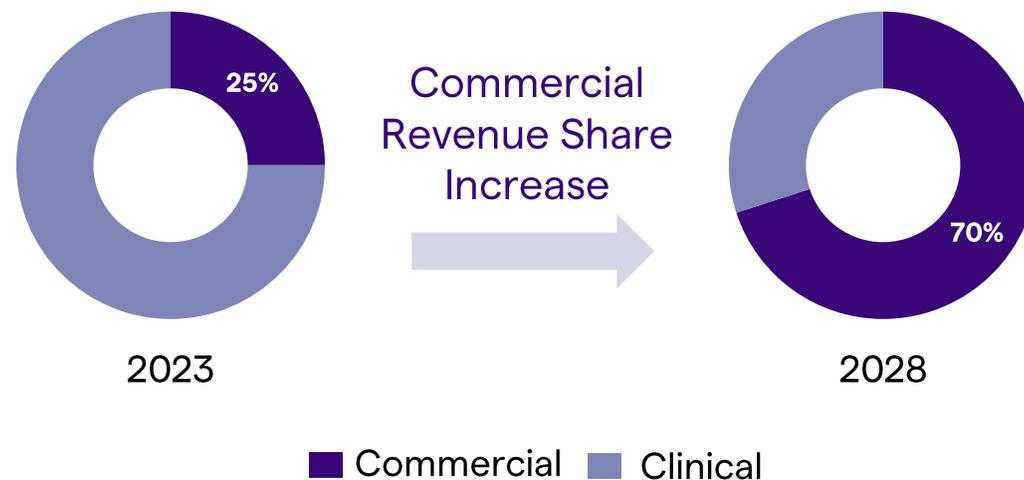
Commercial Products

Commercial Sites



Three commercial products already in portfolio and four more expected in the next 18 months

% of CDMO Revenues from Commercial Programs



Lonza revenue percentages will shift from clinical to commercial

# Strategically Investing in Novel and Disruptive Technologies

Vertex deal to build a Dedicated Manufacturing Facility for Type 1 Diabetes (T1D) Cell Therapies

Vertex and Lonza will co-invest in CAPEX

New facility will span more than 12,000m<sup>2</sup>

~300 new jobs in Portsmouth (US)



Acquired Core Assets from Codiak Biosciences to Expand Exosomes (Extracellular vesicles) Offering

The acquisition established Lonza's leading position in this emerging modality

IP for advanced and proven linking /loading/ decoration technologies and manufacturing process

1,700m<sup>2</sup> facility in Lexington (US) manufacturing Extracellular Vesicle products (both DS and DP)



DS: Drug Substance, DP: Drug product

# Review of Key Business Units

Cell & Gene Technologies

Bioscience

Personalized Medicine



# Bioscience Continues to Deliver Above Market Growth and Strong Margin Progression

Strong portfolio:

Cell culture media

Electroporation and  
Nucleofector®  
Technology

Endotoxin testing

MODA

Delivered 12% revenue  
CAGR over last 5 years

Profitability grew from  
single digits to >30% in  
the last 5 years

Strategy to maintain  
leading presence in the  
markets we  
strategically target

Investment needed to  
continue to grow and  
modernize



# Innovation is at the Heart of our Competitive Advantage

Benefiting from customer reach and industry expertise

## TheraPEAK® T-Vivo® Medium

Enhanced CAR-T drug safety profile with chemically-defined formulation

Lower CAR-T COGS<sup>1</sup> with best-in-class productivity / performance



## TheraPRO® CHO Medium

Reduced mAb production time due to ease of use

Lower mAb COGS with best-in-class productivity (~4 times vs. competition)



## Endotoxin Testing

Optimized microplate readers for streamlined endotoxin and pyrogen testing



<sup>1</sup>Cost of goods sold

# Review of Key Business Units

Cell & Gene Technologies

Bioscience

Personalized Medicine



# Cocoon® Platform Can Solve Cell Therapy Manufacturing Challenges

## Cell & Gene Manufacturing Challenges

High levels of manufacturing  
process complexity and logistics

Affordability of cell therapies

Current solutions not scalable  
enough to meet patient demand



## Cocoon® Platform Can Solve These Challenges

High process robustness and  
consistency

Reduced logistics through option  
for Point-of-Care manufacturing

Closed, automated manufacturing  
with reduced labor

Efficient scale out with the Tree,  
reduced clean room requirements;  
lower error rates

# Treating Patients Across the World with the Cocoon® Platform

~100 Cocoons in use by  
customers

~20 active customers

Successfully supported  
multiple customers  
from pre-clinical to  
Phase 2

Delivering seven-day  
Point-of-Care  
vein-to-vein therapy

Delivering clinical  
products that  
consistently meet  
quality requirements

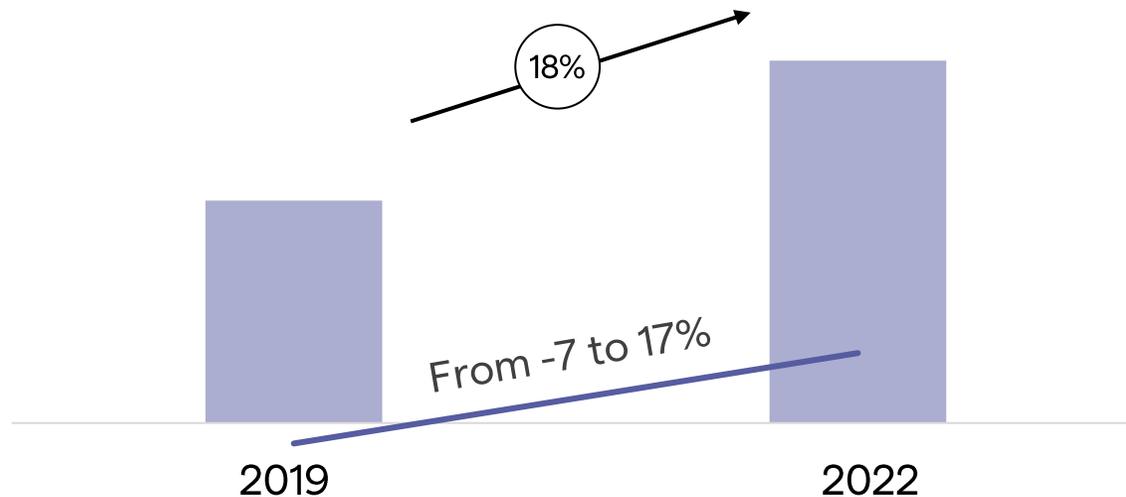
Investments focused on  
R&D roadmap and  
platform development



# Lonza Cell & Gene Division Has a Strong Financial Track Record

## Division Key Financials

- CORE EBITDA %
- Sales



## Profitable Growth Above Market

Sales

Portfolio shifting toward commercialization

Dedicated build-outs for pioneering partnerships

EBITDA

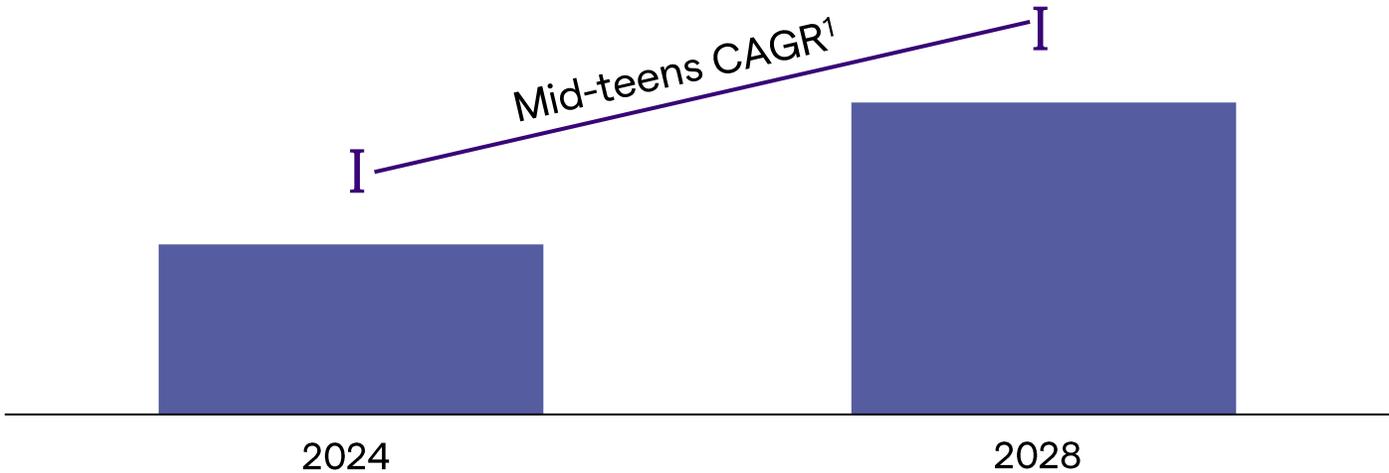
Optimized facility utilization

Favorable business mix towards late phase and commercial programs

# Cell and Gene Division Outlook and Mid-Term Guidance

## Sales Growth Outlook<sup>1</sup>

Illustrative (m CHF)



## Market and Business Highlights

- Drive top line through increasing share of commercial projects
- Improved margins with operational leverage and optimized asset utilization
- Innovation in modalities and processes
- Continue to strengthen operations
- Integrated platforms

## Mid-Term Guidance 2024 – 2028

Mid-teens CAGR Sales growth<sup>1</sup>  
>25% CORE EBITDA margin in 2028

<sup>1</sup>2024 – 2028 Sales CAGR at constant exchange rates

# Closing Remarks

Three synergistic businesses create an attractive future opportunity

Becoming a “commercialization engine”

Strategically investing in novel technologies and into growing product businesses

Our Commitment

Mid-Term Guidance 2024 – 2028:

Mid-teens CAGR Sales growth<sup>1</sup>  
>25% CORE EBITDA margin

# Capsules & Health Ingredients

Christian Seufert

Leading with a High-Value and Innovative  
Capsule and Service Offering



# Executive Summary

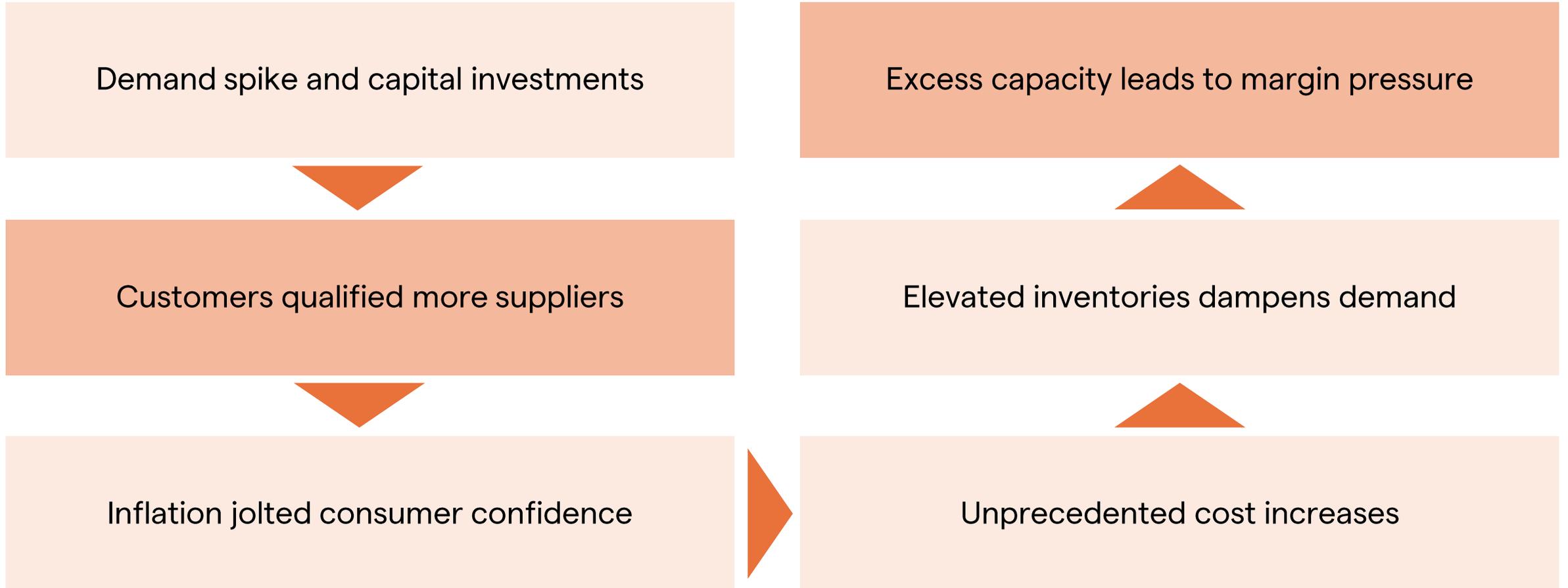
Our market	Best-in-class business in all target markets			
	Hard Empty Capsules (HEC) CAGR 2 – 3%	Dosage Form Solutions (DFS) CAGR >5%	Selected Health Ingredients (HI) CAGR >5%	
Our customer offering	Broad portfolio of customizable products	Innovative partner	Commercial and technical services	
Our strategy	Growth at or above market	Process innovation and network optimization	Product and service innovation	
Our expertise and capabilities	Customer centricity	Automation and precision engineering	Leading quality and productivity	Capsule innovation: shaping the future

# Well Positioned in Attractive and Robust Markets

	Market Growth <sup>1</sup>	Our Growth	Market Trends	Lonza Offer
Hard Empty Capsules (HEC)	2-3%	In line with market	Tighter quality standards Clean labels and innovation	Broad product and service portfolio Novel and functional capsules
Dosage Form Solutions (DFS)	>5%	Above market	High value differentiation	Specialized CMO services Unique delivery solutions and aesthetics for differentiated brand positioning
Health Ingredients	>5%	Above market	Clinical evidence	Strong scientific claims and engaging branding

<sup>1</sup>2022 – 2028 CAGR in USD for addressable market; Source: Lonza internal analysis

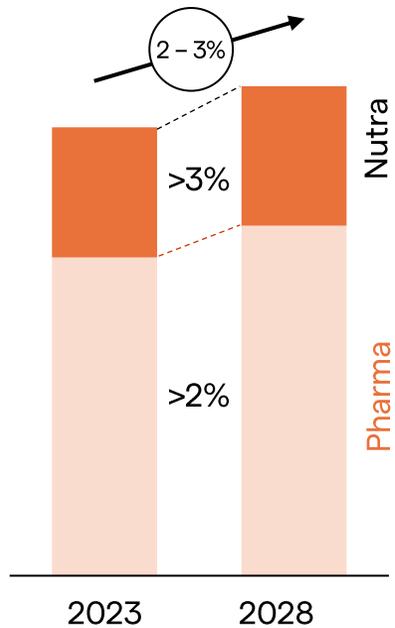
# Industry Experienced Market Headwinds Through COVID-19 and Post-Pandemic Recovery



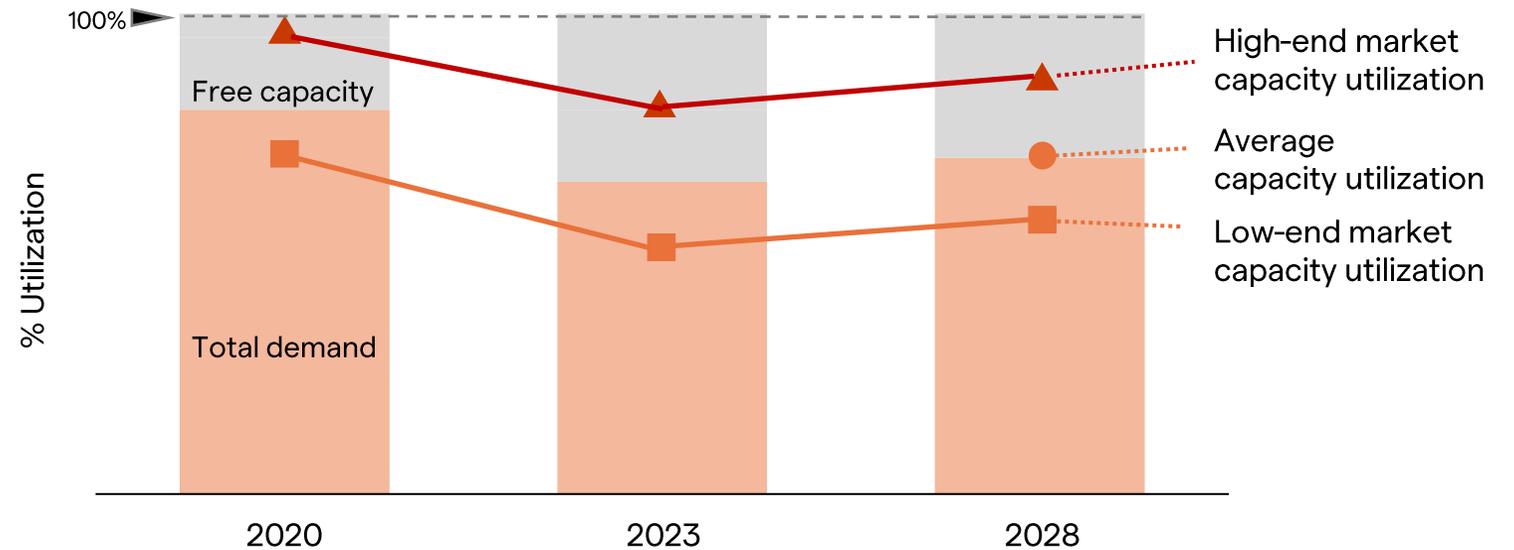
 = Temporary  = Persistent

# HEC Market Growth Remains Robust While Pandemic Surge Led to Capacity Expansion Particularly in Low Quality Segment

Nutra HEC Marginally Outgrows Pharma HEC



Excess Capacity in Total Market and High-End Capsule Market



# Customers Confirm Our Best-in-Class Quality, Innovation and Service Offering

Customer Value	<b>Lonza</b>	Competitor 1	Competitor 2	Competitor 3	Others
Quality Standards	Leading	Industry Standard	Industry Standard	Industry Standard	No capability
Customer and Technical Service	Leading	Industry Standard	Sub-standard	Sub-standard	Sub-standard
Process Innovation	Leading	Leading	Sub-standard	Sub-standard	Sub-standard
Product Innovation	Leading	Industry Standard	Industry Standard	No capability	No capability
Co-Innovation	Leading	Industry Standard	Sub-standard	No capability	No capability

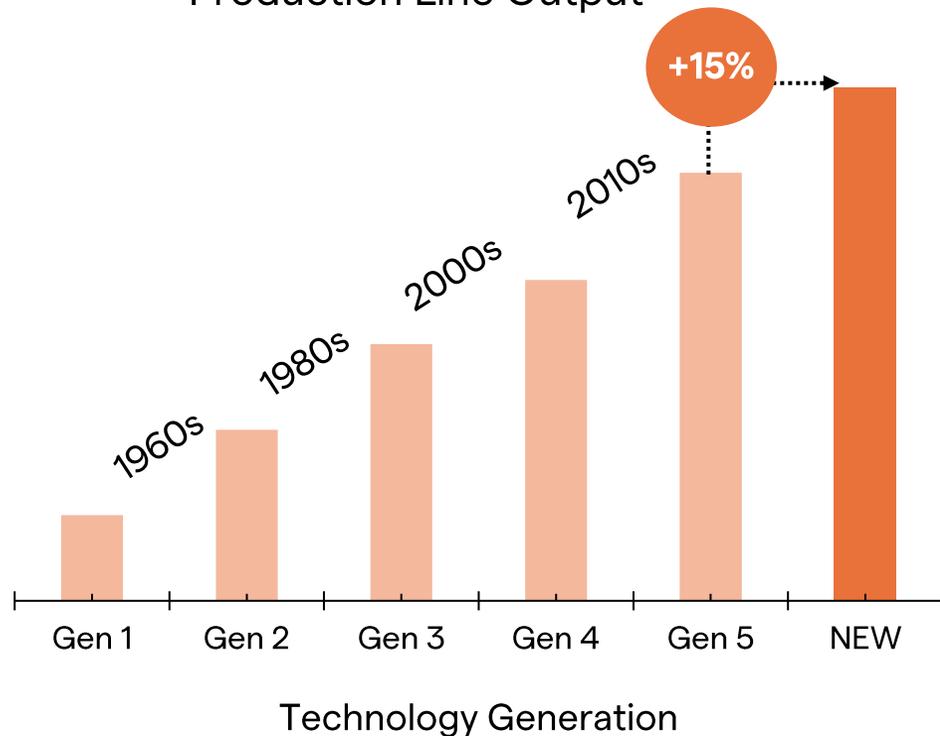
= Leading
  = Industry Standard
  = Sub-standard
  = No capability



# Process Innovation: Manufacturing Technology Platform Drives Improvement in Productivity and Quality

## Next Generation Technology Platform

### Production Line Output



## Continuous Network Improvement

New proprietary HEC technology:  
Higher output with lower weight and dimensional variability

First line fully operational in Q1 2024

Initiate full scale deployment in 2025

Automation (e.g. inspection systems)

Focused CAPEX at most competitive sites  
to optimize network

# Product Innovation: Revenue of Innovative Capsules Outgrows Market at Higher Margins

Market Trends	Recently Launched Innovative Capsules		Unique Opportunities
Modified Release		Capsugel® Enprotect® Novel Dual Layer Innovation Platform for targeted intestinal release	>200
Clean Labels		Capsugel® Plantcaps® Natural and Pure	>100
Dynamic Regulations		Capsugel® TiO <sub>2</sub> -Free Capsule	>150

# Service Innovation: Dosage Form Solutions Show Attractive Growth and Opportunity Pipeline

## Business Highlights

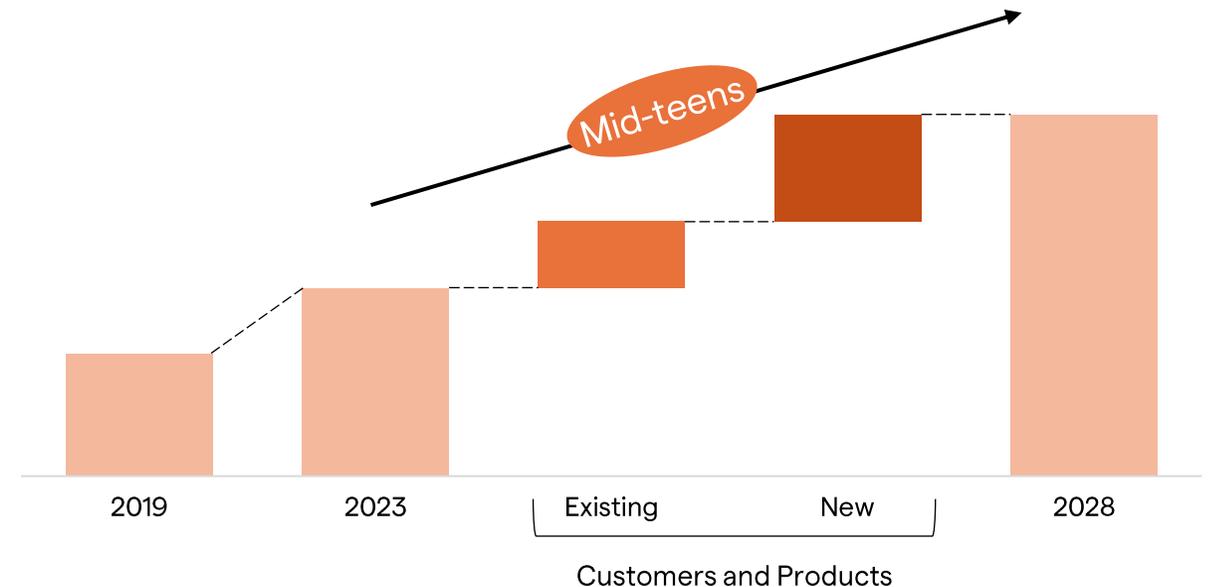
Capacity expansions completed

Growing business with loyal customer base

Signed LOI for multi-year supply agreement with leading player in the US market

Deployment of new sealing technology increasing productivity

## Business Plan and Opportunity Pipeline



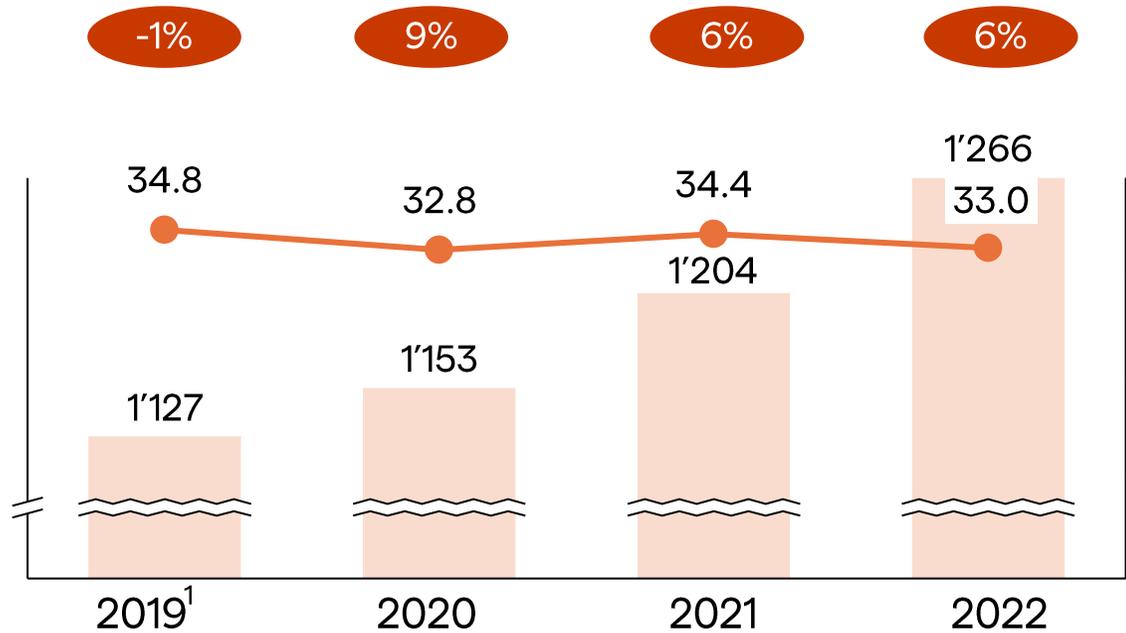
Pipeline growth  
2022 – 2023  
+360%

Global  
repurchase rate  
70%

New project  
win rate  
40%

# Top-line Growth with Pandemic Demand Surge, Continuously High Margin and Cash Generation

## Key Financials



■ Sales (m CHF)
 ● Sales growth vs. prior year, %<sup>2</sup>  
—●— CORE EBITDA margin, %

<sup>1</sup> Like-for-like financials, accounting for changes in divisional structure and APM policy that occurred in 2021

<sup>2</sup> At constant exchange rates

<sup>3</sup> 2019 - 2022 Sales CAGR at constant exchange rates

<sup>4</sup> 2019 - 2022 CORE EBITDA CAGR at actual exchange rates

## Performance Drivers

Sales  
7% CAGR<sup>3</sup>

Sales growth driven by price increases and HEC demand

Capacity expansions completed to support nutraceutical demand

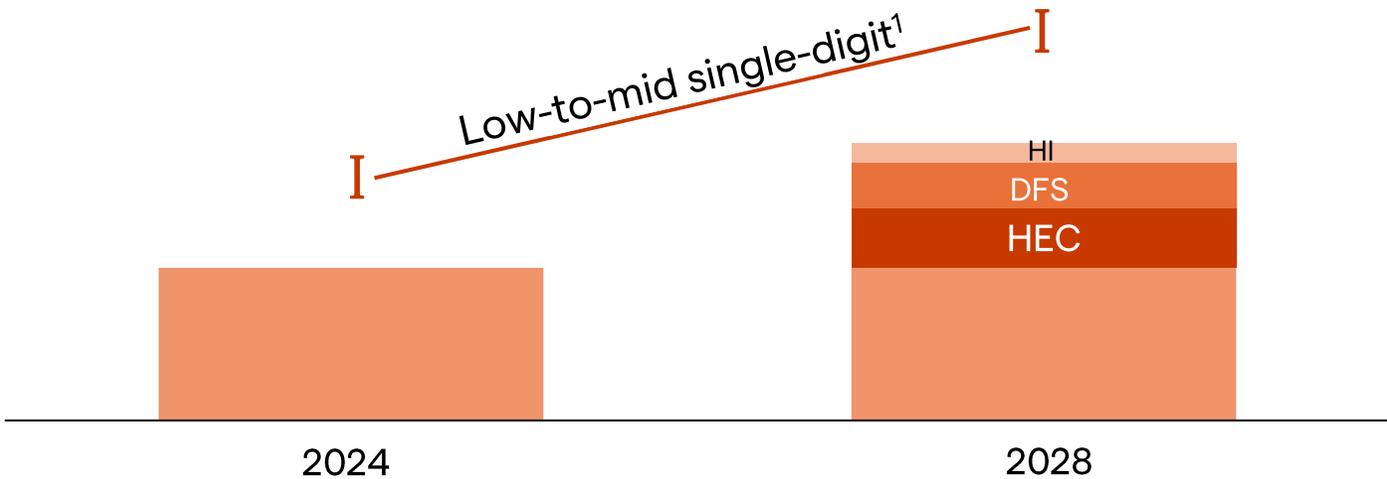
EBITDA  
2% CAGR<sup>4</sup>

Margin impacted by residual inflation, partially offset by price increase and operational excellence

# Continuously High Cash Generation of Capsules & Health Ingredients

## Sales Growth Revenue Outlook<sup>1</sup>

Illustrative (m CHF)



## Market and Business Highlights

HEC nutraceuticals demand in the US to gradually recover

Revenue: growing with HEC market; boost growth with DFS

Cost: Continuous operational improvement and new process technology roll-out improving margin

CAPEX: focus on productivity and flexibility improvements

### Mid-Term Guidance 2024 – 2028

Low-to-mid single-digit sales growth<sup>1</sup>  
CORE EBITDA margin at +30% in 2028  
High cash generation

<sup>1</sup>2024 – 2028 Sales CAGR at constant exchange rates

# Closing Remarks

100 years of capsule experience  
and industry leadership

Next generation  
HEC technology

Innovative products  
and services

Our Commitment

Mid-Term Guidance 2024 – 2028:

High customer satisfaction  
Low-to-mid single-digit growth<sup>1</sup>  
CORE EBITDA margin at +30% in 2028

# Closing Remarks



# Closing Remarks: We Bring Innovative Therapies to Market

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We continue to invest in well-established, crucial modalities to capture growth in the highly attractive CDMO market

We also invest in new modalities to remain at the forefront of innovation and capture future growth opportunities

We remain the best-in-class and industry reference in high quality CDMO solutions for our customers

We are disciplined with our capital allocation prioritizing organic growth, shareholder return and complementary M&A and will increase cash flow conversion in line with guidance

We are confident in our industry outlook and achieving our guidance

We have talented leaders and world-class teams collaborating to deliver for our customers, shareholders and stakeholders

# Additional Information and Disclaimer

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 section "Looking to the Future" herein may not prove to be correct. The statements in the section "Looking to the Future" 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 "Looking to the Future" as a result of the factors described above or other factors. Investors should not place undue reliance on the statements in the section "Looking to the Future". 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.