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Lonza

Business Update: Full Year 2006

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Disclaimer

- “Certain matters discussed in this presentation may constitute forward-looking statements. These statements are based on current expectations and estimates of Lonza Group Ltd, although Lonza Group Ltd can give no assurance that these expectations and estimates will be achieved. The actual results may differ materially in the future from the forward-looking statements included in this presentation due to various factors. Furthermore, Lonza Group Ltd has no obligation to update the statements contained in this presentation.”

2006 Results – Financial Highlights

- Net Income increased by 18.1% to CHF 222 million.
- EBIT increased by 15.8% to CHF 344 million.
- RONOA increased from 10.9 % (2005) to 12.2 % (2006).
- Sales rose by 15.6%, totaling CHF 2'914 million. Almost half of this growth was due to rise in raw material prices.
- Net Working Capital in relation to sales declined from 31% to 26%.
- Gearing level at 57%, including peptide and mammalian mid-scale acquisitions.

2006 Results – Strategic Highlights (I)

Successful implementation of key elements of strategy towards sustainable, above-average, profitable growth.

- All major investment projects are on track or ahead of schedule:
 - Visp highly active pharmaceutical ingredient project
 - China custom manufacturing platform
 - Visp microbial biopharmaceutical facility
 - Portsmouth multi-purpose shell
 - Singapore mammalian biopharmaceutical “I” and “II” plants
 - Mapleton and China amines expansions
 - Kouřim high-end enzyme production
- Operational performance overall on budget level.
- Strong Customer commitments and R&D pipeline provide foundation for growth.

2006 Results – Strategic Highlights (II)

- Portfolio changes progressed effectively:
 - Peptides acquisition
 - Mid-scale mammalian facility acquisition
 - Microbial biopharmaceutical acquisition*
 - Bioscience acquisition*
 - Larch arabinogalactan acquisition
 - LOFO divestiture
 - Polynt S.p.A. IPO

- Regulatory track record remains strong:
 - 11 successful authority audits
 - 88 successful customer audits

* following the close of Cambrex Bio-business acquisitions, anticipated Q1, 2007

Delivering our strategy...

Focus on the supply chain of
defined global life sciences markets

Utilizing and actively developing advanced
biotech and chemical technologies

Operational and leadership excellence in all functions
around the manufacturing value chain

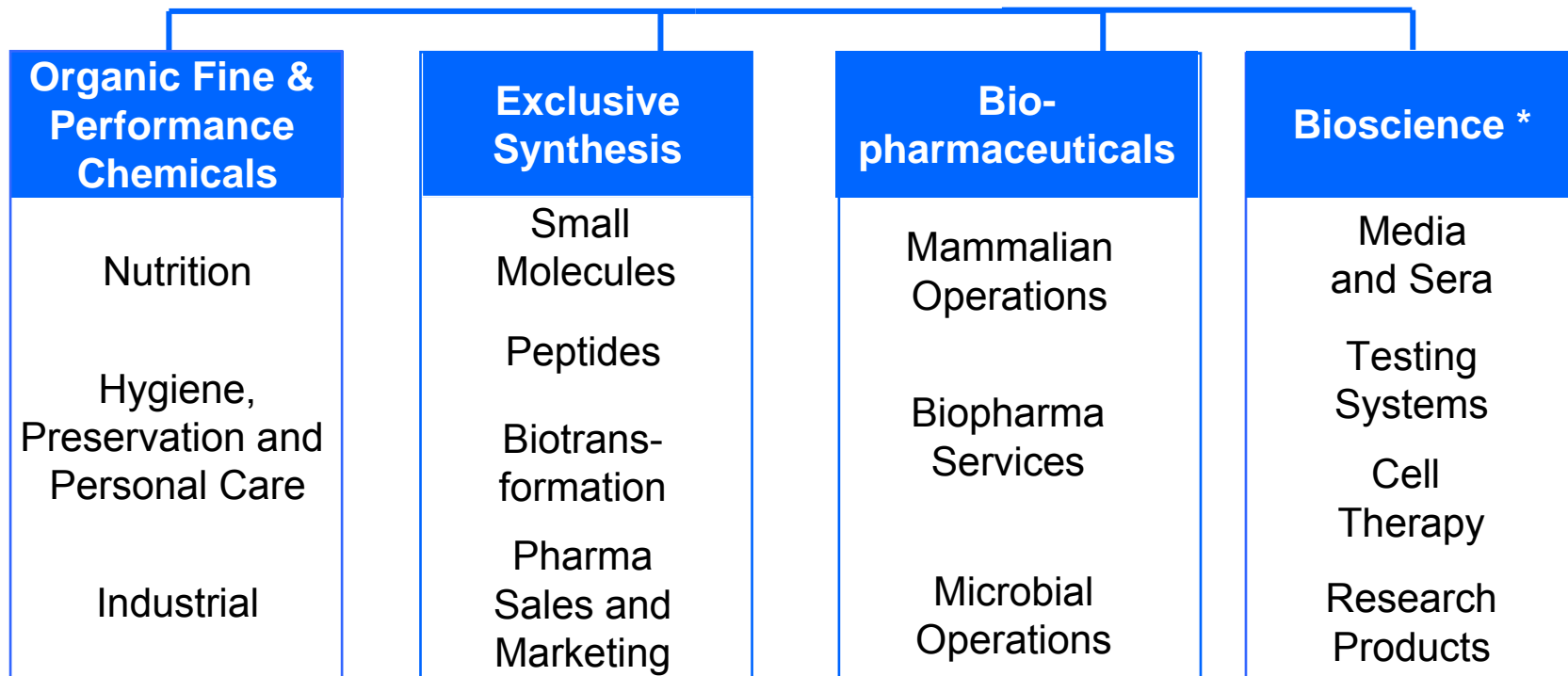
Creating a platform for sustainable, above average,
profitable growth

2006 Results

CHF million	2005	2006	Change YoY
Sales	2,521	2,914	15.6%
EBITDA	484	552	14.0%
<i>EBITDA Margin</i>	19.2%	19.0%	
EBIT	297	344	15.8%
<i>EBIT Margin</i>	11.8%	11.8%	
Net Income	188	222	18.1%
RONOA	10.9%	12.2%	
Capex (excluding acquisitions)	272	371	
EPS (CHF) basic	3.97	4.69	18.1%
Number of employees	5,984	6,146	2.7%
Gearing	65%	57%	
Net Working Capital/Sales	31%	26%	

Lonza's Life Science Platform

Lonza

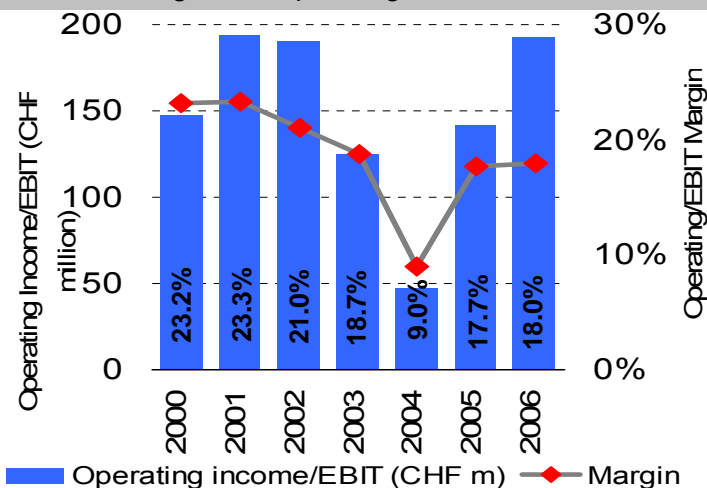


* following the close of Cambrex Bio-business acquisitions, anticipated Q1, 2007

Exclusive Synthesis* & Biopharmaceuticals

CHF million	2006	Change YoY
Sales	1'073	33.6%
EBIT	193	35.9%
Margin	18.0%	
EBITDA	295	28.8%
Margin	27.5%	

In 2006: Change from operating income to EBIT



- Sales rose to CHF 1'073 million (2005: CHF 803 million) with Exclusive Synthesis at CHF 605 million and Biopharmaceuticals at CHF 468 million.
- EBIT substantially increased by 35.9% to CHF 193 million, from CHF 142 million in 2005.
- Improved EBIT margin from 17.7% to 18.0%.
- Recovery of profitability is primarily the result of the Biopharmaceuticals business.

* Exclusive Synthesis restated without Agro CMO business

Exclusive Synthesis & Biopharmaceuticals

Exclusive Synthesis (I)

- Margins remain under pressure due to difficult market conditions influenced by Asian competition and continued global overcapacity.
- Sales growth driven by good product development, pipeline delivery and acquisition of peptides business.
- Margin improvements were offset by scheduling inflexibility, operational challenges in Conshocken and Braine, and peptides integration cost.
- Drying line in new API plant in Visp started in November 2006.
- Highly Active Pharmaceutical Ingredient (HAPI) production line construction initiated in Q4 2006.
- Capacity utilization outlook remains strong for all sites.
- Peptide customers and contracts have been transitioned and long term outlook is confirmed.

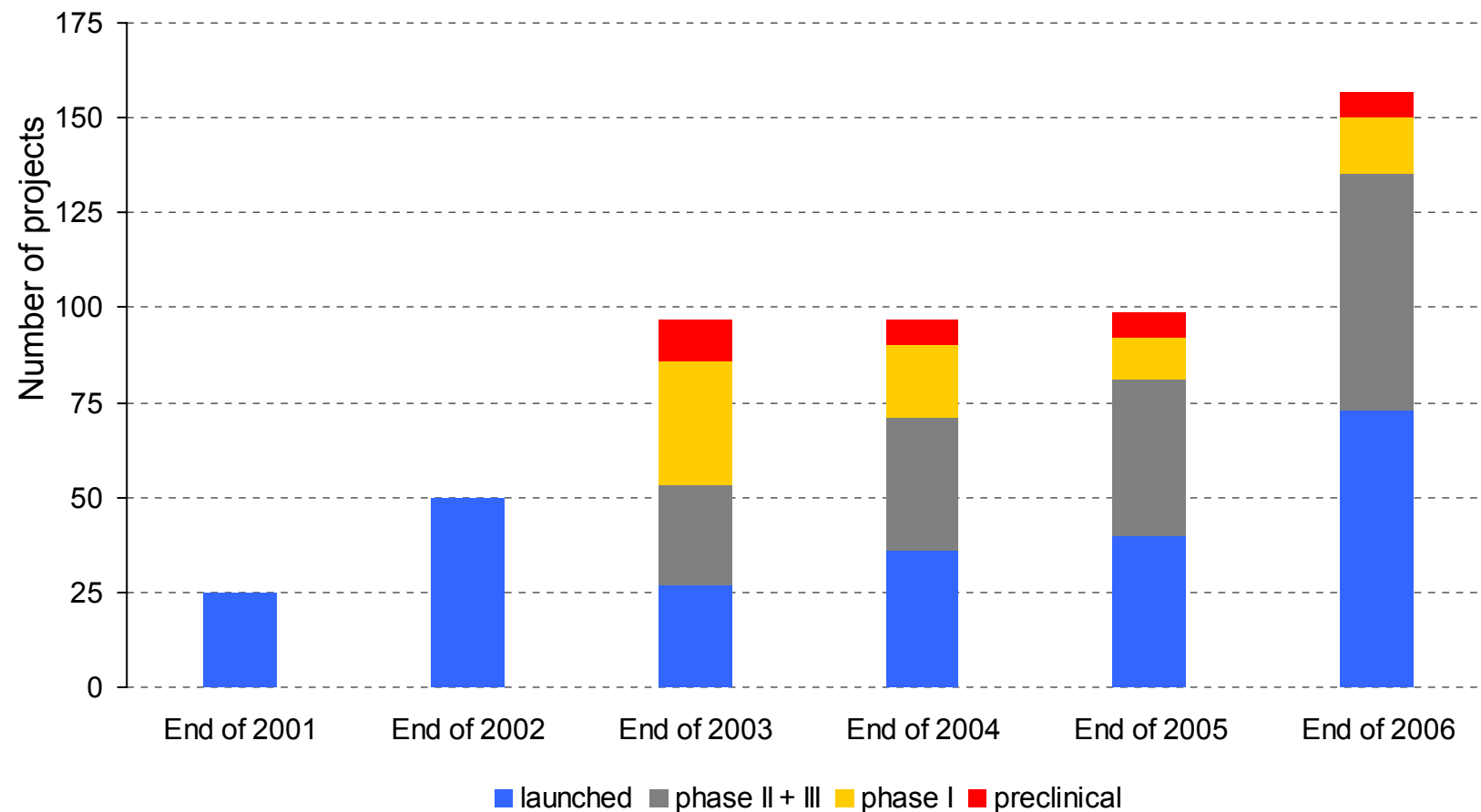
Exclusive Synthesis & Biopharmaceuticals

Exclusive Synthesis (II)

- Expansion of capabilities in Asia:
 - Continued successful delivery of R&D center in Nansha (China)
 - Construction of small scale plant well under way; start-up planned for Q3 2007
 - Construction of API plant according to schedule (start up mid-2008)
 - Planning for second phase has been advanced due to very strong customer interest
- On-going portfolio change in the direction of peptides, high value API's and microbially derived enzymes.
- Lab activities underway in the innovative area of antibody drug conjugates.

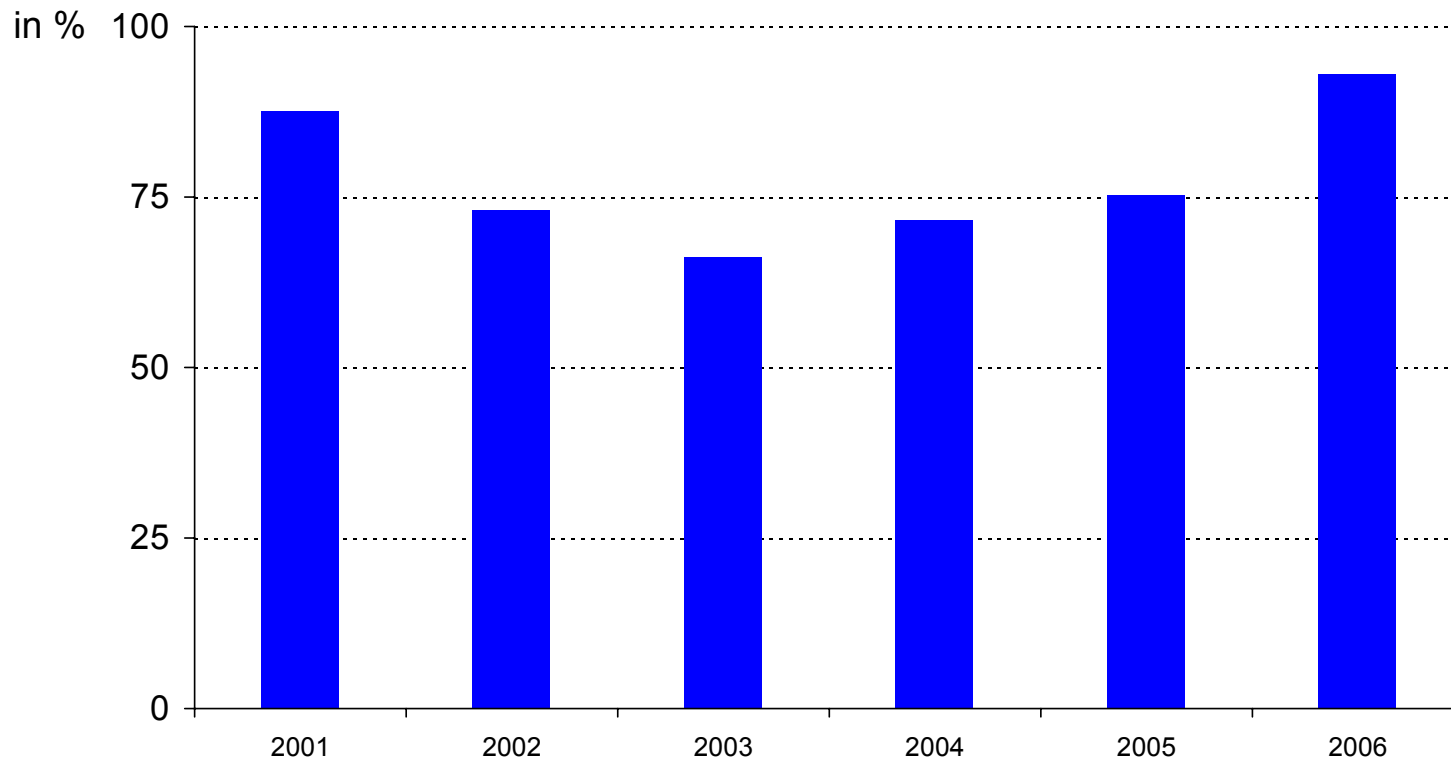
Exclusive Synthesis – Project Pipeline

Chemical Synthesis and Biotransformation



Exclusive Synthesis – Capacity Utilization

■ Exclusive chemical synthesis (GMP qualified assets)*



* excludes Lonza Braine

Exclusive Synthesis & Biopharmaceuticals

Biopharmaceuticals (I)

- Very strong performance improvement primarily due to the high utilization and success rate of all (small, mid and large-scale) manufacturing capacities.

- Strong demand for Biopharma Services and GS Technology platform (including licenses and royalties).

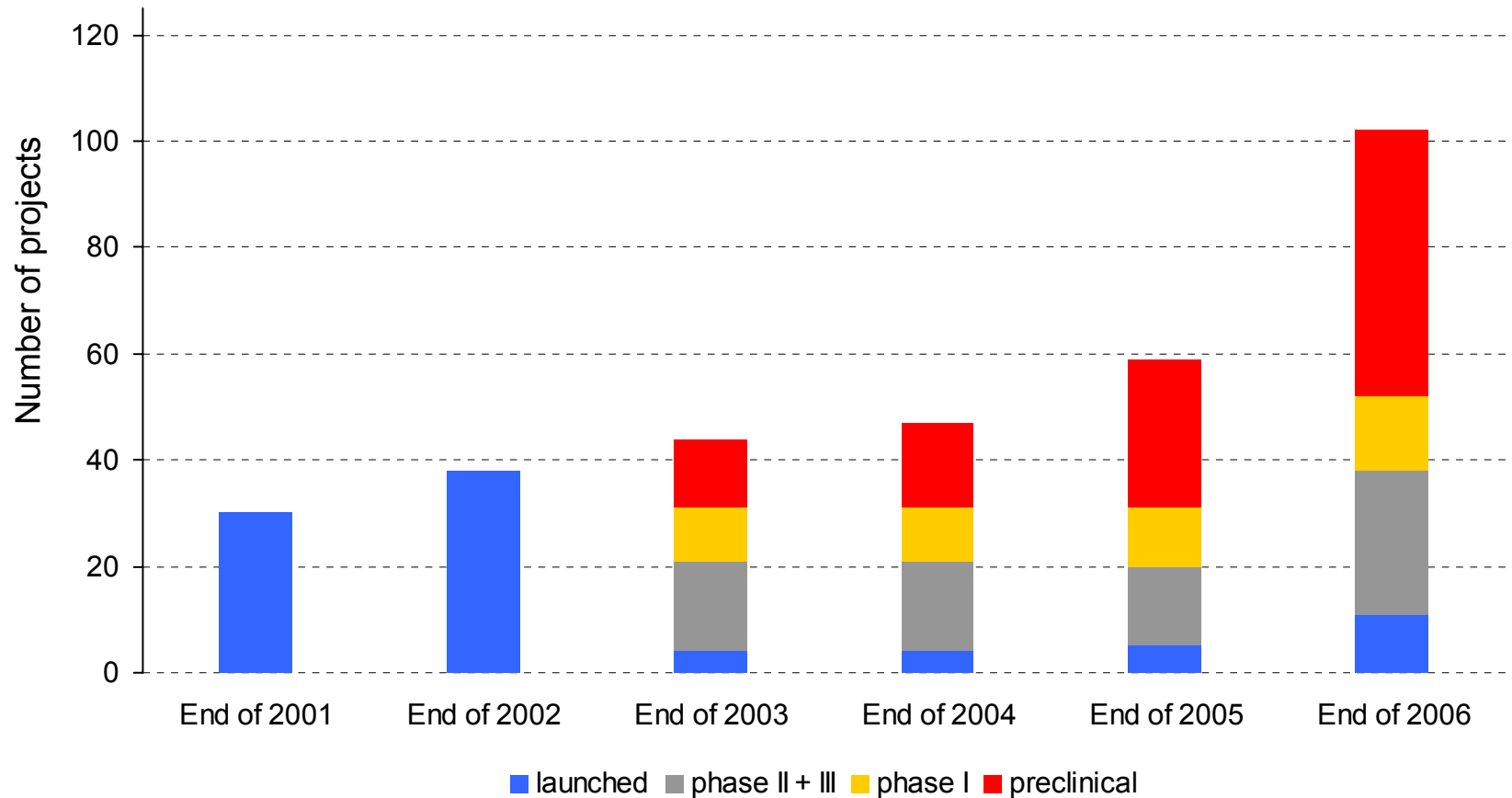
- Strong project pipeline supports the various expansion projects:
 - Conversion of the mothballed 2'000L line to a 5'000L line
 - Singapore I shell construction with equipment for final fit-out on order
 - Singapore II shell ground breaking in Q1 2007
 - Ground breaking for Portsmouth multi-purpose shell in Q1 2007

Exclusive Synthesis & Biopharmaceuticals

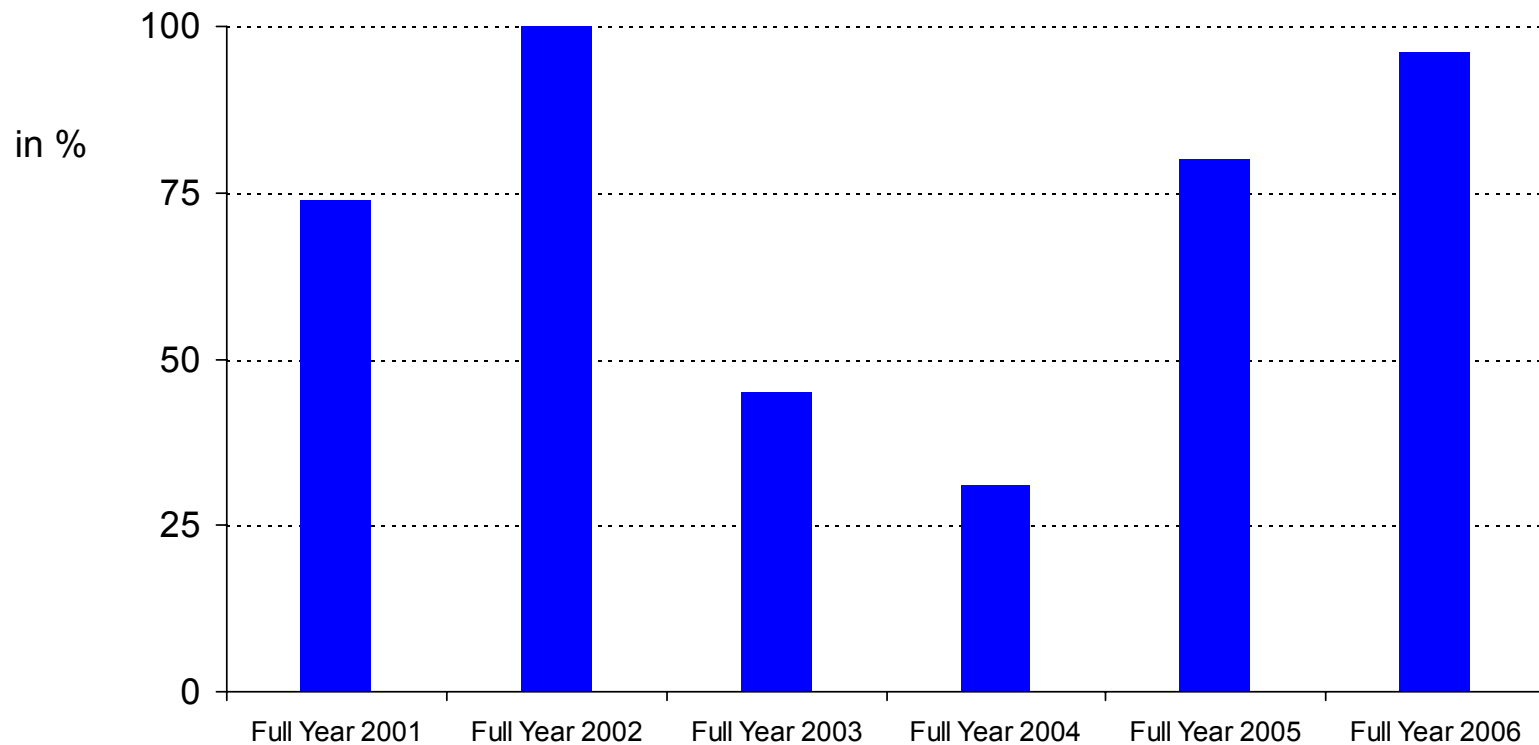
Biopharmaceuticals (II)

- The 2 x 15'000L microbial lines in Visp (CH) are mechanically completed. Line 1 is already running qualification batches, line 2 will be ready for engineering runs in Q2 2007.
- The new 500L mammalian bioreactor line for clinical material in Slough (UK) started up December 2006.
- Next expansion step of the Biopharma Services business (process development & engineering) is in the planning phase.
- Acquisition of the mid-scale mammalian biopharmaceutical production plant based in Porriño (Spain) provides Lonza with immediate access to further mid-scale biomanufacturing capacity.

Biopharmaceuticals – Project Pipeline

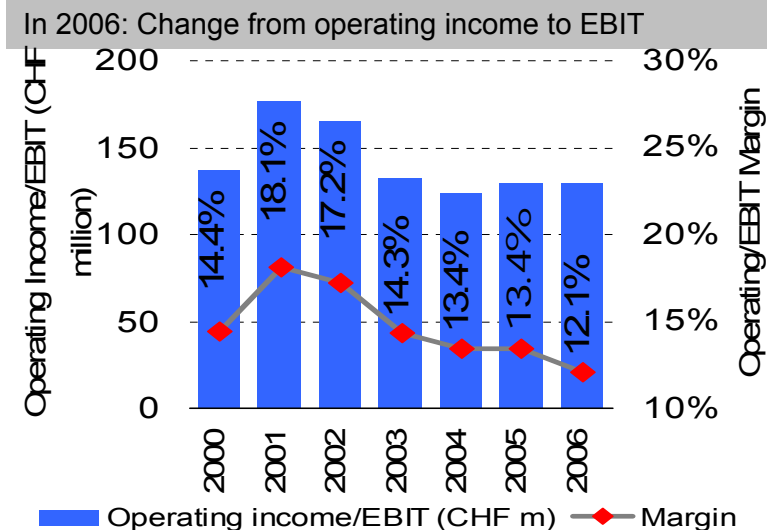


Biopharmaceuticals – Capacity Utilization



Organic Fine & Performance Chemicals*

CHF million	2006	Change YoY
Sales	1'075	10.5%
EBIT	130	0.0%
<i>Margin</i>	12.1%	
EBITDA	197	4.2%
<i>Margin</i>	18.3%	



- Sales rose to CHF 1'075 million (2005: CHF 973 million).
- EBIT remained at CHF 130 million.
- EBIT margin decreased from 13.4% to 12.1%.
- Time lag between increases in raw material and sales prices had a negative impact on margin development.

* restated including Agro CMO business

Organic Fine & Performance Chemicals (I)

Summary

- Strong sales growth driven by high raw material and energy prices reduced sales margin but defended RONOA.
- Continuous high capacity utilization.
- Unchanged strong competition out of 'low cost countries' (e.g. India, China).
- Market shares in strategic market niches were kept at the desired high levels.
- Stronger profits for specialties offset by price pressure for commodities.

Nutrition

- Nicotinate business on track, with improved margins.
- Stable sales of vitamin intermediates.
- Strong demand for both Carniking® (feed) and L-Carnipure® (food); with unchanged price competition from China.
- Demand for Meta® metaldehyde (molluscicide) slightly below expectation due to lower demand and new formulation technology; pressure from Chinese competition is increasing.
- Larch Arabinogalactan business has been successfully integrated.

Organic Fine & Performance Chemicals (II)

Hygiene / Personal Care / Preservation

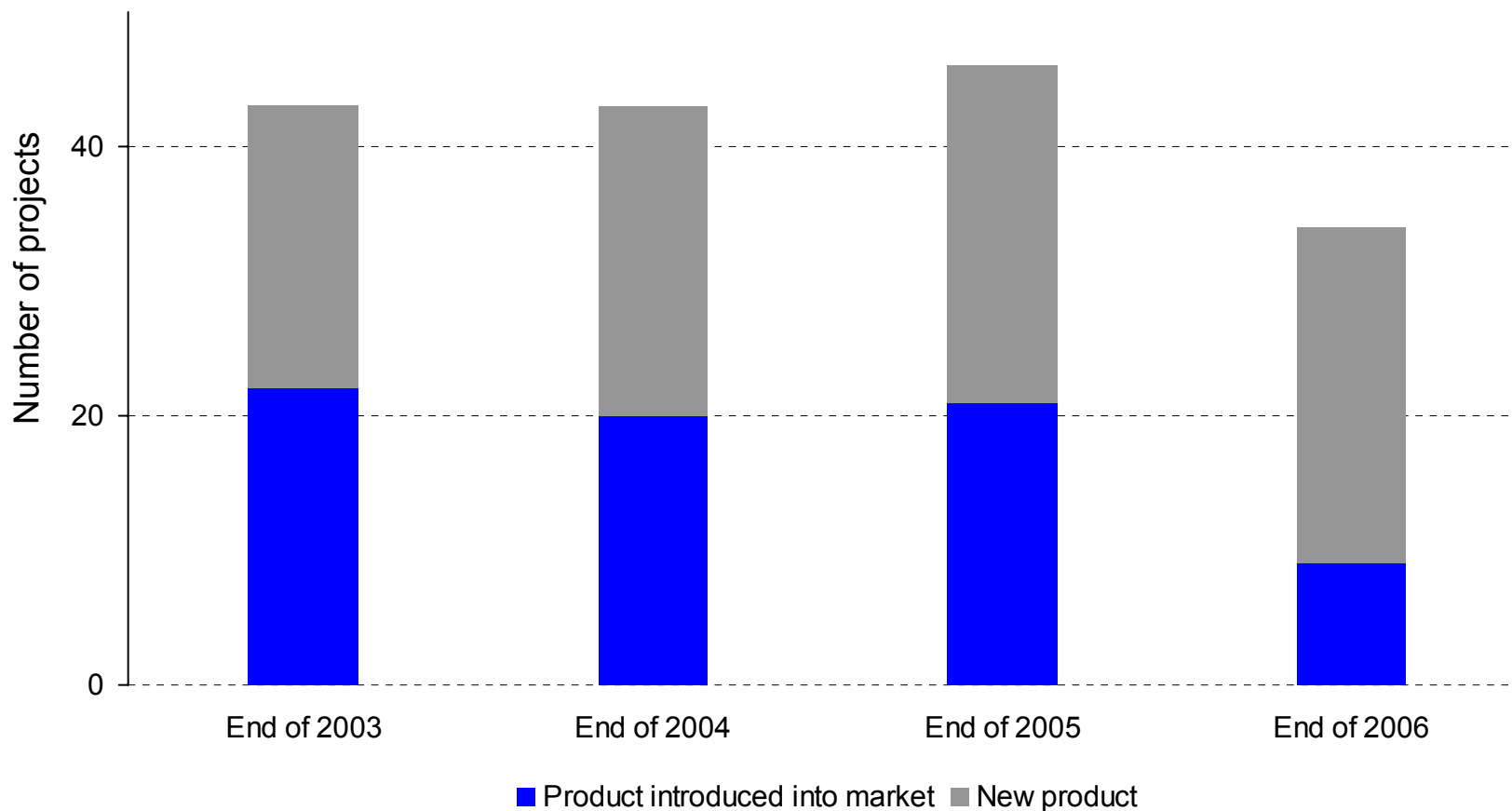
- Hygiene and Personal Care businesses at target level, in line with strengthening global demand.
- Integrated LaraCare® 200 (galacto-arabinin) skin care active line under Lonza Personal Care portfolio as a result of Larex acquisition.
- Moderate performance for Carboquat® (protection for pressure treated wood).
- Patented Equinox® is the new leading technology for enhancing anti-microbial control in paper manufacturing.

Organic Fine & Performance Chemicals (III)

Industrial Specialties

- Positive development of industrial specialties with higher volumes and stable margins.
- Dismal situation for Diketene and derivatives due to higher raw material prices in EU than Asia, weak overall pricing and shifting demand.
- High-performance materials in growth mode driven by Cyanate Esters.
- Sales for electronics applications above expectations with high capacity utilization rate.
- Nicely improved Agro performance, but overall still at low profitability.

Organic Fine & Performance Chemicals – Project Pipeline



Long Term Business Outlook

Lonza reaffirms the new guidance communicated in October 2006:

- Sales growth between 8% to 12% per year
- EBIT growth mid to high teens
- Project pipeline fully aligned with expectations

Visibility of contracts and projects, together with economic conditions, currently supports continuous growth until 2012.

Calendar of Events + Contacts

■ Important Lonza Group Dates

- | | |
|------------------------|--------------------------|
| ■ 28 March 2007 | Annual General Meeting |
| ■ 19 April 2007 | Q1/2007 Business Update |
| ■ 26 July 2007 | Half Year Results 2007 |
| ■ 23 October 2007 | Q3/2007 Business Update |
| ■ 27/28 September 2007 | Analyst / Investor Event |

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Back-up Slides

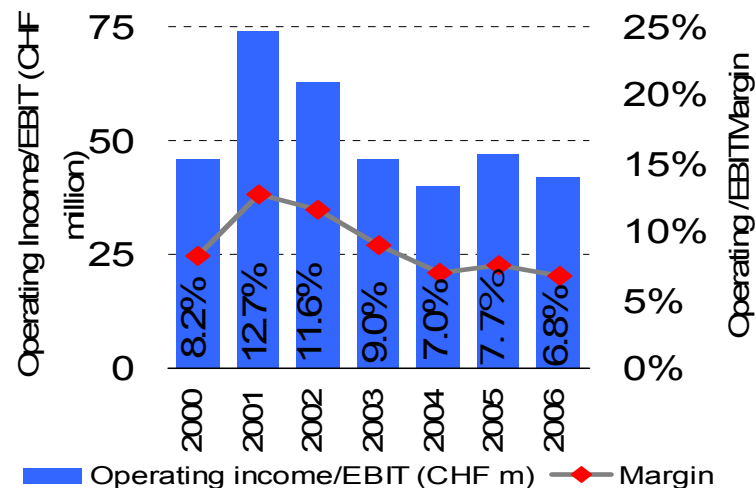
Consolidated Income Statement 2006

CHF million	2005	2006	Change YoY
Net Sales	2'521	2'914	15.6%
Result from operating activities (EBIT)	297	344	15.8%
Pre-tax earnings	244	291	19.3%
Income taxes	(56)	(69)	23.2%
Net Income	188	222	18.1%
EPS basic (CHF)	3.97	4.69	18.1%
EPS diluted (CHF)	3.87	4.30	11.1%

Polynt S.p.A. (formerly Polymer Intermediates)

CHF million	2006*
Sales	629
EBIT	43
Margin	6.8%
EBITDA	68
Margin	10.8%

In 2006: Change from operating income to EBIT



- Improvement of sales for the first ten months, equaling CHF 629 million.
- EBIT at CHF 43 million.
- The IPO was completed at beginning of November 2006.
- Lonza retains a 31% minority stake in Polynt S.p.A.

*Results from January until October 30, 2006.

Polynt S.p.A. (formerly Polymer Intermediates) - I

- Positive impact of rising prices and product mix improvement.
- Phthalic anhydrides and general-purpose plasticizer sales improved due to the recovery of the building and automotive sector in Southern Europe.
- Maleic anhydride and derivatives showed strong performance in the EU, as expected.
 - Catalyst business achieved record results due to the newly introduced catalyst for maleic plants.
- Trimellitic anhydride and special plasticizers performed in line with low expectations.
 - Special plasticizers performance confirmed the expected positive trend.

Polynt S.p.A. (formerly Polymer Intermediates) - II

- Resins and Compounds performed in line with expectations due to good demand from the electrical and transportation industries

- Research and development:
 - New catalysts for both phthalic and maleic anhydrides plants were introduced into the pipeline
 - Developed new resin formulations for the coating industry
 - Developed new maleic derivatives for wind turbines applications

Holdings and Other

CHF million	2006
Sales	137
EBIT	(22)
<i>Margin</i>	<i>(16.1)</i>
EBITDA	(8)
<i>Margin</i>	<i>(5.8)</i>

Purified Isophthalic Acid (Singapore)

- Profitability at the end of Third Quarter further improved, due to more balanced demand / supply situation and slowly softening raw material costs.
- Plant ran smoothly, in line with budget at record production level.
- Further capacity expansion planned for January 2007.