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- Full-Year 2019 Financial Summary
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  - Pharma Biotech & Nutrition (LPBN)
  - Specialty Ingredients (LSI)
- Outlook 2020 and Mid-Term Guidance 2022
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**Note:** Since 1 March 2019, Lonza has been operating in a Lonza Pharma Biotech & Nutrition segment and a Lonza Specialty Ingredients segment. Restated 2018 financials are published [here](#).
Full-Year 2019 Corporate Overview
Lonza Group delivers on guidance\(^1\) with 6.8% sales growth, resulting in CHF 5.9bn, and CHF 1.6bn CORE EBITDA, resulting in a 27.4% margin

Pharma Biotech & Nutrition (LPBN) as driver, with 11.0% sales growth and 32.9% CORE EBITDA margin

Specialty Ingredients (LSI) shows improved 17.8% CORE EBITDA margin, despite sales growth of -3.2%; carve-out progressing according to plan

Lonza Group outlook 2020: above mid single-digit sales growth\(^1\), driven by high single-digit sales growth in LPBN, and overall stable CORE EBITDA margin

Mid-Term Guidance 2022 confirmed, supported by solid building blocks

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\(^1\) Guidance for FY 2019: mid to high single-digit sales growth and sustained high CORE EBITDA margin level

\(^2\) Outlook 2020 in constant currency
Current Business Portfolio
Nutritional hard capsules business becoming part of LPBN

Lonza Pharma Biotech & Nutrition (LPBN)

CDMO\(^1\) Services Businesses
- Small molecules
- Mammalian and microbial
- Cell and gene technologies

Product Businesses
- Bioscience
- Capsule systems
- Nutritional ingredients

Lonza Specialty Ingredients (LSI)

Microbial-Control Solutions
- Professional hygiene
- Home and personal care
- Wood protection
- Material protection
- Paints & coatings
- Crop protection

Specialty Chemicals Services
- Composites
- CMO\(^2\)
- Performance chemicals & intermediates

2019 Sales

CHF 4.2bn

CHF 1.7bn

Organizational changes in 2019

Alignment of the scope of segments

- Integrating the nutritional hard capsule business and small portfolio for nutritional ingredients into Pharma & Biotech
- Designed to strengthen collaboration and leverage synergies within the capsules businesses

Start of carve-out of Lonza Specialty Ingredients

- LSI will operate independently, but remain a fully owned segment of Lonza Group
- Increase focus on LSI priorities and optimal organization model

\(^1\) Contract Development and Manufacturing Organization

\(^2\) Custom Manufacturing Organization
Progressing LSI Carve-out According to Timelines and Defined Milestones
Completion of operational separation expected mid-2020

Cross-functional workstreams

- Tax
- Carve-out structure
- Visp
- Nansha
- Regional carve-out
- Global real estate
- HR
- Carve-out financials
- Environment
- IT
- Comms
- Treasury
- Procurement
- Logistics
- Legal / IP
- Regulatory

Selected milestones in 2020:

- Dedicated legal entities by business/segment (operational in H1 2020)
- Assignment of employees to segments
- Set up of service and supply agreements between the two segments progressing
- Continued progress in setting up systems to reflect new legal entity structure
- Carve-out related cost of CHF 19 million with 30bps negative impact on CORE EBITDA margin for full-year 2019
Investing in Growth Opportunities Globally

Major projects in LPBN expected to start operations in Q4 2020

- **Portsmouth, USA**
  - **Biologics** (Mid-scale mammalian commercial manufacturing)

- **Hayward, USA**
  - **Biologics**

- **Greenwood, USA**
  - **Nutrition**

- **Tampa, USA**
  - **Small molecules**

- **Houston, USA**
  - **Biologics**: Cell & gene technologies

- **Slough, UK**
  - **Biologics**

- **Geleen/Maastricht, Netherlands**
  - **Biologics**: Cell & gene technologies

- **Basel Area, Switzerland**
  - **Drug Product Services (DPS)**: for parenterals and live biotherapeutic products

- **Visp, Switzerland**
  - **HPAPI** (Highly Potent Active Pharmaceutical Ingredients) expansion

- **Guangzhou, China**
  - **Biologics** (Clinical development & manufacturing)

- **Singapore, SG**
  - **Biologics**

- **Portsmouth, USA**
  - **Biologics**: Cell & gene technologies

- **Greenwood, USA**
  - **Nutrition**

- **Tampa, USA**
  - **Small molecules**

- **Houston, USA**
  - **Biologics**: Cell & gene technologies

- **Slough, UK**
  - **Biologics**

- **Geleen/Maastricht, Netherlands**
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- **Guangzhou, China**
  - **Biologics** (Clinical development & manufacturing)

- **Singapore, SG**
  - **Biologics**
Full-Year 2019 Financial Summary
Full-Year 2019 Results

Comparison vs. Prior Year (Continuing Operations)

5,920 million
Sales (CHF) 6.8%

1,620 million
CORE EBITDA (CHF) 7.2%

27.4%
CORE EBITDA Margin 10bps

13.59 CHF
CORE EPS Diluted 13.4%

9.1%
ROIC 110bps

15,468
Employees 7.2%

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1 IFRS 16 accounting adjustment on leases had a positive CORE EBITDA impact of CHF 33 million in 2019 (60 bps positive CORE EBITDA margin impact), offset by costs related to the divestment of the Water Care business and carve out of Specialty Ingredients (50 bps negative CORE EBITDA margin impact). IFRS Results – Continuing Business: EBITDA – CHF 1,525 million; 6.7 % change; EBITDA Margin – 25.8%; 0bps change
2 EPS diluted – CHF 10.22; 16.5% change (IFRS Results – Continuing Business)

CORE definition: See appendix

Lonza Full-Year Results 2019 I 21 January 2020
## Segment Financial Performance Full-Year 2019

### Comparison vs. Prior Year (Continuing Operations)

#### Pharma Biotech & Nutrition

<table>
<thead>
<tr>
<th>Category</th>
<th>Sales (CHF)</th>
<th>CORE EBITDA (CHF)</th>
<th>CORE EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,167 million</td>
<td>1,371 million 1</td>
<td>32.9% 2</td>
<td></td>
</tr>
<tr>
<td>11.0%</td>
<td>10.0%</td>
<td>(30bps)</td>
<td></td>
</tr>
</tbody>
</table>

#### Specialty Ingredients

<table>
<thead>
<tr>
<th>Category</th>
<th>Sales (CHF)</th>
<th>CORE EBITDA (CHF)</th>
<th>CORE EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,693 million</td>
<td>302 million 3</td>
<td>17.8% 4</td>
<td></td>
</tr>
<tr>
<td>(3.2%)</td>
<td>(0.3%)</td>
<td>50bps</td>
<td></td>
</tr>
</tbody>
</table>

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1. CORE EBITDA excl. IFRS 16 – CHF 1,347 million; 8.1% change
2. CORE EBITDA Margin excl. IFRS 16 – 32.3%; (90bps) change
3. CORE EBITDA excl. IFRS 16 – CHF 297 million; (2%) change
4. CORE EBITDA Margin excl. IFRS 16 – 17.5%; 20bps change

Lonza Full-Year Results 2019 | 21 January 2020

CORE definition: See appendix
Overview of Capital Expenditures
Accelerated investment in 2019 and 2020 to seed next growth wave

Higher growth CAPEX in 2019 and 2020 to position Lonza for next phase of profitable growth and ensure sustainable competitive advantage

CAPEX levels are expected to move towards 10% of sales from 2021 onwards

Within Pharma Biotech & Nutrition, CAPEX mainly for growth projects in biologics (clinical development, commercial manufacturing, ADC), HPAPI, geographical expansion

Within Specialty Ingredients, CAPEX predominantly for site maintenance

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1. Growth rates based on reported figures at actual exchange rates. No adjustment for acquisitions and divestments reflected, except for 2018 and 2019 figures, which are restated for reorganization of Lonza’s Segments LPBN / LSI (excluding Water Care business as discontinued operations)
2. Actual exchange rate; in constant exchange rate: +3.3% growth
3. CORE EBITDA margin development after special charges; before special charges: -50bps

Lonza Full-Year Results 2019 | 21 January 2020
Lonza Operational Free Cash Flow 2019

Operational free cash flow* impacted by increased CAPEX and higher inventories

<table>
<thead>
<tr>
<th>CHF million</th>
<th>FY 2019</th>
<th>YoY change</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td>1,489</td>
<td>47</td>
<td>1,442</td>
</tr>
<tr>
<td>Change of operating net working capital (NWC)</td>
<td>(336)</td>
<td>(307)</td>
<td>(29)</td>
</tr>
<tr>
<td>Capital expenditures in tangible and intangible assets (CAPEX)</td>
<td>(786)</td>
<td>(211)</td>
<td>(575)</td>
</tr>
<tr>
<td>Disposals of tangible and intangible assets and change of other assets and liabilities</td>
<td>32</td>
<td>22</td>
<td>10</td>
</tr>
<tr>
<td><strong>Operational free cash flow (before acquisitions / disposals)</strong></td>
<td>399</td>
<td>449</td>
<td>848</td>
</tr>
<tr>
<td>Acquisitions / disposal of subsidiaries</td>
<td>596</td>
<td>624</td>
<td>(28)</td>
</tr>
<tr>
<td><strong>Operational free cash flow</strong></td>
<td>995</td>
<td>175</td>
<td>820</td>
</tr>
<tr>
<td>Net working capital as % of sales (annualized)</td>
<td>19.5</td>
<td>150 bps</td>
<td>18.0</td>
</tr>
<tr>
<td><strong>CAPEX as % of sales</strong></td>
<td>13.1¹</td>
<td>360 bps</td>
<td>9.5</td>
</tr>
</tbody>
</table>

*Operational free cash flow represents Lonza Group incl. Discontinued Operations

¹ CAPEX as % of sales excl. Discontinued Operations: 13.3%

- Operational free cash flow impacted by increased CAPEX and net working capital (NWC)
- Higher CAPEX for LPBN growth investments
- Increased inventories to support vertical integration in small molecules (i.e. intermediates manufacturing)
Lonza Net Leverage 2017 to 2019

Continued deleveraging on the back of strategic growth investments

- Deleveraging well below guidance of less than 2x net debt/CORE EBITDA by end 2019
- Debt reduction behind strong operational free cash flow and divestment of Water Care business with net proceeds of CHF 620 million
- Successful refinancing of loan facilities in 2019, leveraging successful initiation of S&P BBB+ credit rating with stable outlook in 2019
- Commitment to maintain solid investment grade rating going forward

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Leverage (Net Debt / CORE EBITDA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>At closing of Capsugel acquisition¹</td>
<td>est. 2.8x</td>
</tr>
<tr>
<td>FY2017¹</td>
<td>2.7x</td>
</tr>
<tr>
<td>FY2018¹</td>
<td>2.3x</td>
</tr>
<tr>
<td>HY2019¹</td>
<td>2.1x</td>
</tr>
<tr>
<td>2019</td>
<td>1.83x</td>
</tr>
</tbody>
</table>

¹ Net Debt/CORE EBITDA is calculated based on the CORE EBITDA of the last 12 months, including Capsugel. The Capsugel acquisition closed on 5 July 2017
² 2017 including Capsugel as of 5 July 2017, restated for IFRS 15
³ Net Debt/CORE EBITDA is calculated based on the CORE EBITDA of the last 12 months
Segments: LONZA Pharma Biotech & Nutrition (LPBN)
CDMO Services within LPBN
New Customers Announced in 2019
Lonza selected customers in the healthcare sector

Serving hundreds of customers across modalities...
- Chemical technologies (API/HPAPI)
- Mammalian & Microbial
- Bio-conjugates
- Cell & gene
- Cell culture media
- Oral dosage forms
- Parenteral drug product services

... and millions of patients

*Source: Company internal information and publicly available sources
**Small Molecules**

Continued to benefit from innovative business models and formulation capabilities

New customers signed for long-term manufacturing of HPAPI

Dosage forms and delivery systems performed positively in securing commercial business and new long-term contracts

**Mammalian and Microbial**

Commercial agreements signed with sales visibility for the mid- and long-term

Commercial capacities for 2020 largely committed

Gene-to-vial offering gained further traction

Drug product services continued positive performance

**Cell and Gene Technologies**

Continued sales momentum in a dynamic market environment

Strong interest in Lonza technology offerings including process development and commercial manufacturing capacity

Continue to focus on improving operational excellence
Strong Position in Cell and Gene Technologies
High demand for Lonza offerings across all modalities, supporting a leading market position

Lonza Pharma & Biotech | Cell & Gene Therapy

Delivering services across 3 key modalities in cell and gene technologies from four global centers of excellence

- Autologous cell and gene therapy
- Allogeneic cell and gene therapy
- Viral vector gene therapy

New clinical and commercial contracts signed in 2019

- Significant number of clinical and commercial contracts signed, among those commercial supply agreements with long-standing Lonza customers
- At least five late-stage registrations expected in 2020 across the global network

Some recent examples:
2019 Investment Highlights from across Lonza Pharma Biotech & Nutrition

CAPEX projects to expand our offering

Ibex™ Solutions (CH)

Design & Develop: Start of suite fit-out and 2 customers signed, with 2020 available capacities contracted

Dedicate: Start of suite fit-out, customers signed in addition to Sanofi, new deal with large pharma for microbial manufacturing

HPAPI & Bioconjugates

Expansion in Visp (CH)
Clinical to commercial HPAPI: Astra Zeneca monosuite
Bioconjugates expansion & support of majority of commercial ADCs

Stein (CH) Acquisition

Acquisition of cGMP parenteral drug product plant from Novartis
Clinical & launch supply
Initial customers signed including Novartis

Guangzhou (CN)

First biologics foothold in China with clinical development and manufacturing offering
First modules on site
Key positions hired

CHF 1 billion CAPEX expected to generate >CHF 1 billion sales per annum, after 6 to 7 years
2019 Innovation Highlights from across Lonza Pharma Biotech & Nutrition
Investing in R&D to stay one step ahead of industry challenges

Advanced Molecular Biology

Building new capabilities into our proprietary GS Xceed® expression system

Launch of GS piggyBac™ for stable expression of more complex molecules

Automation

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

Live Biotherapeutics

BacThera – first end-to-end CDMO for live biotherapeutic products

Full-service offering for microbiome through joint venture with Chr. Hansen

AI & Machine Learning

Advanced sensors to measure complex bioprocesses (e.g. Metabolites) in real time

Predictive modelling using wealth of data generated for better control of bioprocesses
Product Businesses within LPBN
## Full-Year 2019 Product Businesses Overview

Experiencing mixed demand and some operational challenges

<table>
<thead>
<tr>
<th><strong>Bioscience</strong></th>
<th><strong>Pharma Hard Capsules</strong></th>
<th><strong>Nutritional Hard Capsules</strong></th>
<th><strong>Nutritional Ingredients</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased demand for media, research tools, testing solutions and quality control software, based on favorable market trends in drug discovery and cell therapy</td>
<td>Ongoing demand for specialty polymer and dry powder inhalation (DPI) offerings</td>
<td>Negatively impacted by increased competition</td>
<td>Experienced soft demand in 2019</td>
</tr>
<tr>
<td>Continuous progress with operational improvements</td>
<td>Business was supported by new product launches but challenged by market conditions in the US and slower growth in developed markets</td>
<td>Softer demand for conventional gelatin hard capsules and slower growth in specialty polymer empty capsules, particularly in mature markets</td>
<td>UC-II® manufacturing expansion in Greenwood, SC (USA) on track to be operational in H1 2020</td>
</tr>
<tr>
<td>Several long-term agreements signed</td>
<td>Ongoing countermeasures with first impact in Q4 2019</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Segments: LONZA Specialty Ingredients (LSI)
Full-Year 2019 Specialty Ingredients Overview

Headwinds in line with broader sector, however, operating margins were improved

- Weaker sales in a challenging environment
- Improved CORE EBITDA margins driven by pricing initiatives, operational improvements and cost control measures
- BIT¹ supply began to regain stability in H2 2019; a fully restored supply is expected by the end of H1 2020
- LSI will continue to focus on driving recovery for its business, delivering the carve-out and developing a new market-oriented and efficient organization

¹ 1,2-Benzisothiazolin-3-one
Lonza Full-Year Results 2019 I 21 January 2020
## Full-Year 2019 Microbial Control Solutions Overview

Mixed performance, related to the diverse end-markets

<table>
<thead>
<tr>
<th>Professional Hygiene</th>
<th>Wood Protection</th>
<th>Paints and Coatings</th>
<th>Crop Protection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive performance with continued strong sales in most market segments</td>
<td>Stable demand, but increasingly competitive environment and pricing pressure, especially in the US market</td>
<td>Good performance despite the shortage of key raw material BIT</td>
<td>Ongoing customer destocking after a dry 2018 summer in Europe and further dry weather in 2019</td>
</tr>
</tbody>
</table>

- **Professional Hygiene**
  - Personal care with an uptake in H2 with Lonza’s anti-dandruff platform for hair care
  - Home care business with positive performance

- **Wood Protection**
  - Strong performance for oil and gas industry solutions
  - Polymer and textile with softer market demand from the automobile industry

- **Paints and Coatings**
  - Good performance despite the shortage of key raw material BIT

- **Crop Protection**
  - Ongoing customer destocking after a dry 2018 summer in Europe and further dry weather in 2019
### Full-Year 2019 Specialty Chemical Services Overview

Negatively impacted by ongoing geopolitical tensions, raw material supply and cyclical end-markets

<table>
<thead>
<tr>
<th>Composites</th>
<th>Custom Manufacturing (CMO)</th>
<th>Performance Chemicals &amp; Intermediates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slow improvement in the market</td>
<td>Performance at same level as previous year</td>
<td>Lower volumes in industrial intermediates impacted by Chinese</td>
</tr>
<tr>
<td>environment in H2</td>
<td>Expanding offering to industrial and pharma customers in addition to agricultural partners</td>
<td>competitive pressure and supply chain challenges</td>
</tr>
<tr>
<td>Affected by weak market demand for consumer electronics and US-China trade tensions</td>
<td></td>
<td>Lower volumes in Vitamin B3 due to African Swine Fever in Asia and low prices at the beginning of the year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lower demand for agro ingredients</td>
</tr>
</tbody>
</table>
Delivering Innovation in Specialty Ingredients
Specialty Ingredients’ focus on strengthening its market leadership

Examples from 2019

Next Generation Anti-dandruff Active
Commenced manufacturing of Piroctone Olamine (PO) to broaden portfolio
Strengthening position as world’s leading anti-dandruff active supplier

Navigating Regulation
Introduction of regulatory approved microbial-control alternatives:
- Triclosan-free antibacterial personal care
- Creosote-free wood protection
- Fungicides for metalworking lubricants

Keeping our world healthy
Efficient and environmentally friendly disinfection of hospital & food-contact surfaces with NUGEN®
- Combats 12 common pathogens
- Active breaks down into water and oxygen
- Disinfectant wipes for convenience and ease of use

Expansion in Personal Care
Broadening our personal care portfolio with new naturally-derived offerings:
- Modifect® EV Bioactive for skin care
- Non-ionic emulsifiers and surfactants

Lonza Full-Year Results 2019 | 21 January 2020
Outlook 2020
The year ahead for Lonza Group and its segments

- High single-digit sales growth in Pharma Biotech & Nutrition and low single-digit sales growth in Specialty Ingredients anticipated in 2020

- Overall stable CORE EBITDA margin despite growth projects in LPBN with CAPEX investments expected to remain at 2019 levels, related OPEX and start-up cost for significant projects scheduled to start operations by the end of 2020

- Outlook factors in continued macroeconomic uncertainty and some potential ongoing headwinds in the cyclical parts of Lonza's Specialty Ingredients businesses

Outlook 2020 is based on present business composition, the current macroeconomic environment, existing visibility and constant exchange rates.
Confirming Mid-Term Guidance 2022
Building blocks in place to deliver on Guidance

- **Pharma Biotech & Nutrition (LPBN)**
  - High single-digits
  - >30%
  - Manufacturing excellence
  - Operating leverage
  - Growth projects and CAPEX investments

- **Specialty Ingredients (LSI)**
  - Low to mid single-digits
  - >20%
  - Microbial control expertise
  - Procurement and supply-chain excellence
  - Productivity gains

- **Sales CHF 7.1 billion**
- **CORE RONOA 35%**
- **CORE EBITDA Margin 30.5%**
- **Double-Digit ROIC**

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Mid-Term Guidance 2022 is based on present business composition, the current macroeconomic environment, existing visibility and constant exchange rates.

Pro forma as Lonza Full-Year 2017 financial results (restated for IFRS 15) include Capsugel Full-Year 2017 financial results.
Lonza Priorities 2020
Setting up the business for continued growth

- Delivering financial targets 2020 and building blocks for Mid-Term Guidance 2022
- Realizing LSI carve-out on time and on budget
- Focusing on execution of growth projects and new partnerships in LPBN, as well as strengthening R&D and innovation
- Continuing talent attraction and retention as well as ensuring constant pipeline to develop the future leaders of the company
- Establishing clearer targets and action plan for implementation of environmental, social and governance (ESG) measures
- Reviewing future plans for Specialty Ingredients
Lonza Financial Performance
Trends from 2012 to 2019

**Sales in CHF million**

CAGR 2012 – 2019 – 6.8%
Total Growth – 58.2%

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3,741</td>
<td>3,584</td>
<td>3,640</td>
<td>3,803</td>
<td>4,132</td>
<td>5,083</td>
<td>5,542</td>
<td>5,920</td>
</tr>
</tbody>
</table>

**CORE RONOA in %**

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<tr>
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</thead>
<tbody>
<tr>
<td>11.0</td>
<td>12.3</td>
<td>14.3</td>
<td>16.4</td>
<td>21.5</td>
<td>30.0</td>
<td>31.4</td>
<td>28.5</td>
<td></td>
</tr>
</tbody>
</table>

**CORE EBITDA in CHF million**

% Margin

<table>
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<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>17.6</td>
<td>657</td>
<td>711</td>
<td>743</td>
<td>793</td>
<td>918</td>
<td>1,349</td>
<td>1,511</td>
<td>1,620</td>
</tr>
</tbody>
</table>

**CORE EPS Diluted in CHF**

CAGR 2012 – 2019 – 17.1%
Total Growth – 202.2%

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4.5</td>
<td>5.0</td>
<td>6.8</td>
<td>6.8</td>
<td>8.4</td>
<td>10.8</td>
<td>12.0</td>
<td>13.6</td>
<td></td>
</tr>
</tbody>
</table>

*Growth rates based on reported figures at actual exchange rates. No adjustment for acquisitions and divestments reflected, except 2018 and 2019 figures, which are restated for reorganization of Lonza’s Segments LPBN / LSI (excluding Water Care business as discontinued operations)
## Full-Year 2019 Financial Highlights Lonza Continuing Business (1/2)

Income statement – Full report accessible [online](#)

<table>
<thead>
<tr>
<th>CHF million</th>
<th>FY 2019</th>
<th>FY 2018&lt;sup&gt;1&lt;/sup&gt;</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>5,920</td>
<td>5,542</td>
<td>6.8%</td>
</tr>
<tr>
<td>CORE EBITDA</td>
<td>1,620&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1,511</td>
<td>7.2%</td>
</tr>
<tr>
<td>Margin in %</td>
<td>27.4&lt;sup&gt;2&lt;/sup&gt;</td>
<td>27.3</td>
<td>10bps</td>
</tr>
<tr>
<td>CORE EBIT</td>
<td>1,245&lt;sup&gt;3&lt;/sup&gt;</td>
<td>1,165</td>
<td>6.9%</td>
</tr>
<tr>
<td>Margin in %</td>
<td>21.0&lt;sup&gt;3&lt;/sup&gt;</td>
<td>21.0</td>
<td>0bps</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,525</td>
<td>1,429</td>
<td>6.7%</td>
</tr>
<tr>
<td>Margin in %</td>
<td>25.8</td>
<td>25.8</td>
<td>0bps</td>
</tr>
<tr>
<td>EBIT</td>
<td>972</td>
<td>842</td>
<td>15.4%</td>
</tr>
<tr>
<td>Margin in %</td>
<td>16.4</td>
<td>15.2</td>
<td>120bps</td>
</tr>
<tr>
<td>Net Financing Costs</td>
<td>(120)</td>
<td>(34)</td>
<td>-</td>
</tr>
<tr>
<td>Tax Rate in %</td>
<td>10.2</td>
<td>18.3</td>
<td>-</td>
</tr>
<tr>
<td>CORE Profit for the Period</td>
<td>1,014</td>
<td>899</td>
<td>12.8%</td>
</tr>
<tr>
<td>Profit for the Period</td>
<td>763</td>
<td>659</td>
<td>15.8%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Restated to reflect the classification of Water Care business as discontinued operations (see note 4 of Full-Year Results 2019 Report)

<sup>2</sup> IFRS 16 accounting adjustment on leases had a positive CORE EBITDA impact of CHF 33 million in 2019 (60 bps positive CORE EBITDA margin impact), offset by costs related to the divestment of the Water Care business and carve out of Specialty Ingredients (50 bps negative CORE EBITDA margin impact)

<sup>3</sup> IFRS 16 accounting adjustment on leases had a positive CORE EBIT impact of CHF 2 million in 2019 (3 bps positive CORE EBIT margin impact), offset by costs related to the divestment of the Water Care business and carve out of Specialty Ingredients (50 bps negative CORE EBIT margin impact)
## Full-Year 2019 Financial Highlights Lonza Continuing Business (2/2)

### Selected performance metrics – Full report accessible online

<table>
<thead>
<tr>
<th>CHF million</th>
<th>FY 2019</th>
<th>FY 2018¹</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORE EPS basic (CHF)</td>
<td>13.67</td>
<td>12.03</td>
<td>13.6%</td>
</tr>
<tr>
<td>EPS Basic (CHF)</td>
<td>10.28</td>
<td>8.80</td>
<td>16.8%</td>
</tr>
<tr>
<td>CORE EPS Diluted (CHF)</td>
<td>13.59</td>
<td>11.98</td>
<td>13.4%</td>
</tr>
<tr>
<td>EPS Diluted (CHF)</td>
<td>10.22</td>
<td>8.77</td>
<td>16.5%</td>
</tr>
<tr>
<td>Operational Free Cash Flow</td>
<td>495</td>
<td>884</td>
<td>(44.0%)</td>
</tr>
<tr>
<td>Change of Net Working Capital²</td>
<td>(336)</td>
<td>(29)</td>
<td>(290)</td>
</tr>
<tr>
<td>Capital Expenditures²</td>
<td>(786)</td>
<td>(575)</td>
<td>(211)</td>
</tr>
<tr>
<td>CORE RONOIA in %</td>
<td>28.5</td>
<td>31.4</td>
<td>(9.2%)</td>
</tr>
<tr>
<td>ROIC in %</td>
<td>9.1</td>
<td>8.0</td>
<td>110bps</td>
</tr>
<tr>
<td>Net debt</td>
<td>2,961</td>
<td>3,534</td>
<td>(16.2%)</td>
</tr>
<tr>
<td>Debt-equity ratio</td>
<td>0.45</td>
<td>0.56</td>
<td>(19.6%)</td>
</tr>
<tr>
<td>Net Debt / CORE EBITDA ratio</td>
<td>1.83</td>
<td>2.28</td>
<td>(19.7%)</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>15,468</td>
<td>14,425</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

¹ Restated to reflect the classification of Water Care business as discontinued operations (see note 4 of Full-Year Results 2019 Report)

² Lonza Group incl. Discontinued Operations

Lonza Full-Year Results 2019 I 21 January 2020

CORE definition: See appendix
Events Calendar & Contacts

- 10-11 Feb 2020: CEO roadshow Boston & New York (BAML)
- 18 Feb 2020: CEO & CFO roadshow London (Morgan Stanley)
- 3-4 March 2020: Credit Suisse Healthcare Conference (London)
- 17 March 2020: Annual Report 2019 (Tentative)
- 28 April 2020: Annual General Meeting, Basel (CH)
- 30 April 2020: Ex-Dividend Date
- 4 May 2020: Record-Dividend Date
- 5 May 2020: Dividend-Payment Date
- 24 July 2020: Half-Year Results 2020

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

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

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Therefore, the CORE results exclude exceptional expenses and income related to e.g. restructuring, environmental-remediation, acquisitions and divestitures, impairments and amortization of acquisition-related intangible assets, which can differ significantly from year to year.

For this same reason, Lonza uses these CORE results in addition to IFRS as important factors in internally assessing the Group’s performance.

In Lonza’s 2019 Half-Year Results report, the reconciliation of IFRS to CORE results provides further details on the adjustments.
Lonza Group Ltd has its headquarters in Basel, Switzerland, and is listed on the SIX Swiss Exchange. It has a secondary listing on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Lonza Group Ltd is not subject to the SGX-ST’s continuing listing requirements but remains subject to Rules 217 and 751 of the SGX-ST Listing Manual.

Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Any statements contained herein that are not statements of historical fact (including statements containing the words “outlook,” “guidance,” “believes,” “plans,” “anticipates,” “expects,” “estimates” and similar expressions) should be considered to be forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty.

There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including the timing and strength of new product offerings; pricing strategies of competitors; the company’s ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; difficulty to maintain relationships with employees, customers and other business partners; and changes in the political, social and regulatory framework in which the company operates, or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis.

In particular, the assumptions underlying the Outlook 2019 and Mid-Term Guidance 2022 herein may not prove to be correct. The statements in the section on Outlook 2019 and Mid-Term Guidance 2022 constitute forward-looking statements and are not guarantees of future financial performance.

Lonza’s actual results of operations could deviate materially from those set forth in the section on Outlook 2019 and Mid-Term Guidance 2022 as a result of the factors described above or other factors. Investors should not place undue reliance on the statements in the section on Outlook 2019 and Mid-Term Guidance 2022. Except as otherwise required by law, Lonza disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after this presentation was published.
### Glossary

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADC</td>
<td>Antibody Drug Conjugate</td>
</tr>
<tr>
<td>AAV</td>
<td>Adeno Associated Virus</td>
</tr>
<tr>
<td>Autologous</td>
<td>Autologous cell-based therapy uses a person’s own stem cells</td>
</tr>
<tr>
<td>Allogeneic</td>
<td>Allogeneic cell-based therapy uses stem cells from a matched related or unrelated donor</td>
</tr>
<tr>
<td>bps</td>
<td>Basis Points</td>
</tr>
<tr>
<td>CAPEX</td>
<td>Capital Expenditure</td>
</tr>
<tr>
<td>CAR-T cells</td>
<td>Chimeric antigen receptor-redated T cells</td>
</tr>
<tr>
<td>CDMO</td>
<td>Contract Development and Manufacturing Organization</td>
</tr>
<tr>
<td>cGMP</td>
<td>Current good manufacturing practices</td>
</tr>
<tr>
<td>EBIT</td>
<td>Earnings before interest and taxes</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Earnings before interest, taxes, depreciation, and amortization</td>
</tr>
<tr>
<td>EPS</td>
<td>Earnings per share</td>
</tr>
<tr>
<td>HP[API]</td>
<td>Highly Potent (Active Pharmaceutical Ingredient)</td>
</tr>
<tr>
<td>IFRS</td>
<td>International Financial Reporting Standards</td>
</tr>
<tr>
<td>IRR</td>
<td>Internal Rate of Return</td>
</tr>
<tr>
<td>OPEX</td>
<td>Operating Expense</td>
</tr>
<tr>
<td>QC</td>
<td>Quality Control</td>
</tr>
<tr>
<td>ROIC</td>
<td>Return On Invested Capital</td>
</tr>
<tr>
<td>RONOA</td>
<td>Return on Net Operating Assets</td>
</tr>
<tr>
<td>Small-Molecules</td>
<td>Low molecular weight molecules that include lipids, monosaccharides, second messengers, other natural products and metabolites, as well as drugs and other xenobiotics</td>
</tr>
<tr>
<td>YoY</td>
<td>Year over year</td>
</tr>
</tbody>
</table>