

**Our passion is to deliver
sustainable value to our customers**

Lonza

2007 First Half Results – 26 July 2007

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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.”

2007 First Half Results – Financial Highlights

- Portfolio changes along with growth in Biopharmaceuticals and Organic Fine & Performance chemicals led to strong results¹:
 - Sales progressed by 32.1% to CHF 1 374 million
 - EBIT increased by 56.9% to CHF 204 million
 - EBIT margins rose by 2.3 percentage points to 14.8% of sales
 - Net income grew by 82.5% to CHF 146 million on an improved financial result and a low sustainable tax rate
- Gearing as a result decreased from 92% at the end of the first quarter to 87%
- Net working capital in relation to sales declined from 29.0% in the first half of 2006 to 24.3% in the first half of 2007
- RONOA increased from 11.0% in the first half of 2006 to 13.8%
- The number of employees ex-acquisitions rose by 3.2% since the beginning of 2007, in line with the long-term Human Resources strategy

¹ based upon continuing operations

2007 First Half Results – Key Financial Figures

CHF million	1.Half 2006	1.Half 2007	Change YoY
Continuing operations¹			
Sales	1 040	1 374	32.1%
EBITDA	221	335	51.6%
<i>EBITDA Margin</i>	21.3%	24.4%	
EBIT	130	204	56.9%
<i>EBIT Margin</i>	12.5%	14.8%	
Net financial income / expenses	(29)	(19)	
<i>Tax rate</i>	20.8%	21.0%	
Net Income	80	146	82.5%
EPS (CHF) basic	1.69	3.07	81.7%
EPS (CHF) diluted	1.61	2.86	77.6%
Group total			
Cash Flow before change in net working capital	175	313	78.9%
Change in net working capital	(88)	(106)	
Capital Expenditures	(148)	(261)	76.4%
Net Debt	1 192	1 535	28.8%
Number of employees	6 447	7 457	15.7%

¹ The condensed consolidated income statement from the previous-year interim financial reporting has been restated to show the discontinued operation of Polymer Intermediates separately from continuing operations

2007 First Half Results – Strategic Highlights

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

■ Growth

- Capital expenditure projects on or ahead of schedule and budget
- Contracting for new plants demonstrates promising upside
- Growth strategy for Bioscience designed to deliver enhanced returns

■ Integration

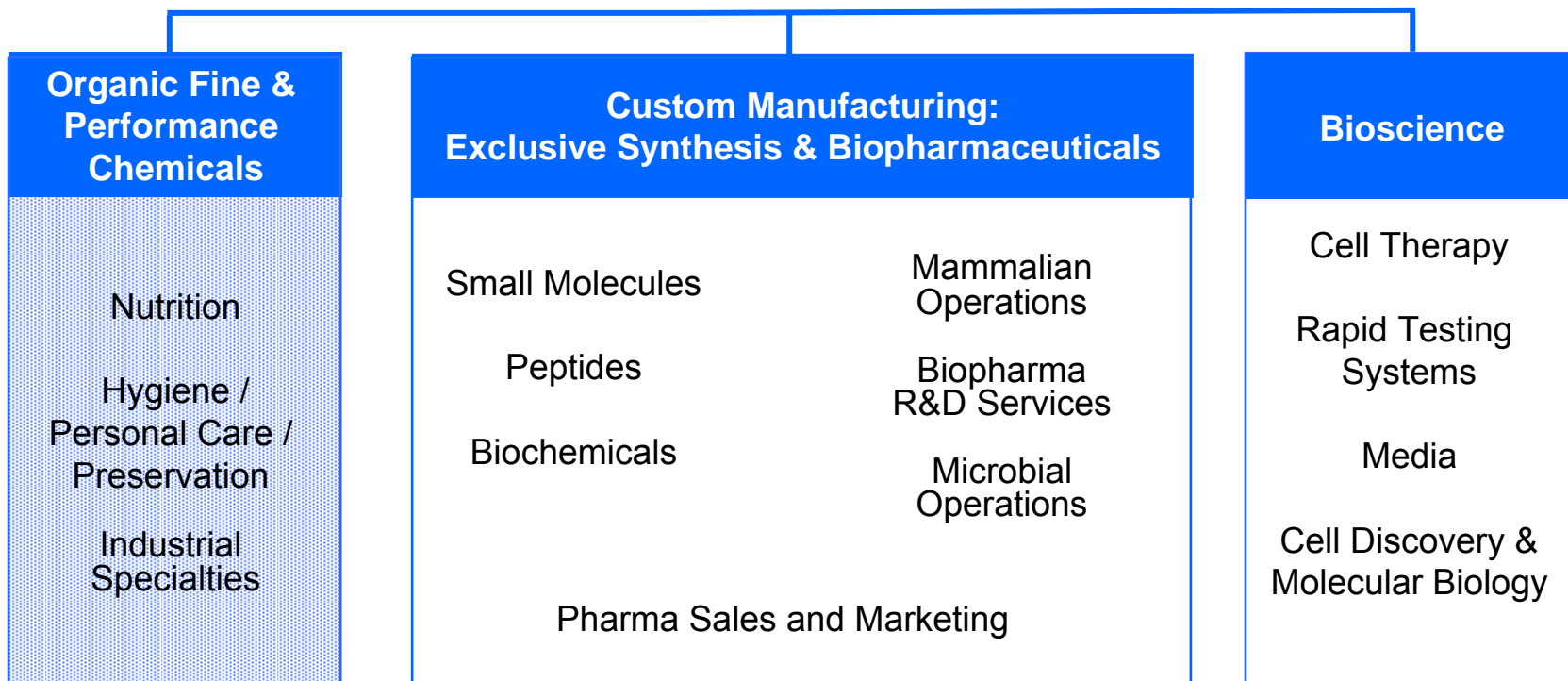
- Consolidation of the US microbial plants, backed by strong customer support, delivering results one year ahead of plan
- Bioscience integration fully on track and budget, delivering first synergies as expected
- Seamless integration of the mid-scale mammalian assets in Porriño (SP)

■ Structural operations

- Riverside (USA) stabilized and profitable since June 2007
- Braine (BE) delivering first results with real turnaround to become visible in 2008

Lonza's Life-Science Platform

Lonza



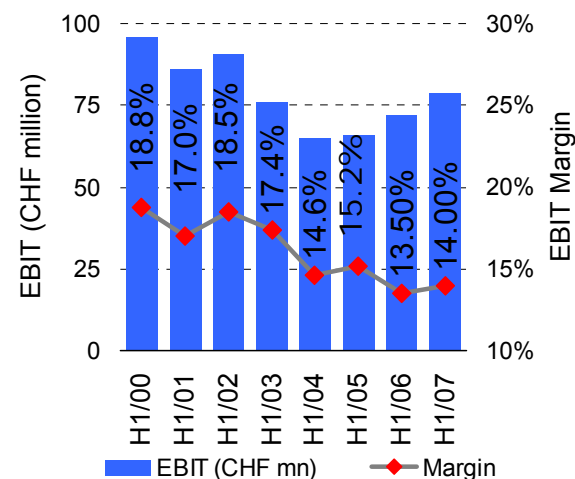
Organic Fine & Performance Chemicals

Key figures

CHF million	1.Half 2007	Change YoY*
Sales	564	6.0%
EBIT	79	9.7%
<i>Margin</i>	14.0%	
EBITDA	112	6.7%
<i>Margin</i>	19.9%	

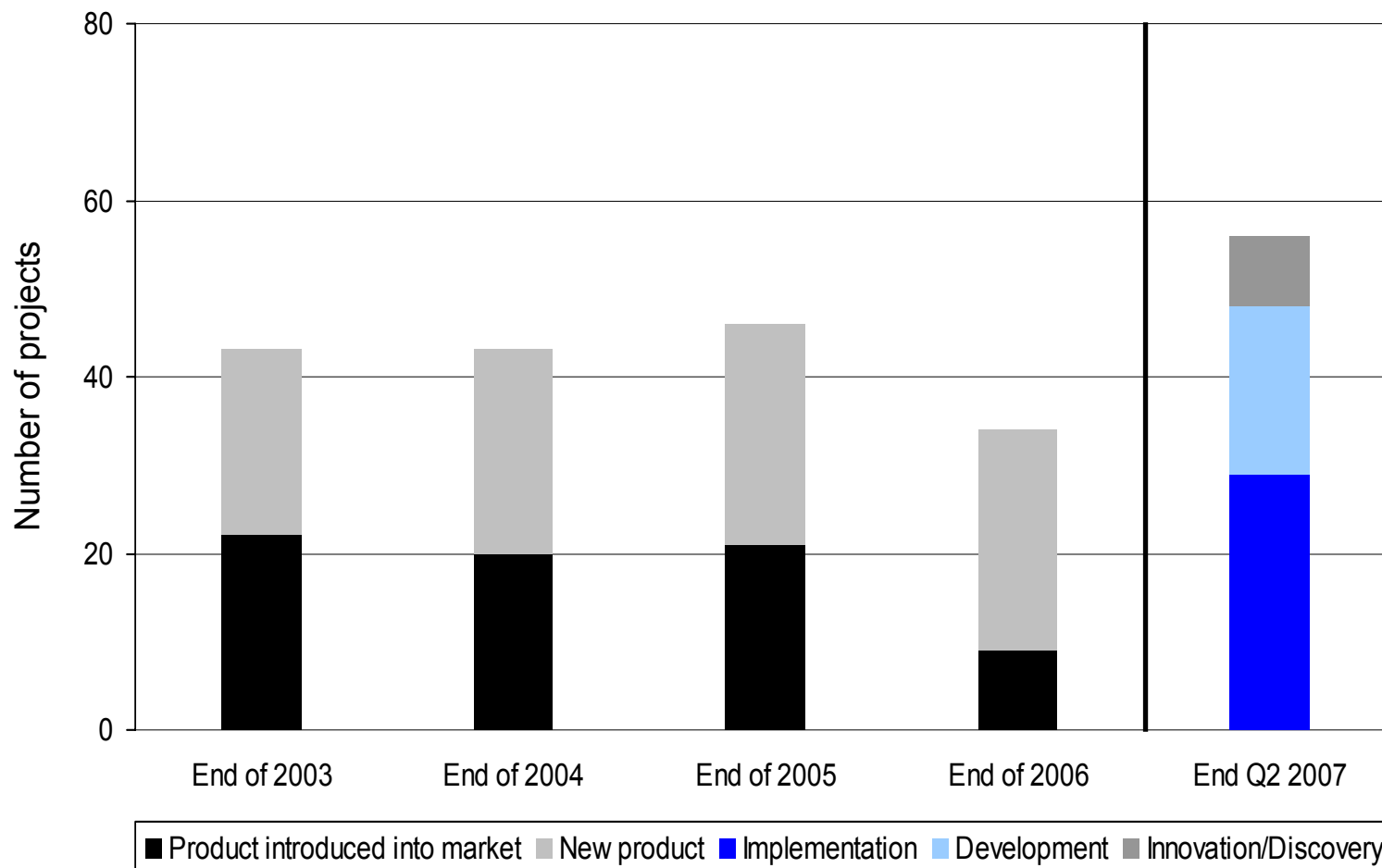
* Restated for the reclassification of Agrochemicals

EBIT and margin progression



- Two thirds of sales growth delivered by business growth, with only a third driven by increases in raw materials
- Prices have caught up with raw material cost developments
- Market shares in strategic market niches were kept at the desired high levels
- Strategic review of Nutrition and Hygiene / Personal Care / Preservation businesses to be delivered by the end of 2007
- Pipeline structure adapted to reflect short, mid and long-term opportunities

Organic Fine & Performance Chemicals – Project Pipeline (New Products)



Organic Fine & Performance Chemicals

Nutrition

- Volume growth in nicotines driven by new pharmaceutical and food applications
- Demand for both Carniking® (feed) and Carnipure® (food) at target level, with unchanged price competition from China
- Vitamin K3 acquisition complementing Lonza's chemical technology toolbox
- Strategic review of DHA business following loss of North American patent dispute and delayed dispute in Germany

Hygiene / Personal Care / Preservation

- Hygiene business at target level, characterized by strong global demand and price competition in NAFTA
- Moderate performance for Carboquat® (protection for pressure-treated wood) due to slowdown of US construction market

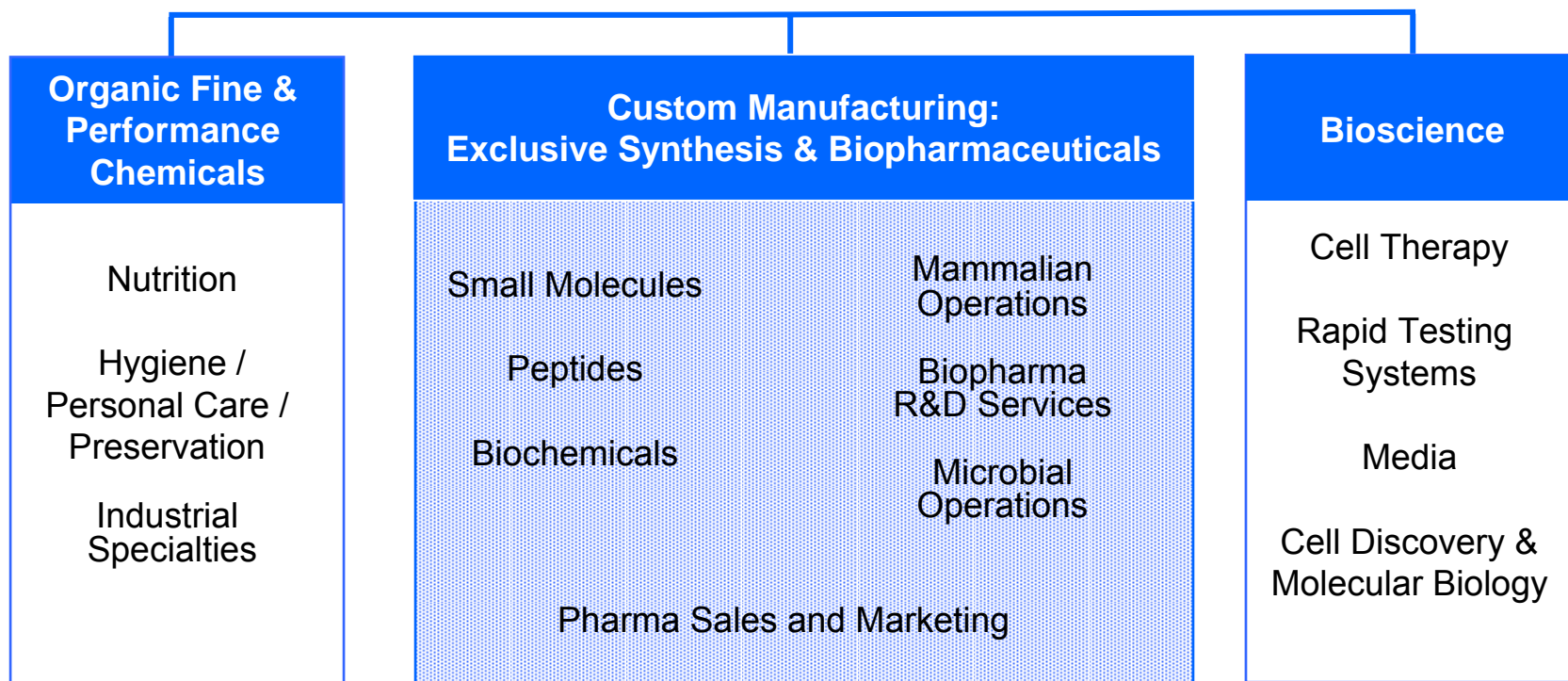
Organic Fine & Performance Chemicals

Industrial Specialties

- Overall improvement in volumes for industrial specialties with margins recovering only gradually
 - Strong competition in commodity areas such as HCN derivatives, mainly from Asia
 - Slight recovery in the diketene business, but still below satisfactory levels due to raw material situation in EU
 - Continuous stepwise improvement in Agro performance and strengthening of product pipeline
- Results in the fourth quarter will be affected by the planned seasonal shutdown of the cracker in Visp (CH)

Lonza's Life-Science Platform

Lonza



Exclusive Synthesis & Biopharmaceuticals

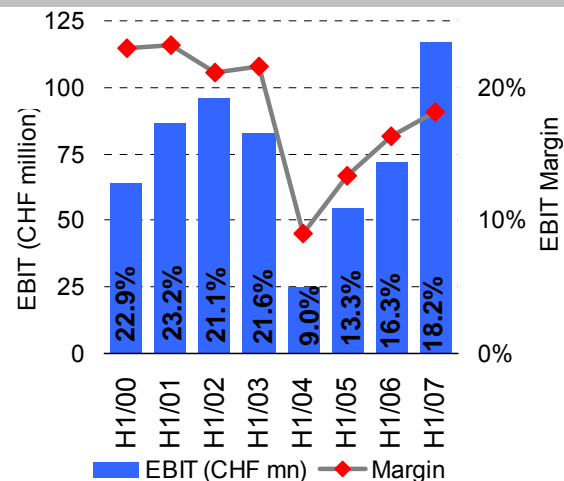
Key figures

CHF million	1.Half 2007*	Change YoY**
Sales	642	45.2%
EBIT	117	62.5%
<i>Margin</i>	18.2%	
EBITDA	193	56.9%
<i>Margin</i>	30.1%	

* Includes the acquisition of Microbial Biopharmaceuticals

** Restated for the reclassification of Agrochemicals

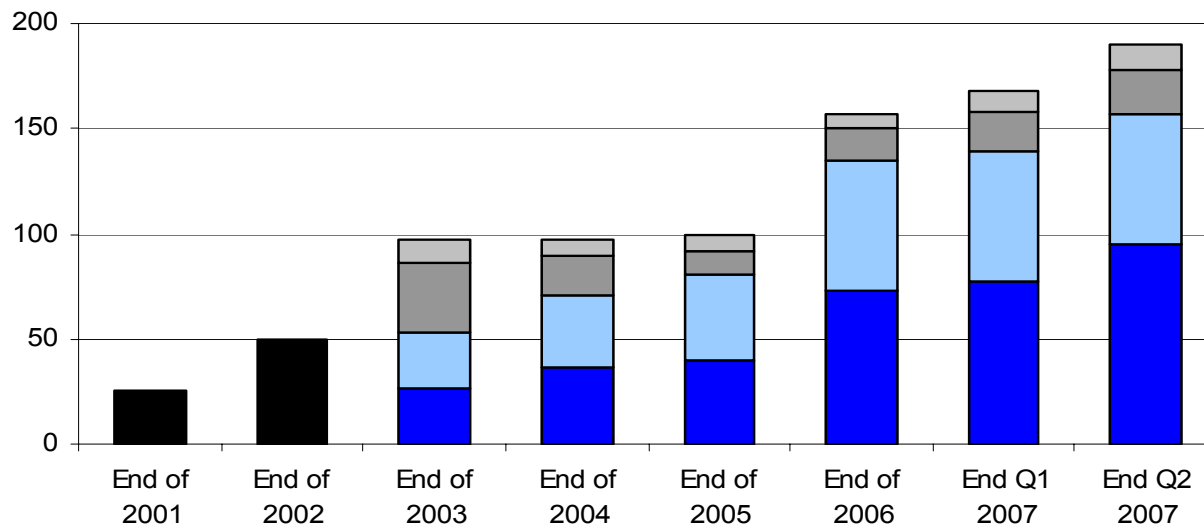
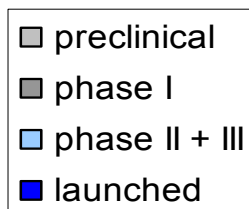
EBIT and margin progression



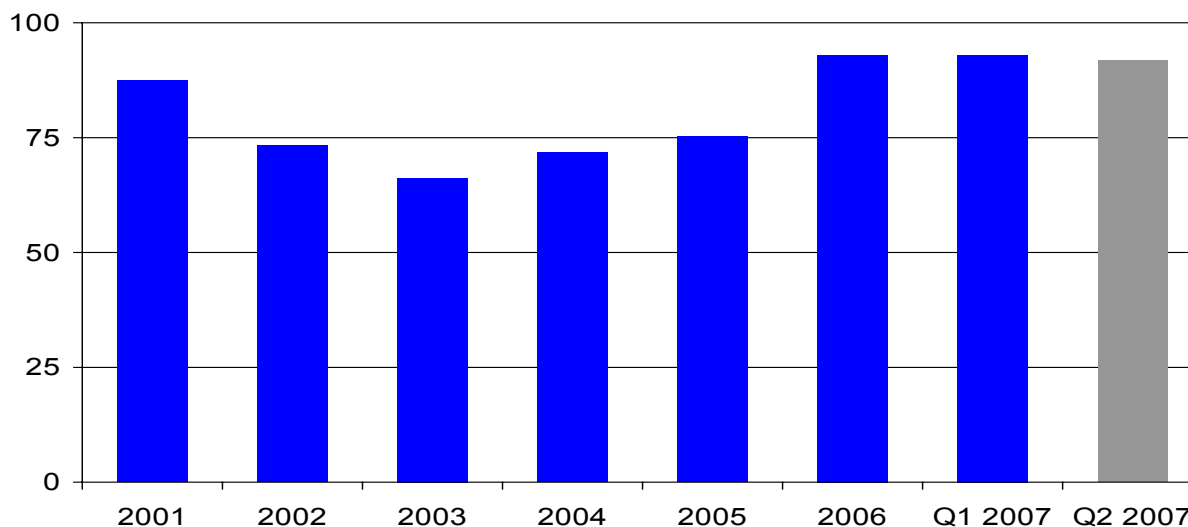
- Outstanding operational performance in Biopharmaceuticals
- Exclusive Synthesis continues to feel the short-term burden of transformational activities
- Continuous, strong build-up of the project pipeline

Exclusive Synthesis – Pipeline and Utilization

Project pipeline
Number of projects

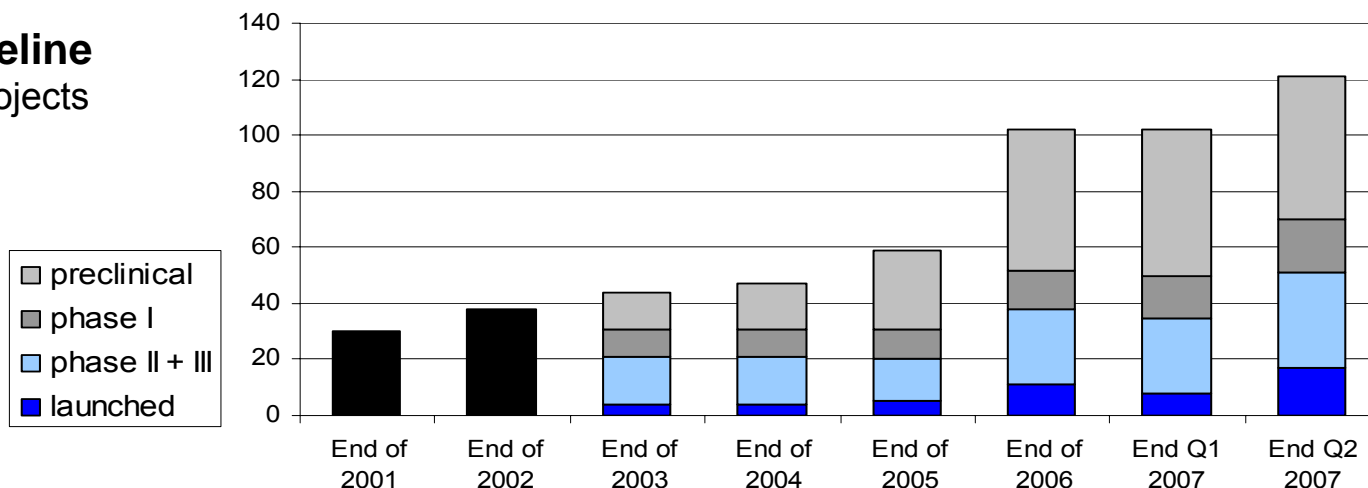


Capacity Utilization
in %

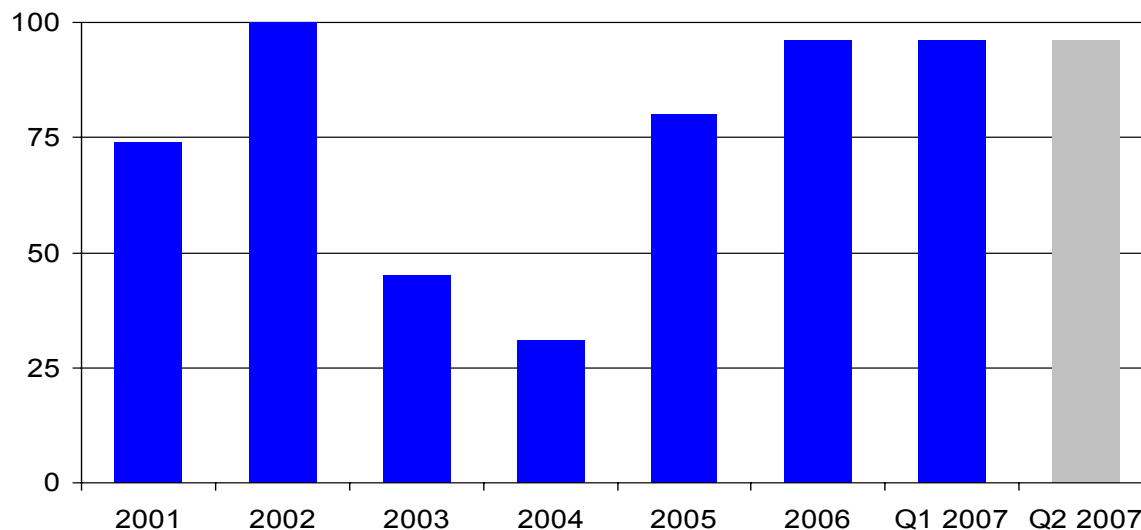


Biopharmaceuticals – Pipeline and Utilization

Project Pipeline
Number of projects



Capacity Utilization
in %



Exclusive Synthesis & Biopharmaceuticals

Exclusive Synthesis

- Market conditions remain difficult due to remaining overcapacity and competition. The number of inquiries for API production is continuously rising. Increased outsourcing of process-related R&D for key accounts
- HIV franchise delivered lower sales due to de-stocking at customers
- Major milestones and project status
 - Visp (CH) technology investments strongly supported by Valais government
 - First production of antibody drug conjugates at laboratory scale. Small-scale pilot plant on stream in 2007. Commercial scale start-up in 2008
 - Increased capacity for the production of Highly Potent Active Pharmaceutical Ingredients (HAPI) on stream in 2007
 - Expansion of fermentation and downstream processing capabilities at the Biochemical facility in Kouřim (CZ), completed in the second half of 2007
 - On-time completion of the small-scale plant in Nansha, going on stream in August. Construction of the large-scale API facility in China well underway, backed by customer commitments, on stream in the second half of 2008
 - Riverside (USA) stabilized and profitable since June 2007
 - Braine (BE) delivering first results with real turnaround to be realized in 2008

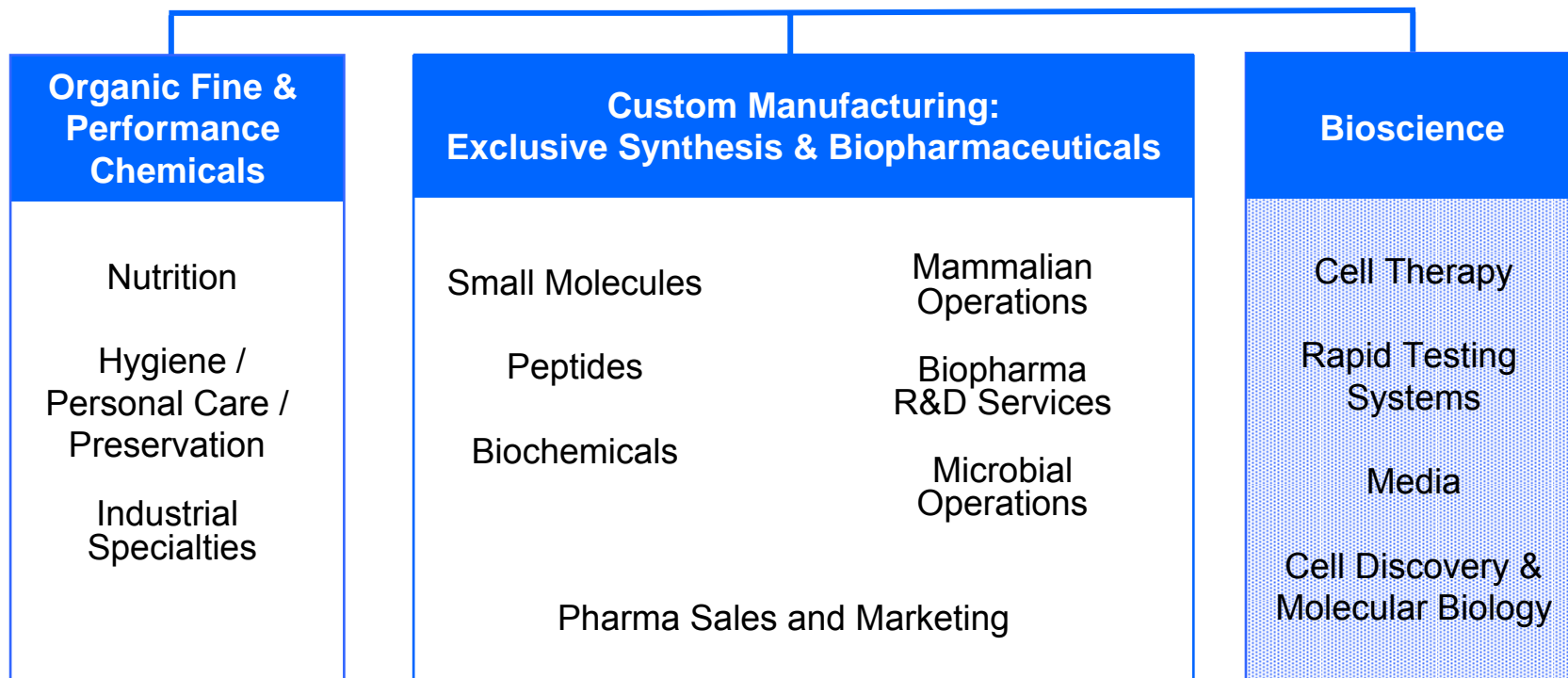
Exclusive Synthesis & Biopharmaceuticals

Biopharmaceuticals

- Strong interest and demand for Biopharma Services and Lonza's extended "product life cycle management" concept
- Batch scheduling favored the first half in 2007
- Contract status backing expansion projects
 - 10 clients with over 15 products contracted, under LOI or in advanced negotiations
- Major milestones and project status
 - Successful cGMP batches in first large-scale microbial line in Visp (CH). The second line is mechanically completed
 - Groundbreaking of the second large-scale mammalian facilities in Singapore and Portsmouth (USA)
 - Successful start-up of a new 500-liter bioreactor in Slough (UK)
 - Seamless integration of the mid-scale mammalian assets in Porriño (Spain)
 - Expansion of Biopharma Services and R&D in UK meeting aggressive timeline
 - Consolidation of the microbial plants of Baltimore and Hopkinton (USA), backed by strong customer support, accelerating the break-even point to 2008
 - Portsmouth and Slough approved by PDMA (Japan) for two products

Lonza's Life-Science Platform

Lonza



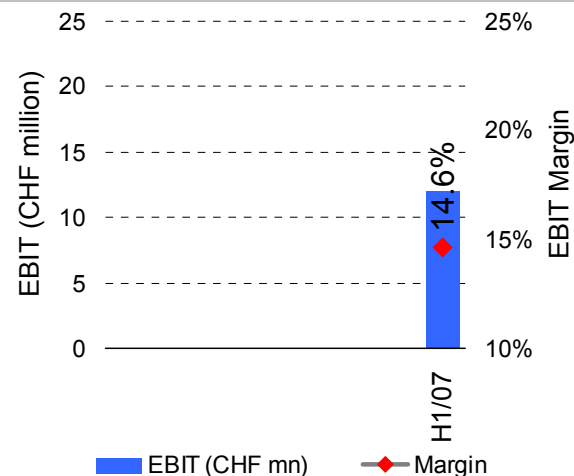
Bioscience

Key figures

CHF million	1.Half 2007*	Change YoY
Sales	82	n.a.
EBIT	12	n.a.
Margin	14.6%	
EBITDA	20	n.a.
Margin	24.4%	

* Consolidated as of February 6, 2007

EBIT and margin progression



- Results fully on track according to the business plan, with strong margin delivery when excluding short-term integration costs
- Demand for Rapid Testing System products remained strong and the outlook positive
- Cell Therapy sales were on track
- Media and Cell Discovery & Molecular Biology sales lagged somewhat due to some customer delays
- A number of new products were launched, such as PyroSense™ and ADSC™

Bioscience – Integration Update

- Administrative tasks nearing completion
 - Human Resources
 - Finance
 - IT alignment
 - Global ERP project defined and underway – SAP in place by mid 2008
- Reaping of synergies initiated
 - The LBS business is being re-branded under the Lonza umbrella as leading supplier of services and products to the life sciences industry. Considerable activity has focused on customer awareness programs to transition important product brands to the Lonza name through label changes, advertising, and direct marketing initiatives
 - Global sourcing synergies are being exploited
 - Cross selling opportunities identified to integrate LBS products and services in the Lonza custom manufacturing business
- Excellent cultural fit, spirit and collaboration significantly facilitating the integration

Bioscience – Strategic Review (I)

- Detailed business strategy completed
- Growth projects defined
- Sales and profitability targets enhanced:
 - Current business strength allows for an investment phase through 2007 and 2008 without impacting current margin levels
 - Sales growth will accelerate stepwise thereafter to the mid to high teens and operating income rise to over 20% of sales
- Supported by an increase in R&D from 6% to 8% of sales, and additional capital expenditures of CHF 100 million over a 4 year period
- The number of employees is expected to more than double in seven years to over 1 500, mainly driven by growth in manufacturing operations

Bioscience – Strategic Review (II)

- Increased investment in R&D, targeting:
 - New technology advances in cell therapy manufacturing
 - Advanced systems for endotoxin detection and total viable organism detection
 - Improved defined-media systems for cell culture production
 - New cell-based tools for the research market
- Additional capital investment and small-scale acquisitions to result in:
 - Increased cell therapy manufacturing capacity
 - Improvements to media manufacturing cost position and capacity
 - Strengthening the technology tool box and broadening product offerings
- Exploitation of synergies with other Lonza businesses via:
 - Cross selling of products and services
 - Strengthening of the product portfolio
 - Internal sourcing options

Bioscience – Strategic Review (III)

- Four business units created with the following goals:
 - **Cell Therapy** – build upon leading position by developing innovative technologies for commercial production of cell-based therapeutics and leveraging Lonza’s custom manufacturing sales channels
 - **Rapid Testing Systems** – extend leading position in endotoxin detection systems by developing new technology platforms while also exploring new markets and applications
 - **Media** – expand the specialist position to develop the next generation of media for biopharmaceutical manufacturing, while leveraging the Lonza sales channel to deliver growth in the long-term
 - **Cell Discovery & Molecular Biology** – accelerate internal development platforms in the area of cell handling, cell expansion and cell-based assays to position the unit as the leading and innovative supplier of cell-based solutions for the global pharma and biopharma research markets
- Programs to improve operational excellence will underpin the entire strategy

2007 Priorities (I)

- **Overall, we will focus on business delivery and integration**
- **Biopharmaceuticals**
 - Delivery of operational success rate and targeted yields
 - Microbial Biopharma and Porriño integration
 - Execution of projects and contracts for Singapore, Portsmouth and Porriño
- **Exclusive Synthesis**
 - Maintain operational performance in Visp and Kouřim
 - Drive the transformational changes to grow sales and margins
 - Implement Process Improvement Plans in Riverside and Braine
 - Deliver investment projects in China on time and on budget
 - Complete new technology projects in Visp

2007 Priorities (II)

■ Organic Fine & Performance Chemicals

- Strong sales performance with balanced price and volume contributions
- Strategic review of Nutrition and Hygiene / Personal Care / Preservation businesses
- Continued expansion in Asia

■ Bioscience

- Delivery of targeted operational performance for the year
- Integration of all production sites
- Implementation of the growth strategy, effective immediately

■ No intention to actively seek divestiture of Polynt S.p.A. stake in the short or mid-term

Summary, Status and Outlook

- **Initiatives will deliver accelerated sustainable profitable growth**
- **First Half-Year 2007 Status**
 - Strong YTD business performance with targets on track
 - Robust pipeline development in all businesses
 - Focus on integration is well accepted by Lonza staff and management; execution is proceeding according to plan
 - Strategic review processes as integral part of standard business practices
- **Outlook**
 - Sales growth of 8 – 12% p.a.
 - EBIT growth mid to high teens
 - Project pipeline fully aligned to support growth expectations
 - Decreased tax rate to approximately 20% for the full year
 - 2007 performance above guidance (based on continuing operations)

Calendar of Events and Contacts

■ Important Lonza Group Dates

- | | |
|------------------------|---------------------------------------|
| ■ 27/28 September 2007 | Investor Relations Event in Visp (CH) |
| ■ 23 October 2007 | Third Quarter 2007 Business Update |
| ■ 24 January 2008 | Full-Year Report 2007 |

■ Contacts

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