

Analyst Conference
Zurich, 17 July 2002

Lonzagroup



2002 First Half Year Results Presentation

- Earnings per share up 16.5% to CHF 3.24 due to
 - Increase in Net Income of 5.2% to CHF 161 million coupled with positive effect from share buyback programs
- Sales up 2.2% to CHF 1291 million (4.6% on an equivalent exchange rate basis)
- Operating income
 - Up 5.9% to CHF 217 million
 - Operating income margin 16.8% up from 16.2%
- Reintegration of the Polymer Intermediates Activities into Lonza Group Business Structure
 - Realization of fair market value in a divestiture or alternative exit strategy at a later time
- Successful launch of CHF 300 million 2% Convertible Bond to optimize balance sheet

Financial Highlights

Lonza group

CHF million	1. Half 2001	1. Half 2002	Change YoY
Sales	1'263	1'291	2.2%
EBITDA	286	303	5.9%
<i>EBITDA Margin</i>	22.6%	23.5%	0.9
Operating Income	205	217	5.9%
<i>Operating Margin</i>	16.2%	16.8%	0.6
Operating Income from divestiture*	18	0	n.m.
Operating Income Group	223	217	(2.7%)
<i>Operating Margin Group</i>	17.0%	16.8%	(0.2)
Non-recurring items	0	0	n.m.
Net Income	153	161	5.2%
<i>Net Income Margin</i>	11.7%	12.5%	0.8
Cash Flow	256	247	(3.5%)
Investments (incl. Intangibles)	(112)	(120)	(7.1%)
Earnings per Share	2.78	3.24	16.5%
Employees	6'083	6'321	3.9%

*included in discontinuing operations in 2001

Life Sciences operations

Lonza group

(former continuing operations)

CHF million	1. Half 2001	1. Half 2002	Change YoY
Sales	912	976	7.0%
EBITDA	237	252	6.3%
EBITDA margin	26.0%	25.8%	(0.2)
Operating Income	176	184	4.5%
Operating margin	19.3%	18.9%	(0.4)

Consolidated Income Statement

Lonzagroup

CHF million	1. Half 2001	1. Half 2002	Change YoY
Net Sales	1'263	1'291	2.2%
Operating Expenses	(1'058)	(1'074)	1.5%
Operating Income	205	217	5.9%
Operating Income from divestiture	18	0	n.m.
Operating Income Group	223	217	(2.7%)
Goodwill Amortization	(3)	(3)	0.0%
EBIT	220	214	(2.7%)
Financial Charges	(16)	(7)	n.m.
Income before Taxes	204	207	1.5%
Taxes	(51)	(46)	9.8%
Minorities	0	0	n.m.
Net Income	153	161	5.2%
EPS	2.78	3.24	16.5%

Divisional Sales Development

Lonza group

CHF million	1. Half 2001	1. Half 2002	Change YoY	Change due to		
				Volume & Prices	Currency	Consoli- dation
Exclusive Synthesis & Biotechnology	403	482	19.6%	85	(6)	0
Organic Fine & Performance Chemicals	507	492	(3.0%)	(7)	(8)	0
Polymer Intermediates	351	315	(10.3%)	(2)	(14)	(20)
Holding & Others	2	2	n.m.	0	0	0
Net Sales	1'263	1'291	2.2%	76	(28)	(20)

Divisional Operating Performance

Lonza group

CHF million	Operating Income			Margin	
	1. Half 2001	1. Half 2002	Change YoY	1. Half 2001	1. Half 2002
Exclusive Synthesis & Biotechnology	89	98	10%	22.1%	20.3%
Organic Fine & Performance Chemicals	86	91	6%	17.0%	18.5%
Polymer Intermediates	29	33	14%	9.6%	10.5%
Holding and Others	1	(5)	n.m.	n.m.	n.m.
Operating Income	205	217	6%	16.2%	16.8%
Operating Income from divestiture	18	0	(100%)	n.a.	n.a.
Operating Income Group	223	217	(3%)	17.0%	16.8%

Consolidated Cash Flow Statement

Lonza group

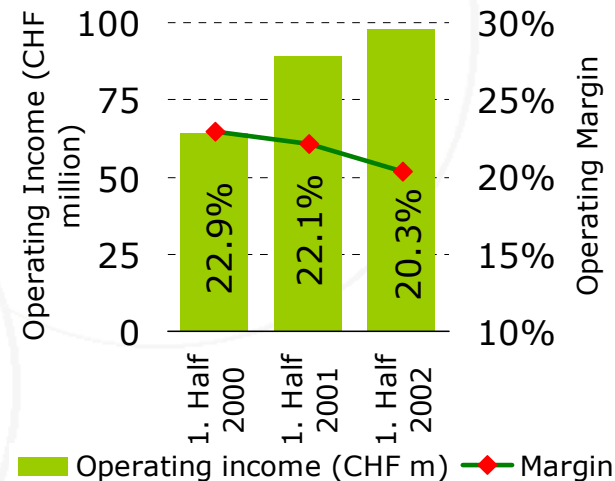
CHF millions	1. Half 2001	1. Half 2002	Change YoY
Net Income	153	161	5.2%
Depreciation	86	88	2.3%
Change in Long Term Provisions	20	(1)	n.m.
Expenses (Income) from Equity Method	(3)	(1)	n.m.
Cash Flow	256	247	(3.5%)
Investments	(112)	(120)	(7.1%)



Lonza group

Sector Results

CHF million	1. Half 2002	Change YoY
Sales	482	19.6%
Op. Income	98	10.1%
Margin	20.3%	
EBITDA	141	14.6%
Margin	29.3%	



- Sales of CHF 482 million, up 19.6 %
 - Strong growth and performance of Biotechnology activities
 - Challenging competitive situation in the Exclusive Synthesis business
- Operating income of CHF 98 million at record levels, up 10.1%
 - Operating margins however lower because of the hiring and training of personnel for the new Biologics facilities and increase of R&D capacities

Exclusive Synthesis

- Pharma business under competitive pressure
 - Good call-off of established products, slightly declining margins
 - Lower asset utilization due to delayed FDA approvals
 - Successful development of large scale peptide synthesis running smooth at high production rate
- Agro-intermediates business
 - Higher level than last year, again pushed by a strong demand of intermediates based on sulfonylurea herbicides
- R&D portfolio
 - Strengthened with projects in all clinical phases; strong growth in phase I and II

Biotechnology

Microbial Fermentation (Lonza Biotec)

- Strong growth in sales and operating income driven by contract fermentation activities
- Demand for L-Carnitine products remained strong
 - New scientific research results in sports nutrition
 - Achievement of GRAS status (Generally Recognized As Safe)
 - Market leadership strengthened
- Investment for new cGMP facility at Visp (CH) approved
 - Investment size over CHF 100 million
 - Anticipation of expected increase in demand for microbially produced biopharmaceuticals

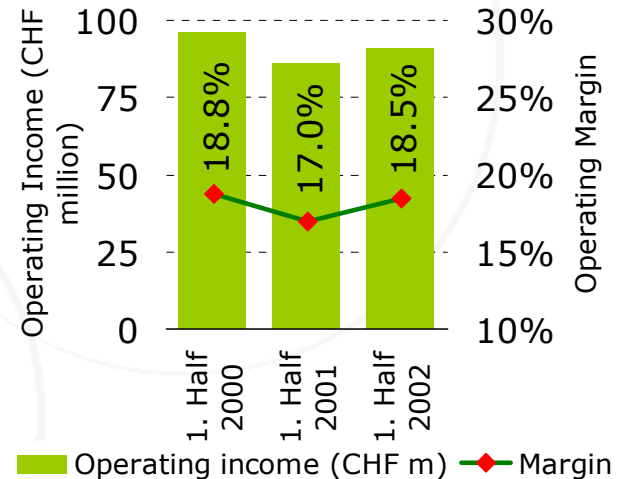
Biotechnology

Mammalian Fermentation (Lonza Biologics)

- Strong increase in sales
 - full plant utilization
 - increased operational efficiencies
- Operating income margin negatively impacted by new hires in personnel for the large scale build out in Portsmouth (US)
- Expansion by 60'000 liter continues to be on schedule
- Five successful regulatory inspections
 - track record further enhanced
- Expansion of development Labs in Slough (UK)
 - strong customer demand for new projects
- Advanced negotiations with strategic customers for long term contracts

Organic Fine & Performance Chemicals **Lonza**group

CHF million	1. Half 2002	Change YoY
Sales	492	(3.0%)
Op. Income	91	5.8%
<i>Margin</i>	18.5%	
EBITDA	116	2.7%
<i>Margin</i>	23.6%	



- Sales slightly decreased to CHF 492 million
 - Shut down of non profitable product lines
 - Reflection of lower raw material prices in sales prices for some products
- Operating income up 5.8% to CHF 91 million
 - Operating margin up to 18.5% due to continuous cost improvement

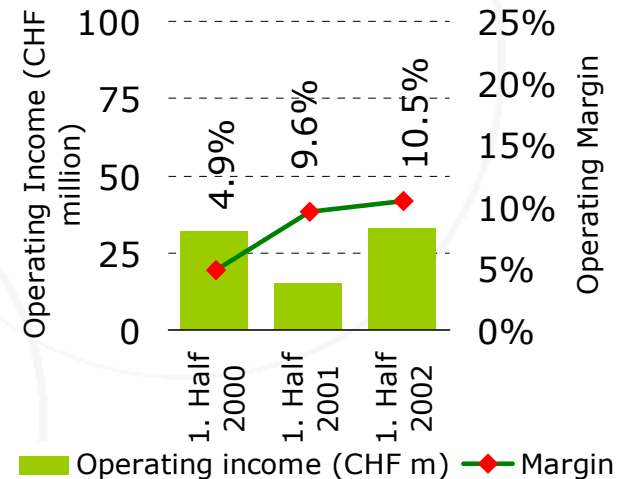
Organic Fine Chemicals

- Good overall sales volumes with moderate growth in selected areas
- Nicotinate (a vitamin of the B complex)
 - Production at full capacity; market prices increased
- Hydrocyanic Acid based intermediates
 - Production for pharmaceutical customers remained buoyant
- Diketene Ester
 - strong demand, but prices continuously under pressure
- Meta[®] (molluscicide)
 - High demand remains

Performance Chemicals

- Good sales performance in North America, Europe and Asia; higher profitability due to lower raw material and energy costs
- Biocides
 - Expansion into recreational water and spa market;
 - Good sales volumes of QUATS into wood-protection area
 - Successful market introduction of Geogard preservative products
 - Many products in Europe now regulated under the Biocidal Product Directive
- Oleochemicals
 - Market conditions for processing aids and lubricants weak, although sales increased in Q2/2002

CHF million	1. Half 2002	Change YoY
Sales	315	(10.3%)
Op. Income	33	13.8%
Margin	10.5%	
EBITDA	51	4.1%
Margin	16.2%	



- Sales at CHF 351 million, down 10.3%
 - Impacted by shut down of non profitable product lines
 - Overall strong performance of remaining products
- Significant improvement of operating margin from 9.6% in the previous year to 10.5%

- Significant margin improvement
 - Good demand for most of the industrial applications
- Phthalic anhydride and General Purpose Plasticizers
 - Stable Market environment in Europe despite negative impact of weaker automotive sector in Q2/2002
- Trimellitic anhydride / Specialty Purpose Plasticizers
 - Lower demand from automotive coating and cable
 - Overall margins improved
 - Higher than expected sales in Special Plasticizers
- Purified Isophthalic acid
 - Strong demand in Asia, US and Europe



Lonzagroup

Outlook 2002

- Overall operating results expected to exceed 2001
- Exclusive Synthesis
 - Development of new products slowed down due to delayed regulatory approvals or delays in customer filings
 - R&D portfolio strengthened with projects in all clinical phases
- Biotechnology
 - Fully booked but additional batches due to ongoing efficiency gains
- Organic Fine and Performance Chemicals
 - US expected to recover in second half 2002
 - Strong performance expected with the exception of diketene and engineering polymers
- Polymer Intermediates
 - Continuation of first half year performance expected



Lonzagroup

Targets 2005

- Strategic Reorientation of the Group has yielded a reformulation of its vision
- Our commitment is to be the preeminent supplier to the life sciences industry through chemical and biotechnology platforms driven by an unrelenting passion
 - to unambiguously deliver value to our customers
 - to enable our employees to be successful
 - to continuously improve performance and
 - to make Lonza a recognized contributor to its communities

Life Sciences Focus

- Achieve organic growth in the life sciences related activities of the business sectors
 - Exclusive Synthesis, Biotechnology, Organic Fine Chemicals and Performance Chemicals
- Sizable investments in the life sciences area
 - Five major projects with an investment in excess of CHF 550 million
 - mammalian cell culture fermentation, microbial fermentation, classical chemistry

Rationale for Reintegration

- Review of the negotiated transaction by the Board of Directors
 - Final terms do not reflect adequately the current performance and future prospects of the activities
- Business to be retained as separate division
 - Enhance future performance; and
 - Realization of fair market value in either a divestiture or an alternative exit strategy at the appropriate time
- Reintegration is based on pure economic and financial considerations

Decision does not imply any deviation from Lonza's Life Sciences strategy

Lonza's Unique Position

Lonza group

A Full Range of Technologies in Custom Manufacturing

Lonza Exclusive Synthesis

Advanced
Chemical
Synthesis

Lonza Biotec

Fine chemicals and
biologically active
substances by
microbial
fermentation

Lonza Biologics

Therapeutic proteins/
monoclonal antibodies
using mammalian
cell culture

Screening
Process development
Scale-up
Production
Downstream processing
Regulatory support

Lonza's Initiatives in Custom Manufacturing

- Expand capacities in mammalian cell culture fermentation to meet market demand
- Extend reach of microbial fermentation
- Defend leadership position in chemical manufacturing
 - cost efficiencies due to scale
 - selected addition of required technologies
 - expansion into small scale manufacturing to enrich R&D pipeline
- Be on the lookout for emerging bio-technologies

Current Major Expansion Projects

Lonza group

The Projects

	Business Sector	Location	Investment (CHF mio)	Start-up
Large Scale Build-out	Biologics	Portsmouth (US)	330	mid 2004
Microbial Biopharmaceuticals	Biotech	Visp (CH)	> 100	Q1 2005
Expansion of microbial fermentation	Biotech	Kourim (CZ)	100	end 2003
Small Scale Production Plant (SSP)	Exclusive Synthesis	Visp (CH)	20	mid 2003
Total			> 550	

Leading Positions in High Growth Segments

CHF million	Size of relevant markets	Market Growth	Market share
Exclusive Fine Chemicals	~23000	5-7%	2 - 3%
Biotechnology microbial	~800	10-15%	13 - 17%
Biotechnology mammalian	~750	20%	25 - 30%
Organic Fine Chemicals	~1200	2-4%	40 - 45%
Performance Chemicals	~2500	3-5%	10 - 15%
Polymer Intermediates	~3500	2-5%	14 - 16%

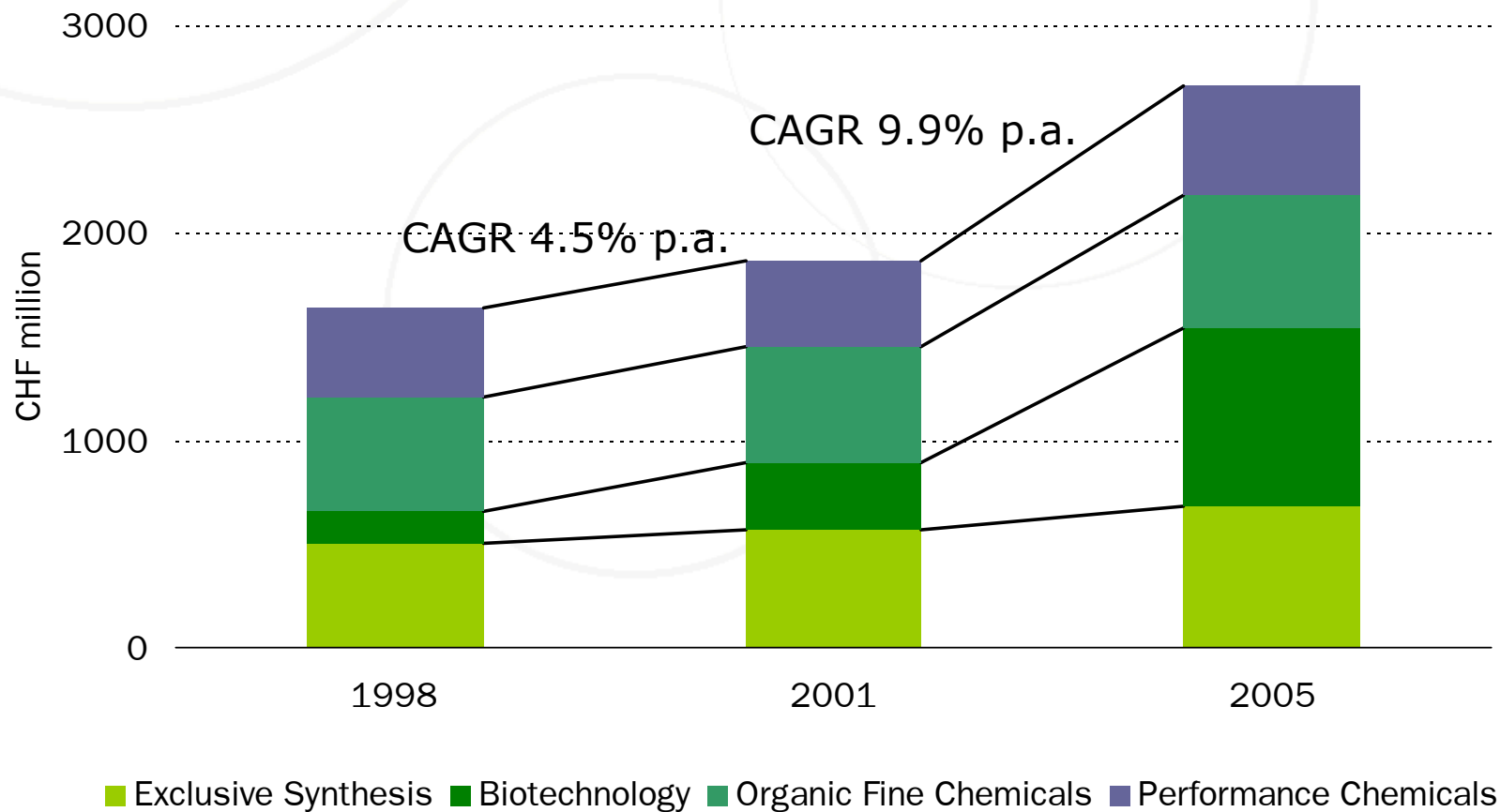


Business Sector	% of Sales	New products/ processes	Process improvement
Exclusive Synthesis	7%	80%	20%
Biotechnology microbial	11%	80%	20%
Biotechnology mammalian	8%	40%	60%
Organic Fine Chemicals	3%	50%	50%
Performance Chemicals	4%	85%	15%
Polymer Intermediates	2%	80%	20%

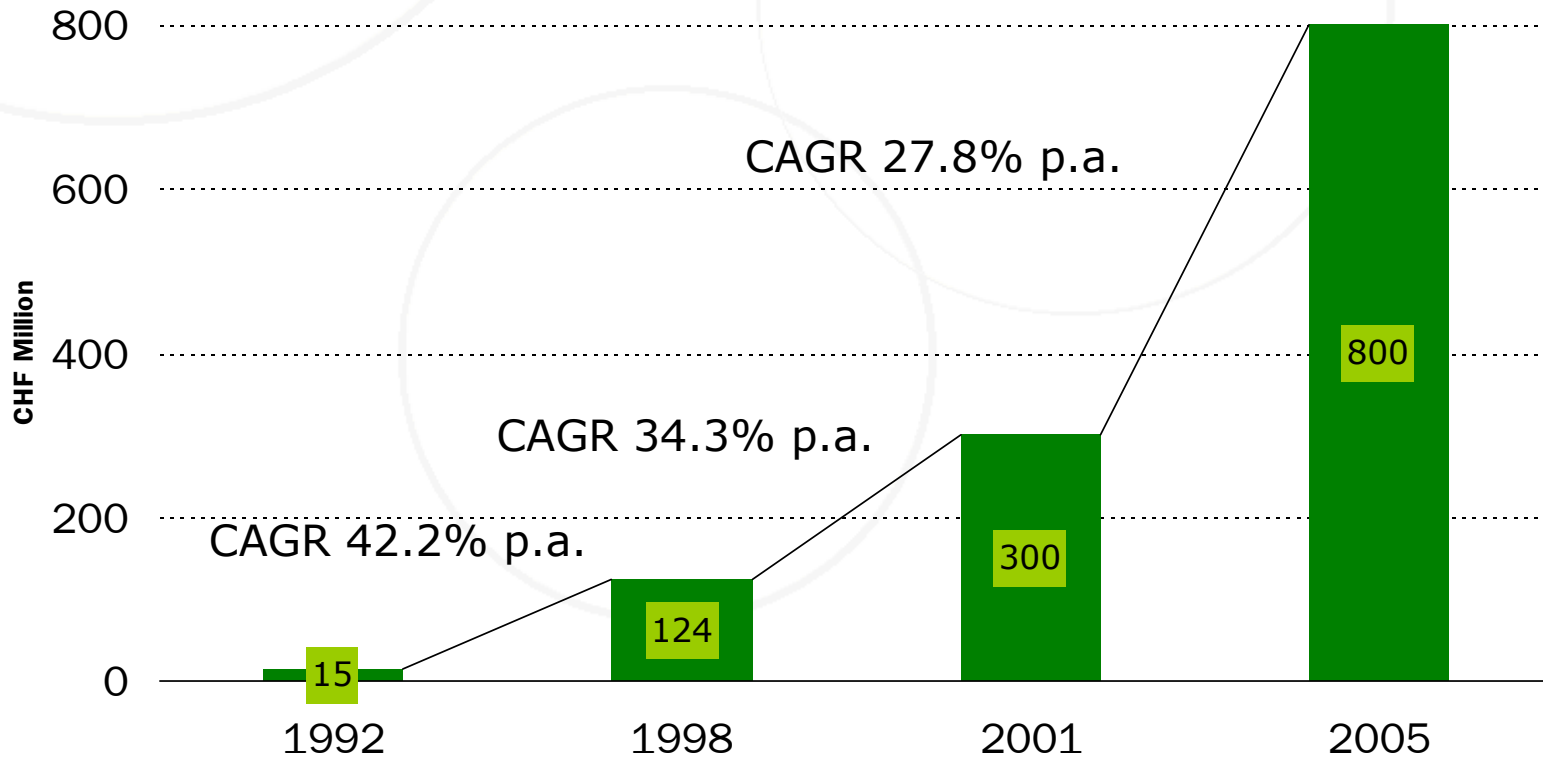
Organic Sales Growth Targets

Lonza group

Life Sciences Operations



Sales Development Profile



Life Sciences Activities

Targets 2005

Expected Sales through Organic Growth

> CHF 2.7 bn

Average Annual EPS Growth

15%

Overall Operating Margin

22%

Overall EBITDA Margin

30%

Target Gearing Level

0.67 : 1

Dividend Payout Ratio

25 - 33%

Note: These targets do NOT include any contribution from Polymer Intermediates activities