

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

Conference Call, 27 April 2006

**Lonza**

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**Business Update: First Quarter 2006**

Stefan Borgas, CEO

## Disclaimer

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- “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.”

# Q1 Business Status and 2006 Outlook

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- Strong YTD business performance with short and mid-term targets well on track.
- The existing outlook is fully confirmed:
  - Sales growth from 7% to 10% p.a.
  - EBIT growth at low double digits
  - Project pipeline fully aligned with expectations
  - Sales and profitability growth sustainable into 2012

## Q1 Business Status and 2006 Outlook

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- **Exclusive Synthesis & Biopharmaceuticals:**  
Very strong Q1 improvement versus 2005, partially due to comparatively low sales in 2005. High capacity utilization and significant improvement of project pipeline. Biopharma contract negotiations with expected good progress.
- **Organic Fine & Performance Chemicals:**  
Strong sales not fully offsetting high raw material and energy cost.
- **Polymer Intermediates:**  
Stronger than expected sales compensate for short term margin compression, due to rising raw material and energy cost.
- Gearing level remains at approximately 80%, following peptides acquisition and dividend payment.

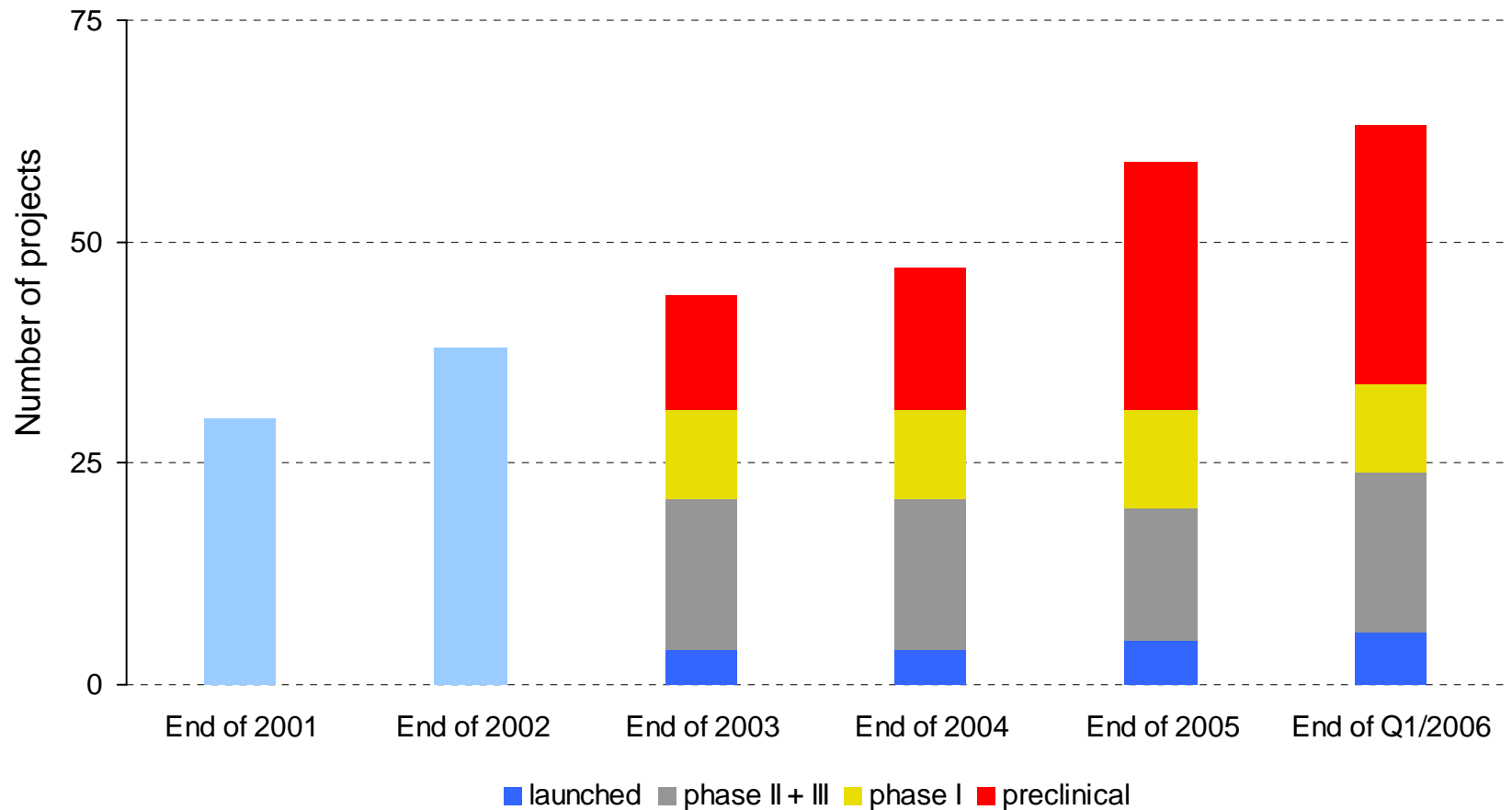
# Exclusive Synthesis & Biopharmaceuticals

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## Biopharmaceuticals

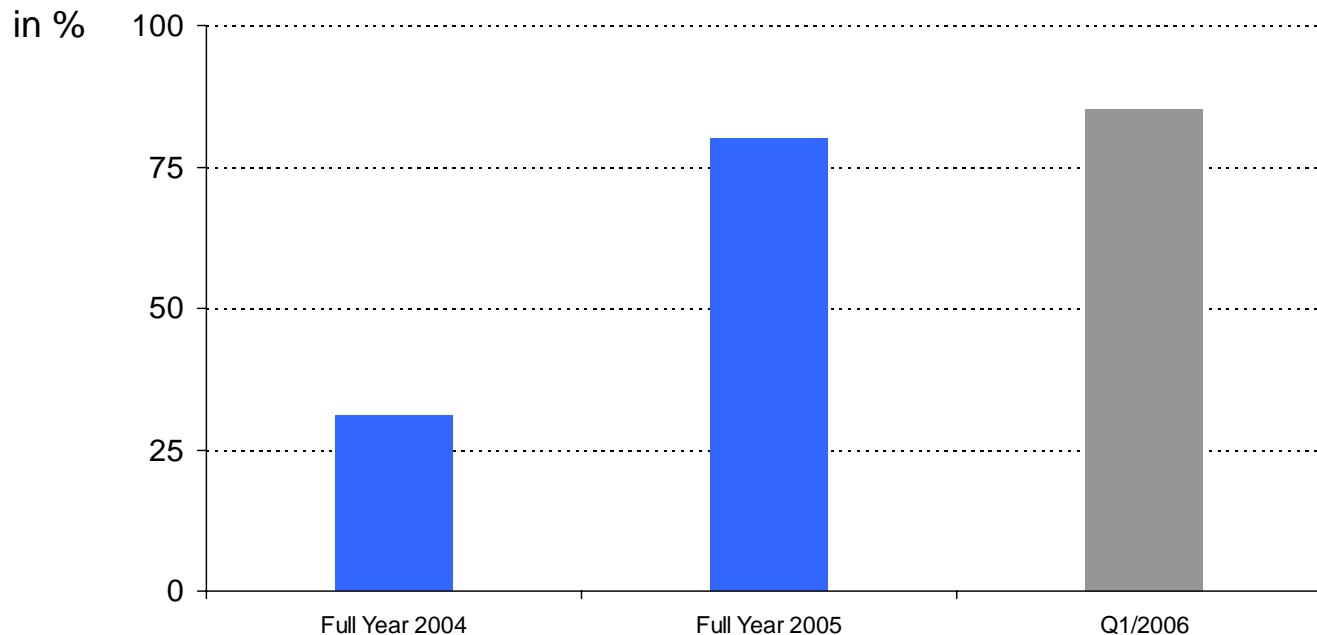
- Continued high capacity utilization.
- Further improvement of project pipeline, primarily for mid-scale bioreactors.
- June start-up of fourth 20,000L reactor in Portsmouth, NH (USA) on target.
- Expansion projects update:
  - Ground-breaking of large scale plant in Singapore with shell construction accomplished. Full build-out, after customer commitment latest by mid year, is expected to continue without interruption.
  - Initiated reactivation of mid-scale line in Portsmouth, NH.
  - Commenced construction of new mid-scale production plant in Portsmouth, NH (up to 6 x 5000 L) planned for Q2/2006.
- Construction of 2 x 15,000L microbial lines in Visp (CH) on track with start-up at beginning of 2007. Additional third line currently in development stage.
- Realized license grants of Lonza's GS expression system to Genentech and other Biopharma leaders further strengthened Biopharma Services

# Biopharmaceuticals – Project Pipeline



# Biopharmaceuticals – Capacity Utilization

■ Utilization rate based on fermenter time – number of actual days in relation to available days (3 x 2000L, 2 x 5000L + 3 x 20,000L)



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

# Exclusive Synthesis & Biopharmaceuticals

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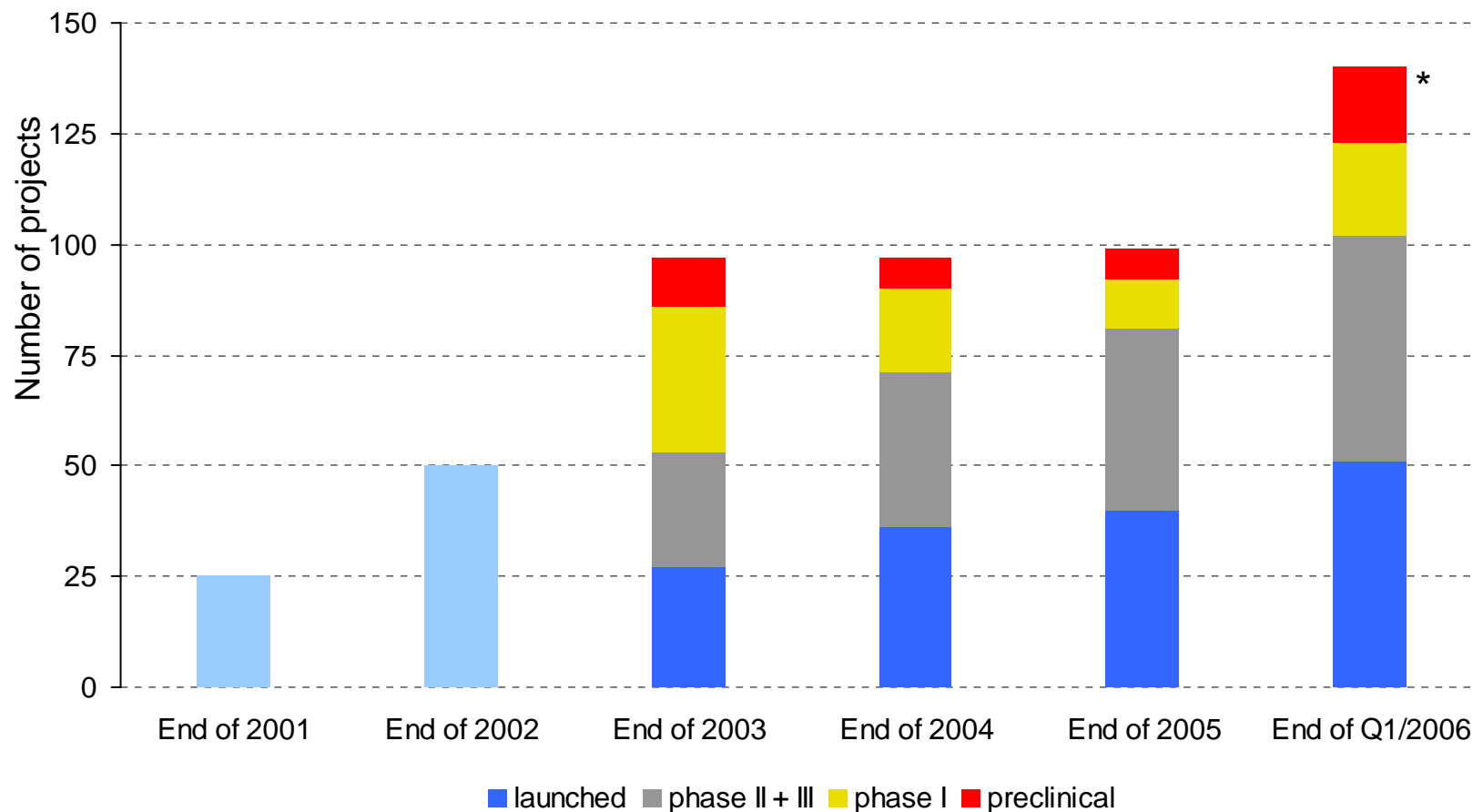
## Exclusive Synthesis

- Market conditions remain difficult due to Asian competition.
- Sales growth due to good product development and pipeline delivery.
- High asset utilization starts to present operational challenges.
- Construction of the new API plant in Visp (CH) progressing; start up in Q4/2006.
- Strengthening of peptide business to become global CMO market leader:
  - Integration of former UCB-Bioproductions, operating as Lonza Braine well progressing
  - Incorporation of R&D peptide projects into Lonza pipeline
  - New mid-scale plant in Visp in validation phase
- R&D pipeline further improved in all areas: phase-mix, size, and project quality.
- Expansion of capabilities in Asia:
  - Successful start-up of R&D center in Nansha (China)
  - Construction of small scale plant initiated with start-up planned for Q3/2007
  - Planning for API plant almost completed



# Exclusive Synthesis – Project Pipeline

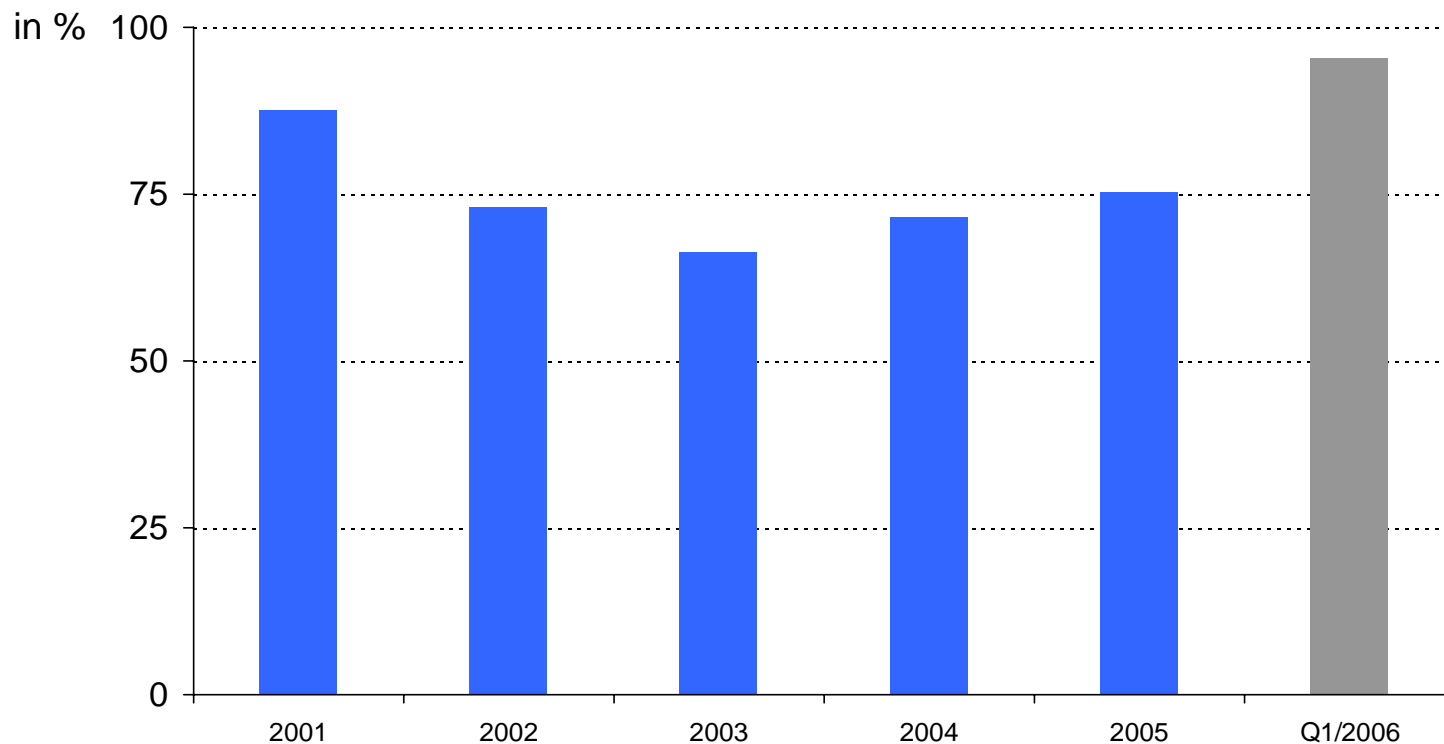
## Chemical Synthesis and Biotransformation



\* includes peptide acquisition

# Exclusive Synthesis – Capacity Utilization

■ Exclusive chemical synthesis (GMP qualified assets)\*



\* excludes Lonza Braine

# Organic Fine & Performance Chemicals

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## Nutrition

- Strong demand for nicotines in Q1 despite some concerns due to bird flu
- Realized initial sales of DHA
- Stable sales of vitamin intermediates
- Strong demand for both L-Carnitine feed grade and L-Carnipure®
- Demand for Meta® metaldehyde (molluscicide) returned to expected levels

## Hygiene / Personal Care

- Price increases successfully implemented in the market
- Continued market penetration of Natrulon® personal care products
- Strong market interest for the recently launched DermaSphere® line, an award winning natural emulsifier system

# Organic Fine & Performance Chemicals

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## Preservation / Wood / Water

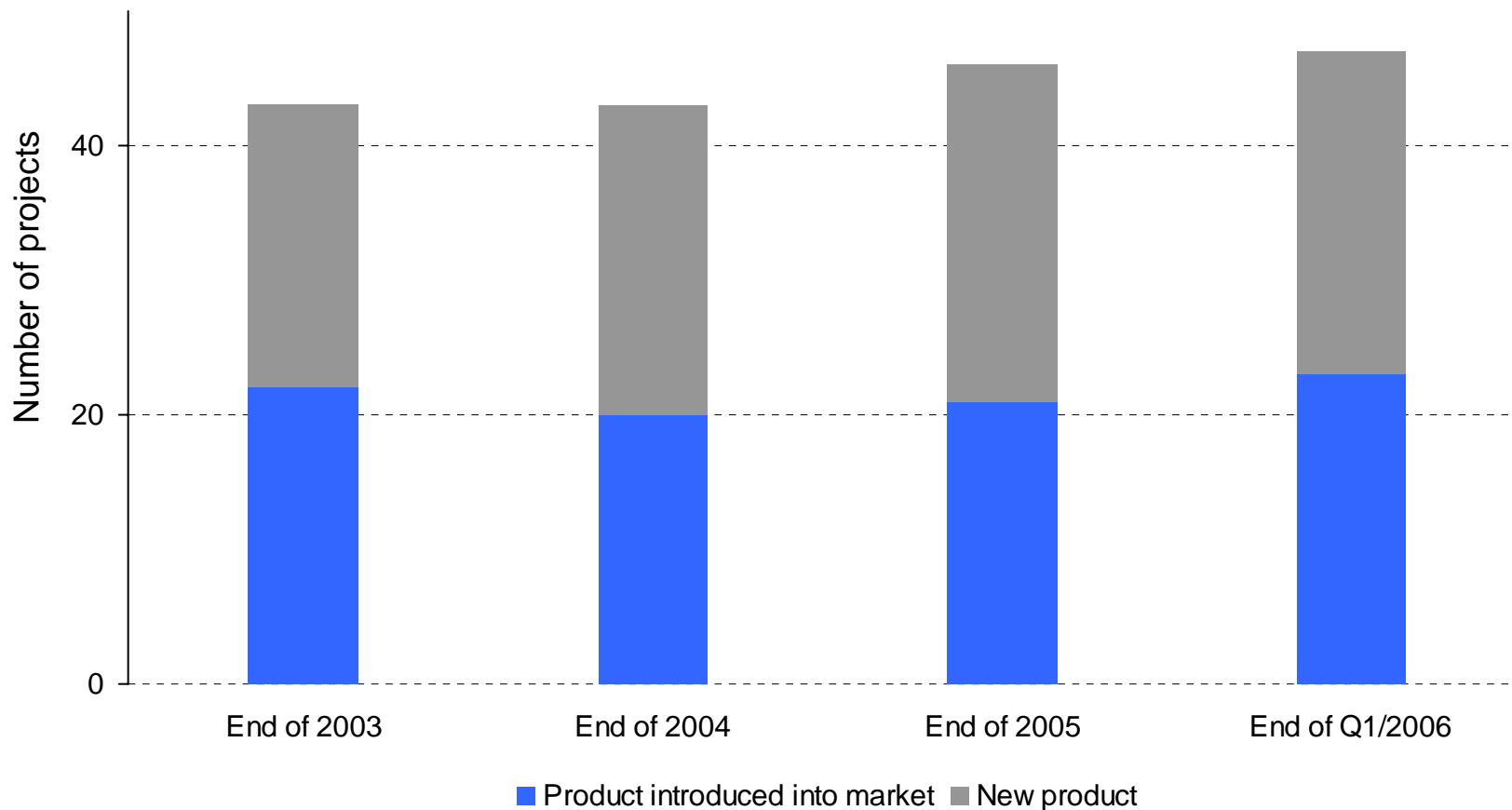
- Slow Q1 start in water treatment business, due to cold weather conditions in Europe and North America.
- Growing demand for Carboquat<sup>®</sup>, a product for pressure treatment of wood.

## Industrial Specialties

- Stable demand, but weakening pricing for Diketene derivatives.
- Markets for high-performance materials in growth mode.
- Sales for electronics and aerospace applications above expectations with high capacity utilization rate.
- Satisfactory demand for intermediates and active substances for agro applications.

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

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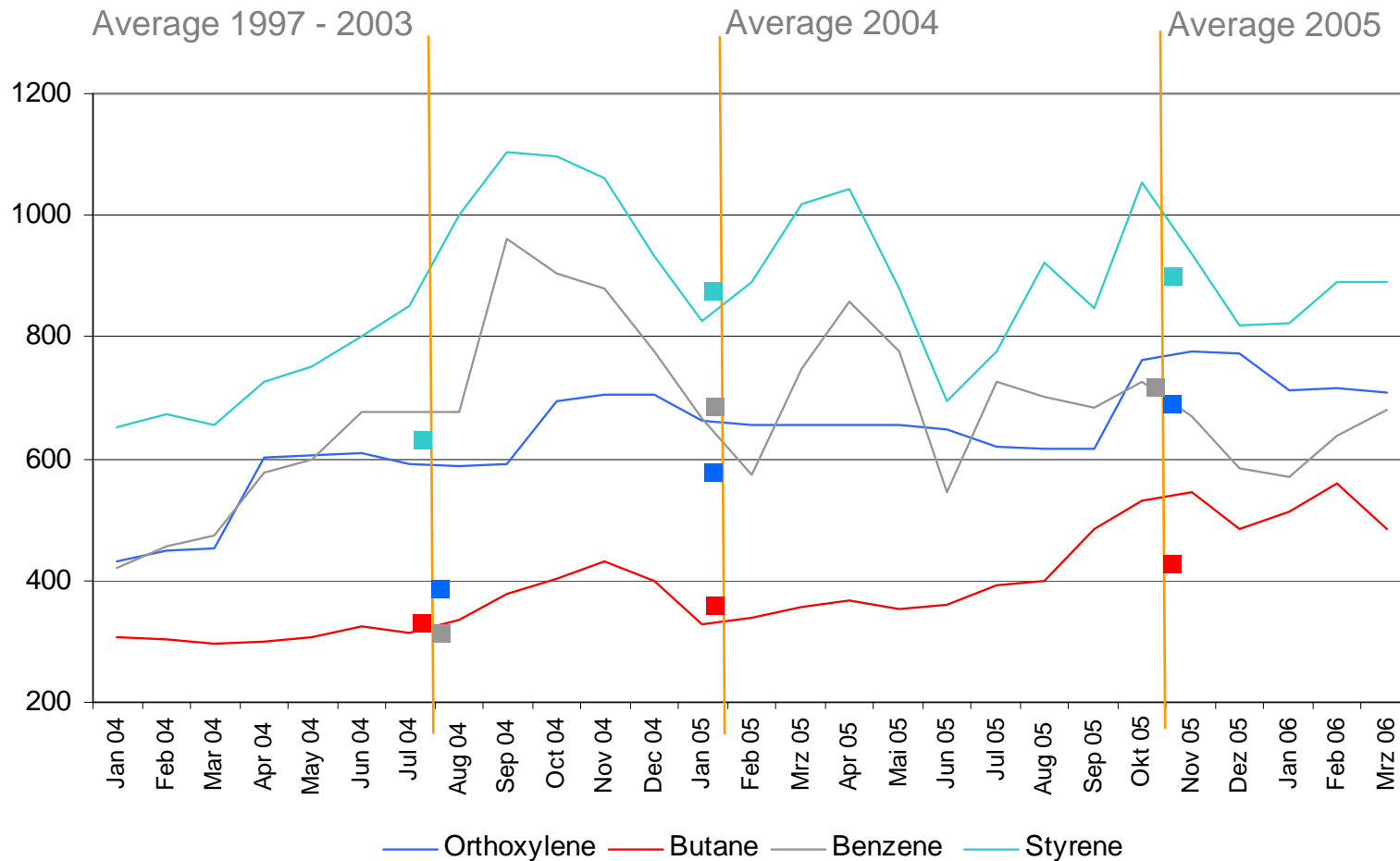


# Polymer Intermediates

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- Phthalic anhydrides and general-purpose plasticizers:
  - Exceptionally high sales of plasticizers with improved margins.
  - Phthalic anhydride follows the trend of ortho-xylene cost.
- Maleic anhydride and derivatives:
  - Volumes above budget while margins aligned to target.
  - Continued positive trend for maleic derivatives in the electronic applications.
- Trimellitic anhydride and special plasticizers:
  - Higher special plasticizers business compensates for lower Trimellitic anhydride performance.
- Resins and Compounds:
  - High volumes and stable margins offsetting high raw material cost.
- Purified Isophthalic Acid (Singapore)
  - Difficult start in Q1 due to unplanned one-time maintenance activities in addition to scheduled changes of catalyst.
  
- Development of options for divestiture on track, decision by mid year, implementation in H2. Probability of actual divestiture remains around 50%.

# Polymer Intermediates Raw Materials Remain at High Level



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