

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

Lonza

Business Update: Third Quarter 2007
23 October 2007

Stefan Borgas
Chief Executive Officer

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.”

Third Quarter 2007 – 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
- Strong cash flow performance with gearing level at 83%
- 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

- Turn-around programs for Riverside (USA) and Braine (BE) on track
- Singapore Isophtalic Acid Plant divested

Organic Fine & Performance Chemicals (I)

Summary

- Satisfactory overall performance with RONOA delivery on target
- Sales growth driven primarily by business volume, with only a third driven by increases in raw materials
- New cost increases for naturally derived raw materials impacted margins in Hygiene / Personal Care / Preservation
- 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 finalized by the end of 2007

Nutrition

- Increasing raw material costs for Nicotinates partially passed on to our customers; next price increase announced for 1 January, 2008
- Volume growth in Nicotinates driven by new pharmaceutical and food applications
- Demand for both Carniking® (feed) and Carnipure® (food) at target level, with unchanged price competition from China
- Successful start-up of chrome-free Vitamin K-3 process in new plant in Canada

Organic Fine & Performance Chemicals (II)

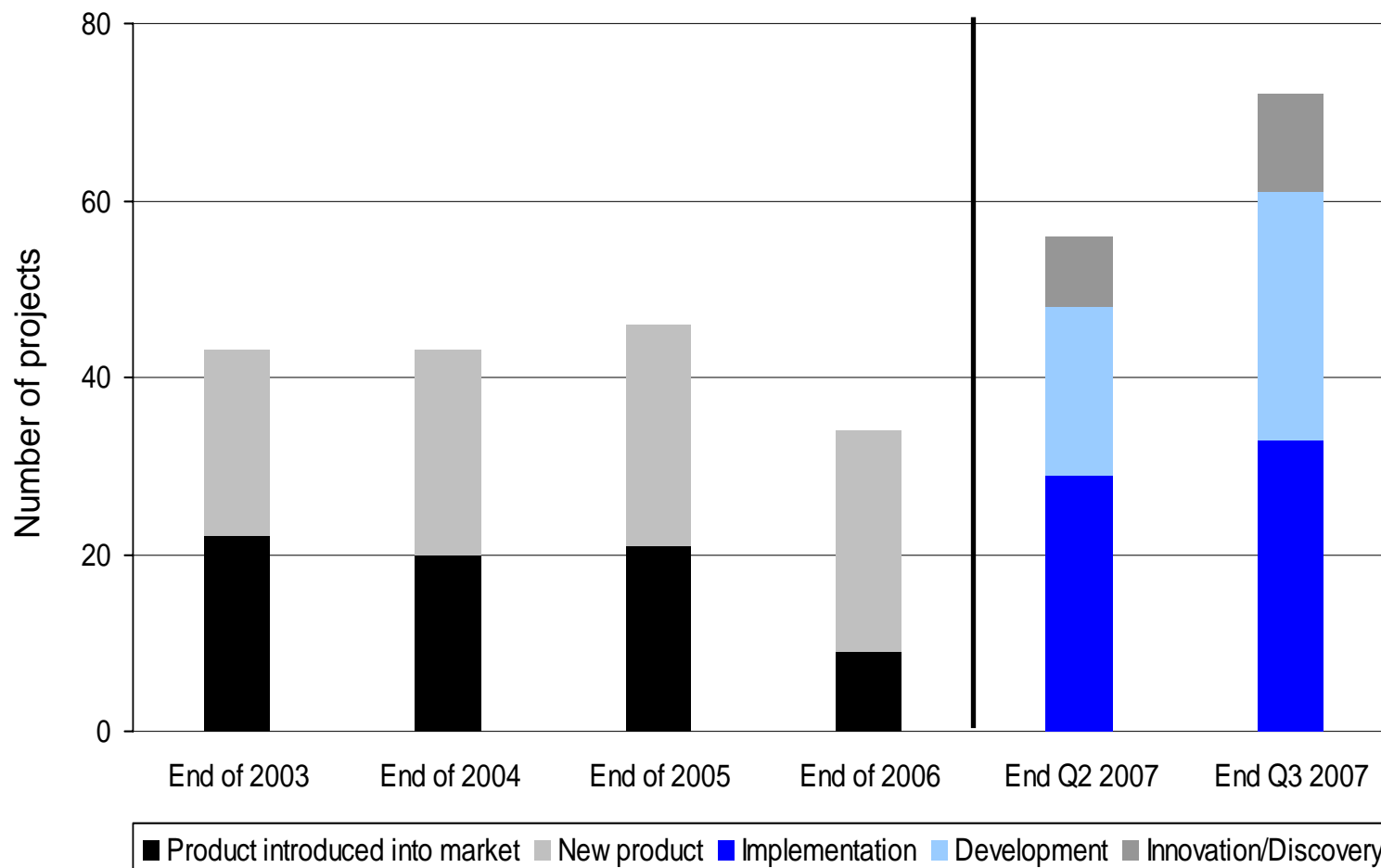
Hygiene / Personal Care / Preservation

- 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
- Margins under pressure due to fast changing raw material prices, especially palm oil derivatives and tallow

Industrial Specialties

- Overall improvement in volumes 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
 - Higher focus on EU/US suppliers for specialty chemicals due to change in Chinese VAT refund policy
 - 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)

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



Exclusive Synthesis & Biopharmaceuticals

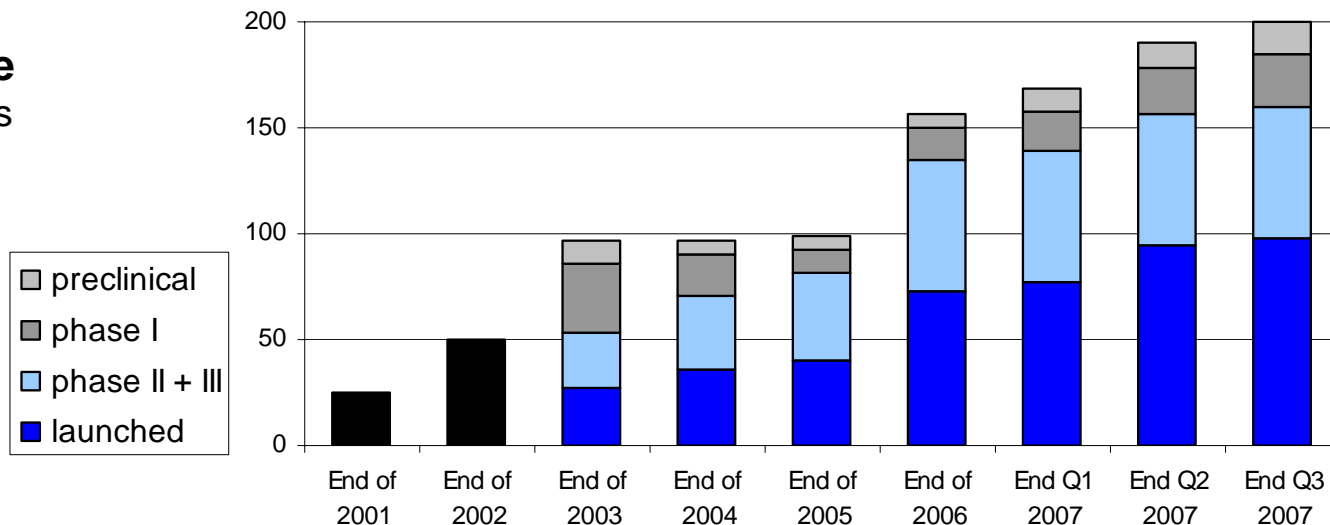
Exclusive Synthesis

- 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 at key accounts

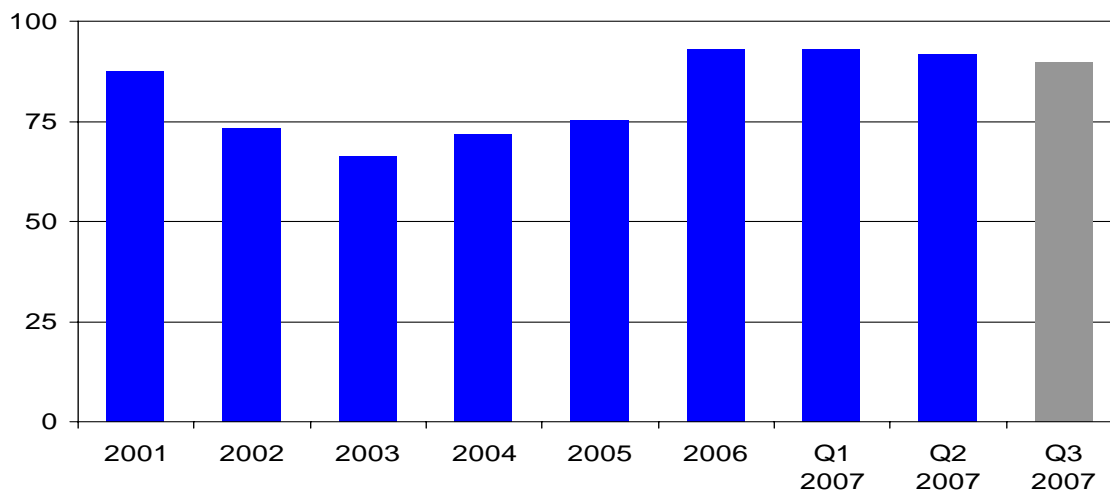
- Major milestones and project status
 - Visp (CH) technology investments strongly supported by Valais government
 - First small-scale GMP batches of Antibody Drug Conjugates successfully completed. Commercial scale start-up in 2008. Increased interest for small and large-scale capacity
 - Start-up of the large-scale Highly Potent Active Pharmaceutical Ingredients (HAPI) facility anticipated for June 2008. 65% of the capacity already committed
 - Commercial start-up of new biochemical enzyme cGMP in Kourim targeted for January 2008
 - First commercial product produced in small scale plant in Nansha, China delivered on spec and on target
 - Riverside (USA) and Braine (BE) on track with turn-around programs

Exclusive Synthesis – Pipeline and Utilization

Project pipeline
Number of projects



Capacity Utilization
in %



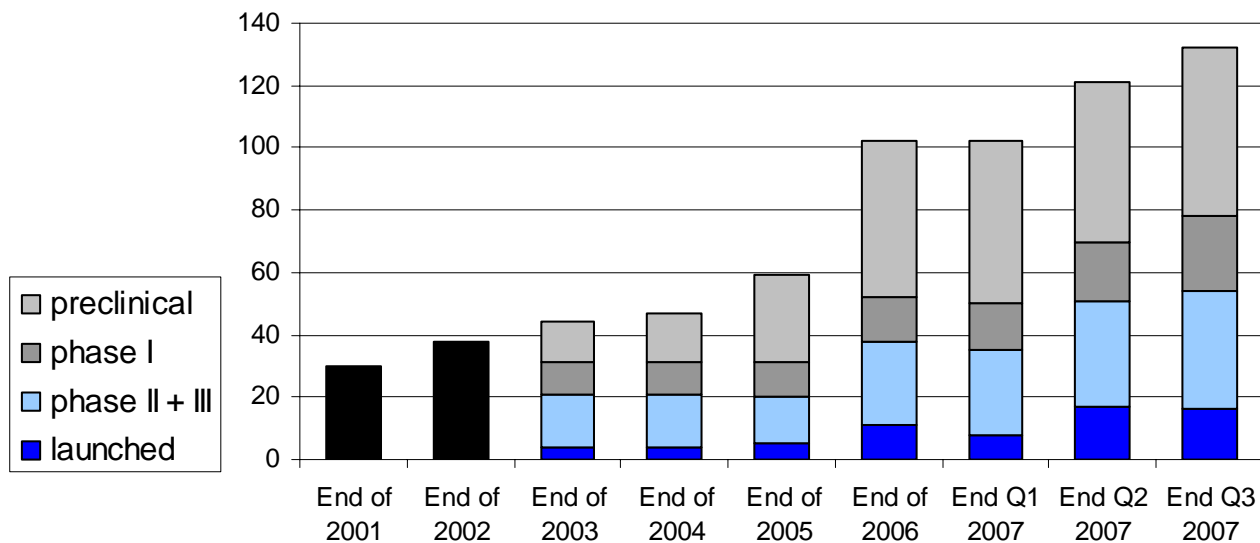
Exclusive Synthesis & Biopharmaceuticals

Biopharmaceuticals

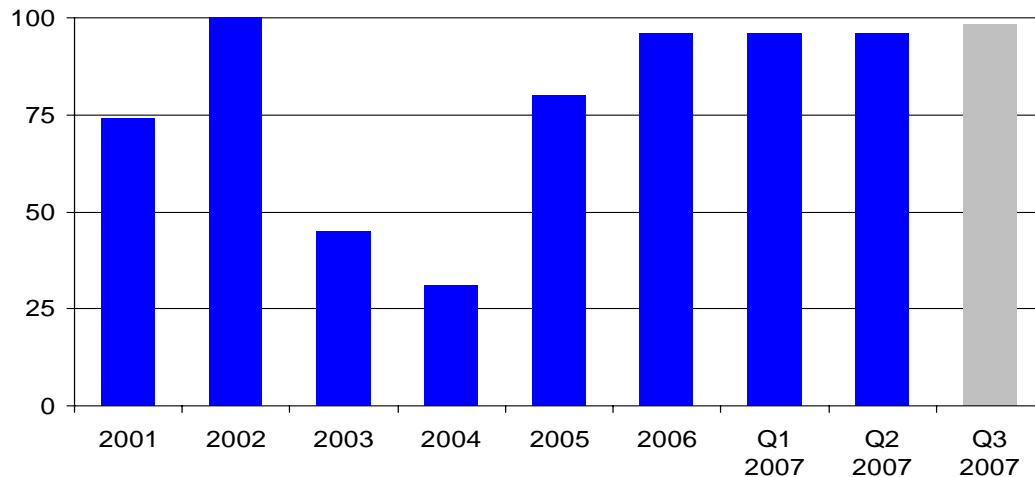
- Operational performance in Q3 continued to be above budget
- Contract status backing expansion projects
- Major milestones and project status
 - Successful cGMP batches in first large-scale microbial line in Visp (CH). The second line is now operational.
 - Acquisition of Zyentia – “backward integration” into gene engineering
 - Expansion of Biopharma Services and R&D in UK meeting aggressive timeline
 - Consolidation of the US microbial plants in Hopkinton (USA) is on target

Biopharmaceuticals – Pipeline and Utilization

Project Pipeline
Number of projects



Capacity Utilization
in %



Bioscience (I)

Summary

- Business performance on track
- Slightly weaker sales volume balanced by slightly stronger margin delivery
- Integration progressing fully in line with plans
 - SAP implementation schedule for April 2008 is primary focus

Execution of Bioscience Strategy

- Organization restructured as per communicated timeline
- Newly formed leadership team operational
- Exploitation of synergies with other Lonza businesses: 5 major projects underway
- Operational Excellence and Portfolio Management projects underway

Cell Therapy

- Very high capacity utilization with high yields backed by strong customer demand
- Initiated clinical production of cancer vaccines for two new clients
- Signed two new CMO contracts for early stage therapies
- New project pipeline continues to grow

Bioscience (II)

Rapid Testing Systems

- Launch of patented microCompass™ System
- Strong YTD sales of endotoxin detection products
- First large-scale customers converting to patented Pyrogene® recombinant product

Media

- LOI signed for media customer for vaccine manufacturing
- US powder facility fully operational

Cell Discovery & Molecular Biology

- Sales volume slightly below target
- Cell culture, Bioassays and Chromatography products outperform market growth
- Three new products launched in Q3
 - Poietics® Human Adipose-Derived Stem Cells
 - Clonetics® Rat Cardiac Myocytes
 - ProNS0™ Protein Expression Media

Summary, Status and Outlook

■ **First 9 Months 2007 Status**

- Strong YTD business performance
- Robust pipeline development in all businesses
- Strong cash flow development delivering further balance sheet improvements
- Successful integration projects with high level of acceptance by staff and management
- Portfolio development towards life sciences continues to be on track

■ **Outlook**

- EBIT growth mid to high teens until 2012
- 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

- | | |
|-------------------|------------------------------------|
| ■ 23 January 2008 | Full-Year Report 2007 |
| ■ 26 March 2008 | Annual General Meeting |
| ■ 23 April 2008 | First Quarter 2008 Business Update |

■ Contacts

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