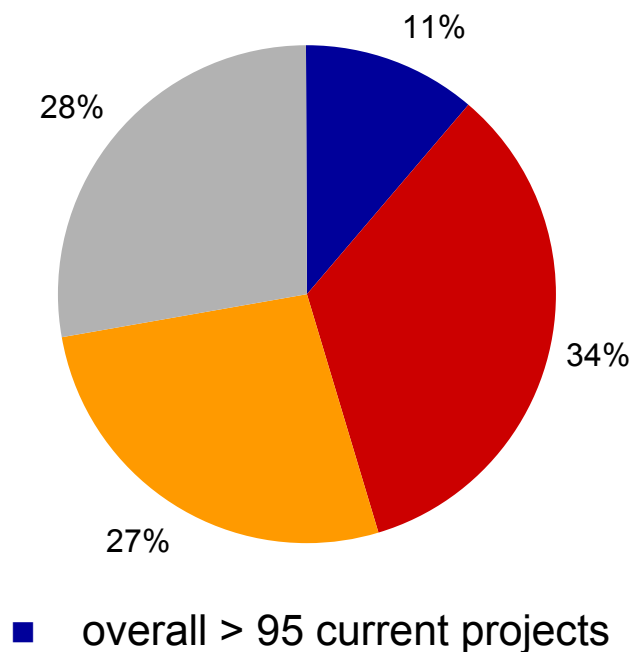


Quarterly Business Update

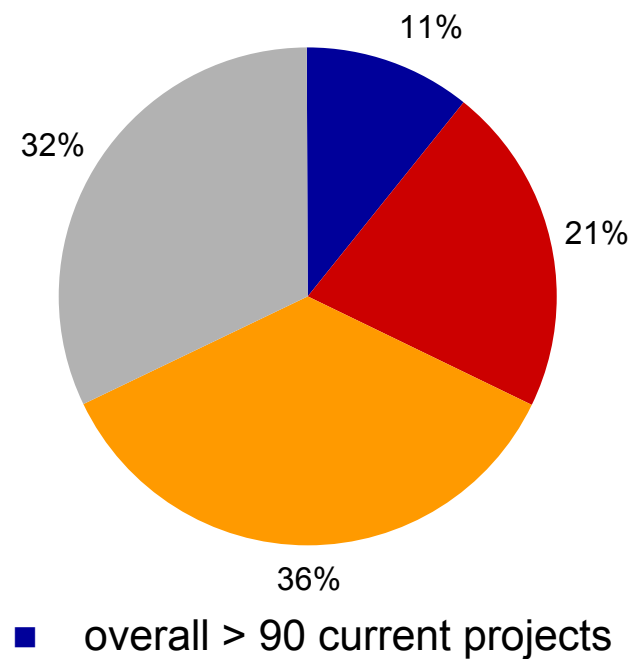
Conference Call, 15 April 2004

Custom Chemical Synthesis and Biotransformation Project Pipeline Small Molecules I

Year-end 2003



End of Q1/2004

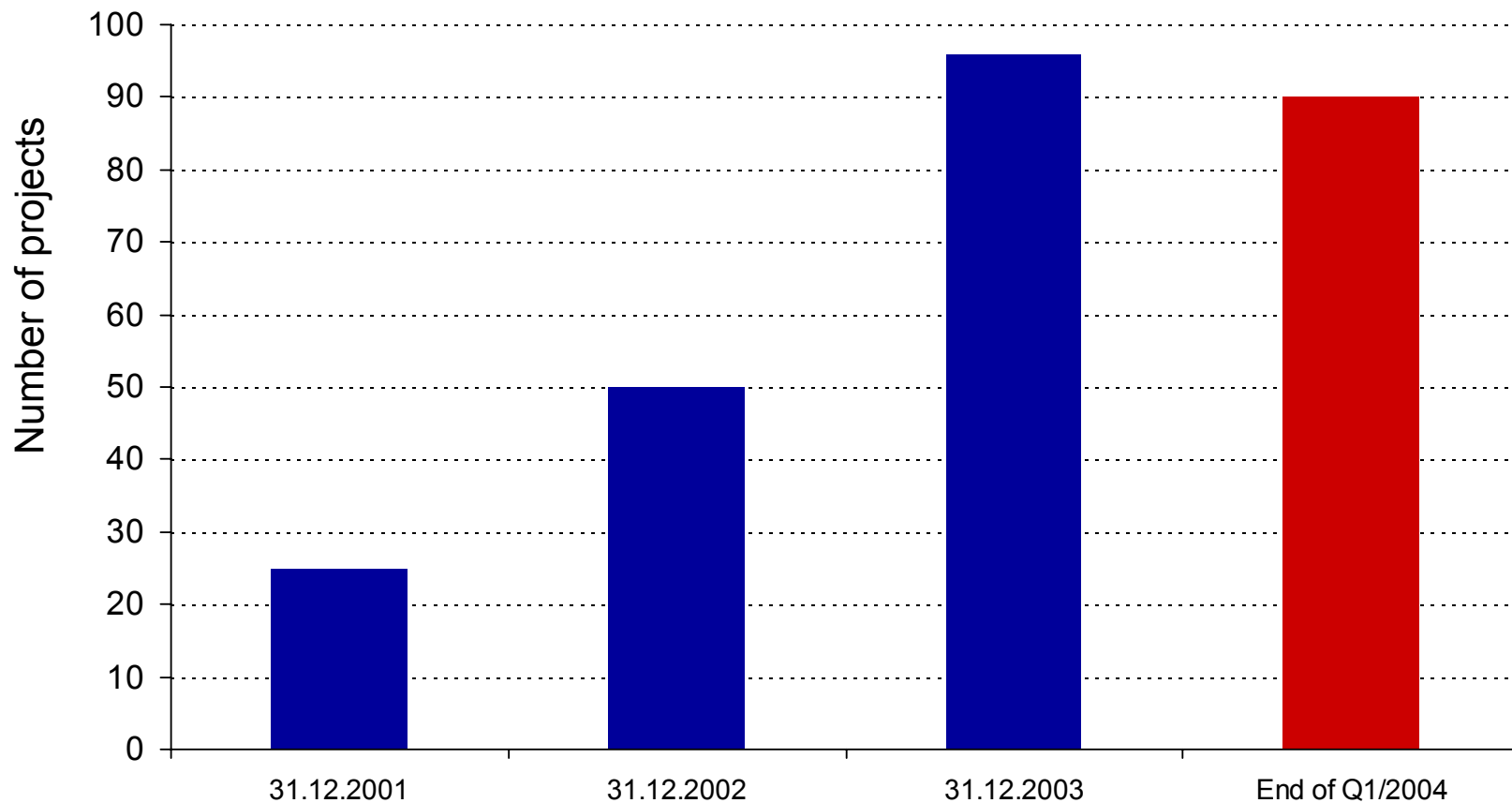


■ Preclinical ■ Phase I
 ■ Phase II + III ■ Launched

Custom Chemical Synthesis and Biotransformation Project Pipeline Small Molecules II

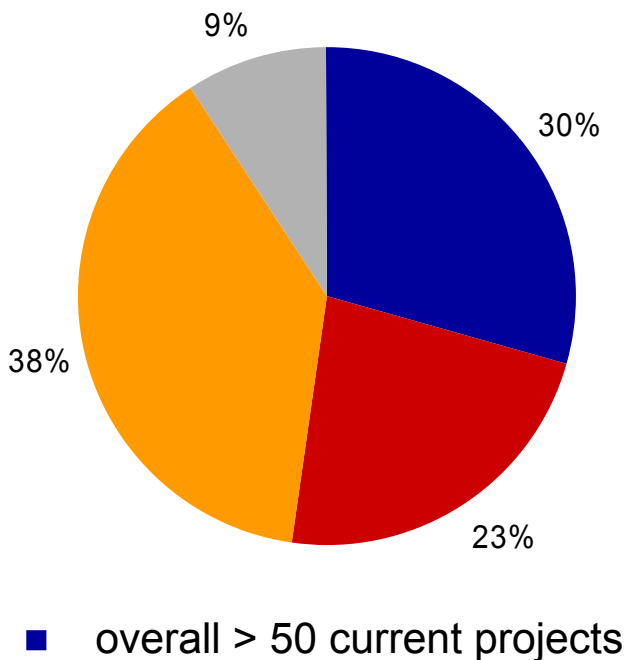
- Number of projects at historic high levels
- Quality of portfolio improved as number of phase II, III & launched projects increase
- Customer base widened
- Overall quality better at Q1/04
- Confidence rebuilding about ability to optimally fill large reactors over next 12-24 months.

Custom Chemical Synthesis and Biotransformation Project Pipeline Small Molecules III

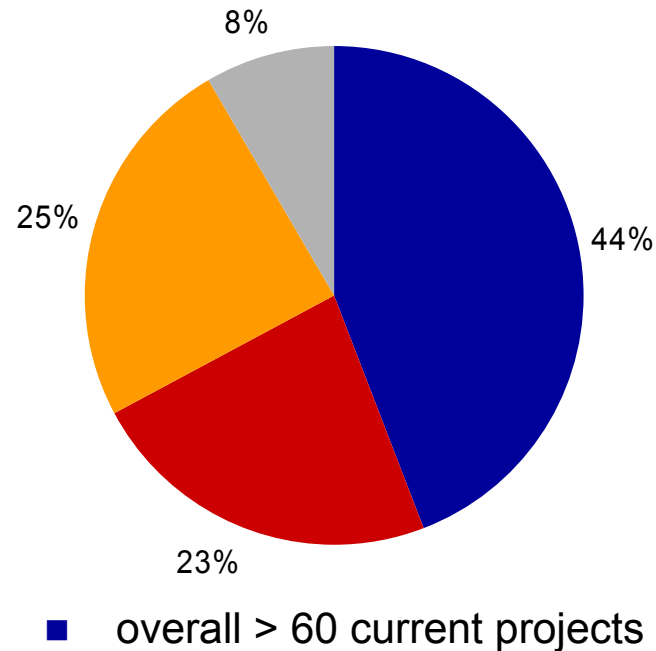


Biopharmaceuticals Project Pipeline Large Molecules I

Year-end 2003



End of Q1/2004

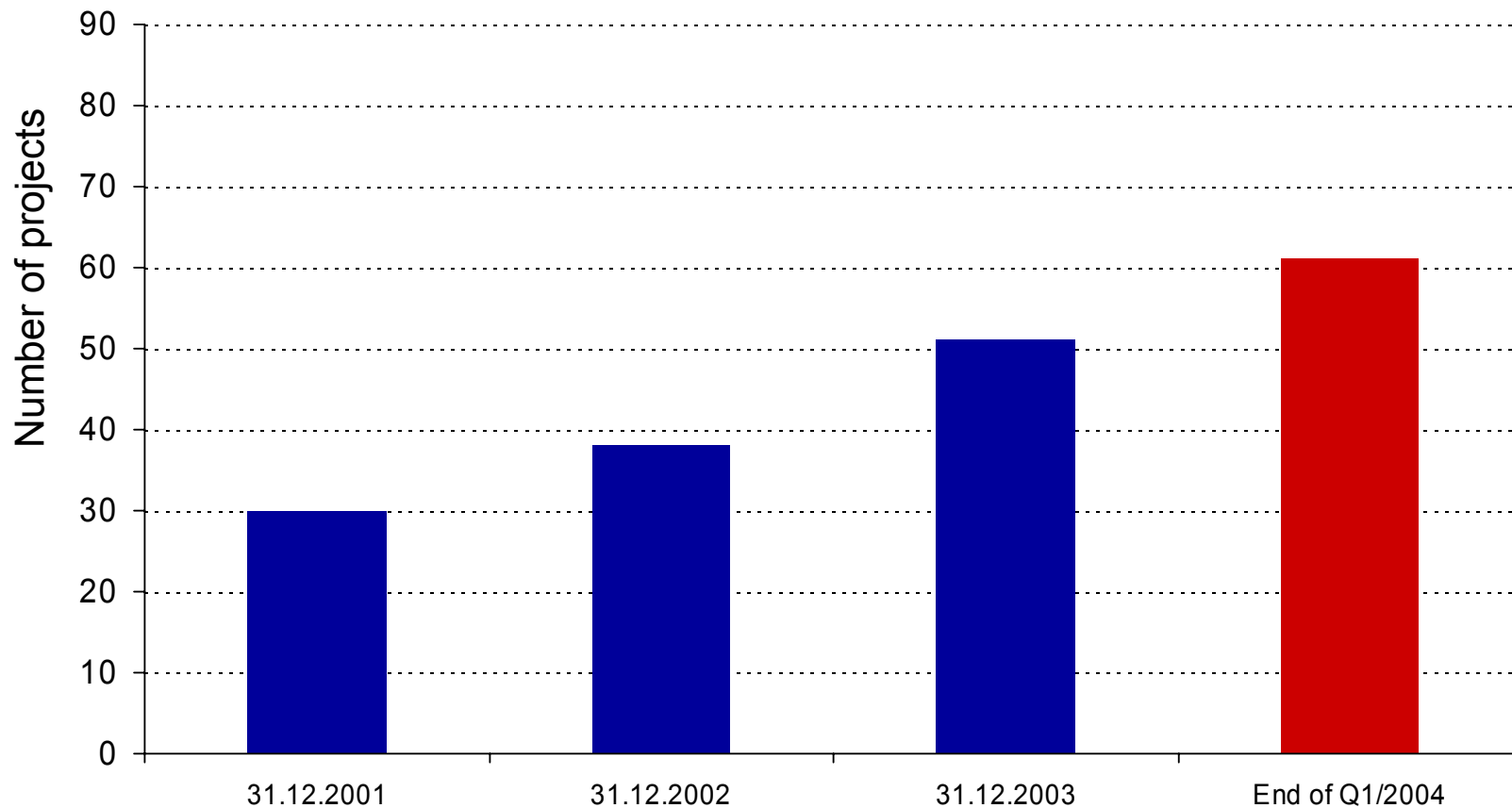


■ Preclinical ■ Phase I
 ■ Phase II + III ■ Launched

Biopharmaceuticals Project Pipeline Large Molecules II

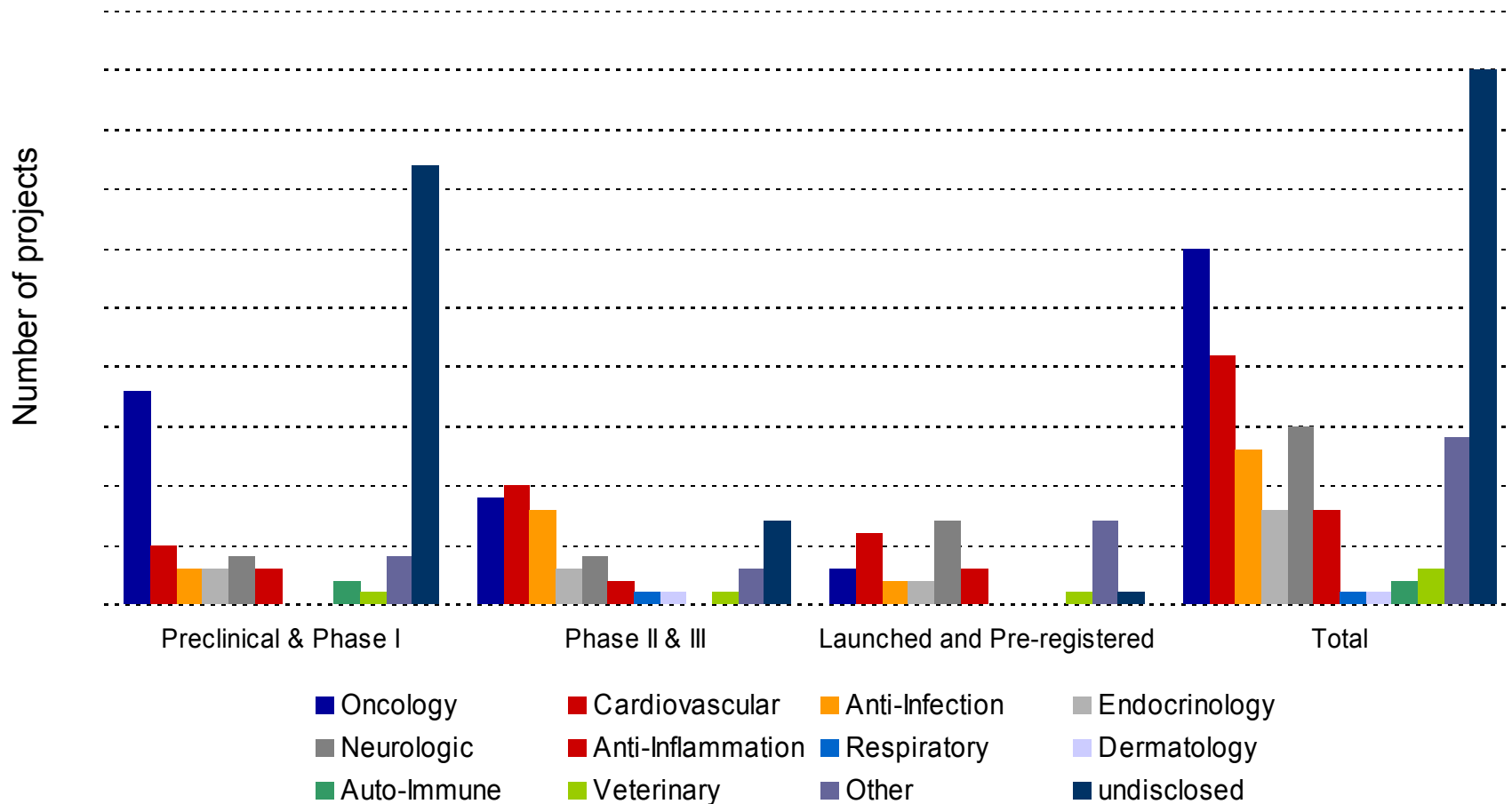
- Project pipeline focuses much more on early phase activities due to importance of process development needs of customers and Lonza's technology base
- In addition to project pipeline, a large number of proposals are currently under discussion regarding utilization of 2000L and 5000L reactors
- 2000L and 5000L capacity
 - No improvement in H1/04
 - Increased level of interest in 5000L
 - ◆ Too early to assess impact on H2/04
 - ◆ 2005 utilization potential better now than at 31.12.03

Biopharmaceuticals Project Pipeline Large Molecules III



Custom Manufacturing Pipeline by Therapeutic Category I

(>150 Projects)



Custom Manufacturing Pipeline by Therapeutic Category II

- Undisclosed therapeutic category higher compared to year-end 03 reflecting more early stage projects
- Therapeutic profile basically unchanged reflecting research focus of the pharma industry

Custom Manufacturing: Small and Large Molecules Pipeline Value

Approximate time to launch

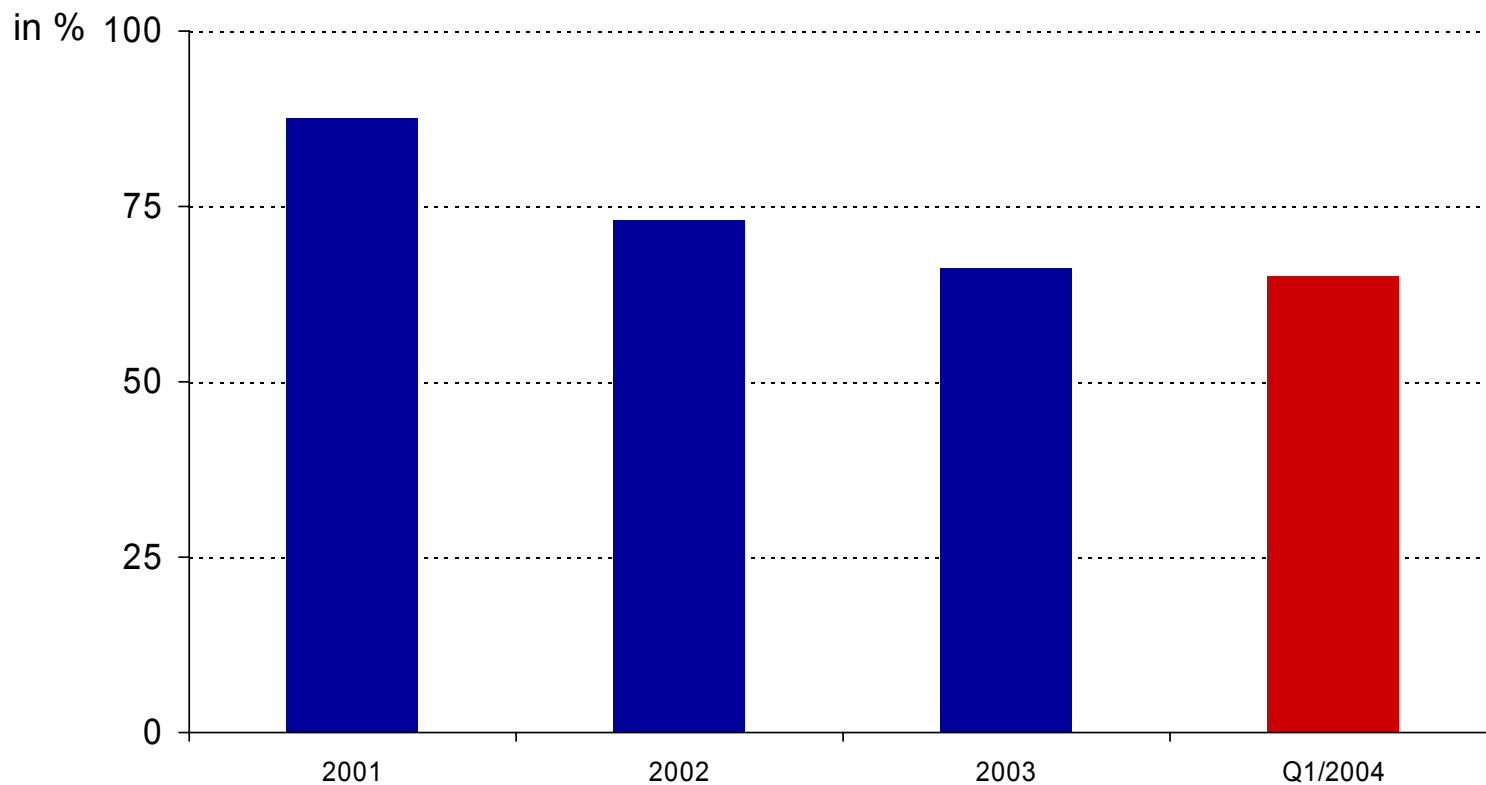
- pre-clinical: 7 – 10 years
- phase I: 6 – 8 years
- phase II + III: 2 – 6 years
- launched: 1 – 3 years

Pipeline Value

- Projects at peak sales are typically in a range between CHF 5 – 20 million in both small and large molecules
- Pipelines include potential peak sales projects in excess of CHF 50 million
- Total value of pipeline / peak sales potential just considering phase II + III and launched
 - Small molecules: > CHF 450 million
 - Large molecules: > CHF 300 million

Capacity Utilization I

Small Molecules (excl. Biotransformation)



Capacity Utilization II

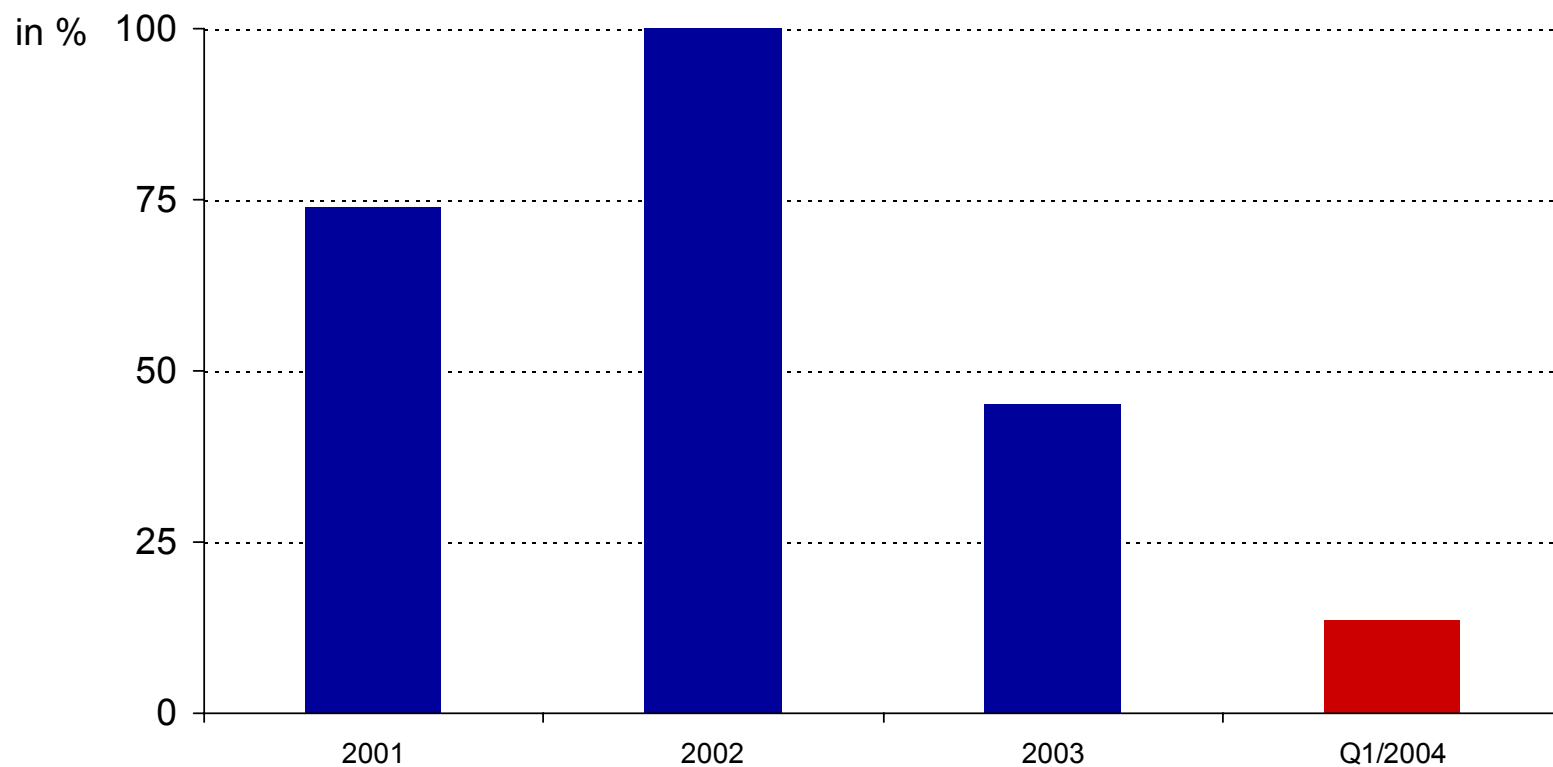
Small Molecules (excl. Biotransformation)

- Utilization Q1/04 at slightly lower levels than average 2003
- Operating performance benefiting from cost reduction
- Q2/04 utilization expected at higher levels than Q1
- Overall capacity utilization for 04 as a minimum at 03 level but with margin compression (compensated by cost reduction program)

Capacity Utilization III

Biopharmaceuticals

- 3 x 2000 L fermenter and 2 x 5000L fermenter



- 2 x 1500 L fermenter are 100% under long-term contract and not reflected above

Large Scale Built Out in Portsmouth, NH on Track

- Cell simulation runs: Feb – April 2004
- Validation activities ongoing: completion end of June 2004
- Technology transfer underway with two major customers (Genentech for Rituxan and large pharma customer)
 - Transfer of process technology and analytical methods
 - Raw materials identified and sourced
 - Documentation preparation ongoing
 - Daily interaction with both customers
 - Pilot scale runs have been completed in Slough
 - 1000L and 4000L scale run completed in Portsmouth at Q1/04
 - 20000L fermentation and harvesting completed at 12.04.04
 - Commercial production: July 2004

Business Update
Organic Fine & Performance Chemicals and
Polymer Intermediates

Business Update

Organic Fine & Performance Chemicals

- Business conditions improving overall, both in US and Europe
- Strong competition continues out of low cost countries
- Not able to fully pass through high raw material and energy prices to customers
- Sales volume in Nicotinales at last year's level but negatively impacted by chicken flu
- Meta sales below last year due to dry summer/fall; recovery expected H2
- Demand for industrial intermediates good but prices under pressure
- High sales volume in Carboquat (wood treatment)
- Overall 04 performance better than H2/03

Business Update

Polymer Intermediates

- Weak US\$ and the high raw material cost continue to affect ability to export out of Europe
- Asian and American competitors limit ability to pass through raw material price hikes
- Raw materials at historical highs and highly volatile, pushed by crude oil price and tightness of supply
- Volumes in good demand from China while the European markets show stable demand.
- Capacity utilization at 90%+ levels
- Indications are that earnings guidance in this business will be achieved

Group Earnings Guidance 2004*

- Confirmation of group earnings guidance 2004
 - Rebasing the business to market conditions
 - Custom manufacturing impacted by remaining tough business environment in Exclusive Synthesis and low capacity utilization in Biologics as refilling of 2000L/5000L continuing
 - High raw material and energy prices continue to negatively impact the chemical activities
 - No non-recurring items in 2004
 - Minimum operating income: CHF 225 million
 - Minimum EPS: CHF 3.00

* published on 20 January 2004 together with 2003 Results

- Important Lonza Group Dates

- 21 July 2004 Release of Half Year Results
- 29 October 2004 Quarterly Project Pipeline and Capacity Utilization Update

- Investor Contacts

Roland Waibel

T +41 61 316 84 55

F +41 61 316 82 20

roland.waibel@lonza.com

Quarterly Business Update

Conference Call, 15 April 2004