Lonza Capital Markets Day 2018
Sustainable Growth Through Focus and Investment

Richard Ridinger – CEO
Sustainable Growth Through Focus and Investment

Lonza Capital Markets Day 2018

Agenda

- What has happened from 2016-2018
- What we are focusing on today
- Lonza’s three-pillar strategy for sustainable growth
- What’s next
What has happened from 2016-2018
Growing Along the Healthcare Continuum

Lonza’s long-term strategy introduced at the Capital Markets Day in October 2016 in Portsmouth, NH (USA)

- Healthcare continuum is investment focus
- KPI improvements for both segments are expected
- Entering the next cycle
- All businesses will contribute to value creation
- Sound options for sustainable strong organic growth
Having Delivered on Our Promises: Investing with Clear Focus

A transformational acquisition and a series of well thought-through bolt-ons

**PATIENT HEALTHCARE**

- Endotoxin Detection
- Cell Line Construction
- TRL
- Hepatocyte provider for drug discovery and development
- Microbial Clinical Development
- Primary Cells
- Expression Systems (Licensing)
- Cytotoxins
- Cell Therapy Commercial Manufacturing
- Cell Line Construction
- Bioconjugation
- Process Development
- Stability Testing
- Cell Banking
- Parenteral Drug Product Delivery
- Process Development
- Transfection Devices / QC Testing Solutions
- Assay Solutions
- Cell Culture Solutions
- Analytical Services
- Bioconjugates Commercial Manufacturing
- Alternative Media
- Cell Line Construction
- Transfection Devices / QC Testing Solutions
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**CONSUMER PREVENTIVE HEALTHCARE**

- Capsugel
- Development Services
- Micro-Macination: Micronization technology
- Emollients
- Human Food Concepts
- Hair Care Actives
- Food Emulsifiers
- Preservation Home Care
- Surfactants
- Skin Care Actives
- Disinfectants
- Vitamins
- Hair Care Formulation Concepts
- Capsugel acquisition
- Bolt-on acquisitions

*Hayward Early-phase clinical manufacture on the West Coast*
Having Delivered on Our Promises: Further Growing Organically

Continuing Lonza’s strong performance and organic growth for businesses along the healthcare continuum

Sales in CHF million

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<tbody>
<tr>
<td>Sales</td>
<td>3,803</td>
<td>4,132</td>
<td>4,528</td>
<td>5,071</td>
<td>5,606</td>
<td>3,079</td>
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CORE EBITDA Margin in %

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<tbody>
<tr>
<td>Margin</td>
<td>20.9</td>
<td>22.2</td>
<td>23.6</td>
<td>24.5</td>
<td>24.9</td>
<td>26.0</td>
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CORE RONOA in %

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017 excl. Capsugel</th>
<th>2017 incl. Capsugel</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>RONOA</td>
<td>16.4</td>
<td>21.5</td>
<td>28.2</td>
<td>29.1</td>
<td>31.5</td>
</tr>
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Net Debt / CORE EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017 incl. Capsugel</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt</td>
<td>3.35x</td>
<td>2.77x</td>
<td>2.70x</td>
<td>2.09x</td>
<td>1.73x</td>
<td>2.65x</td>
<td>2.52x</td>
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1. 2017 excl. Capsugel: restated for IFRS 15
2. 2017 incl. Capsugel: including Capsugel as of 5 July 2017, restated for IFRS 15
3. 2017 pro-forma: including Capsugel as of 1 January 2017, restated for IFRS 15
4. Net debt/CORE EBITDA is calculated based on the CORE EBITDA of the last twelve months

CORE definition: See appendix
... by Further Shaping the Healthcare Continuum

The healthcare continuum at Lonza spans all its businesses and focuses on target markets

Transferring our know-how from pharma to the healthcare, hygiene and fast-moving consumer goods environment all the way to the preservation and protection of the world we live in.
What we are focusing on today
Setting Our Strategic Path

Lonza’s main focus areas within the last twelve months and going forward

MAIN FOCUS AREAS

- **Capsugel integration** (focus small molecules and consumer health)
- Commercial and operational optimization across biologics
- Innovation and preparation of next growth cycle in biologics
- Strategy adjustment
Introducing Lonza’s Three-Pillar Strategy

Delivering synergies and balancing risks by connecting technology platforms and fields of expertise

- Clinical development and manufacturing
- Commercial manufacturing
- Consumables

- Consumer health and nutritional ingredients and delivery systems
- Hygiene and microbial-control solutions

- Coatings and composites solutions
- Agricultural products and services including basic chemicals
- Recreational and industrial water treatments

The healthcare continuum at Lonza spans all its businesses
Lonza’s three-pillar strategy for sustainable growth
Patient Healthcare
Global Pharma Market Continues to Grow

Capitalizing on being the trusted CDMO\(^1\) partner of choice along the entire value chain

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**Biologics\(^2\)**

(Finished Products)

**Small Molecules\(^3\)**

(Finished Products)

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1. CDMO - Contract Development and Manufacturing Organization
2. Source: Evaluatepharma, Aug. 2018
3. Source: Evaluatepharma, Aug. 2018

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USD Bn

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<th>2018F</th>
<th>2024F</th>
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<tr>
<td>Biologics</td>
<td>300</td>
<td>328</td>
</tr>
<tr>
<td>Small Molecules</td>
<td>450</td>
<td>475</td>
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\(^{+8\%}\) and \(^{+5\%}\) growth projections from 2018 to 2024.
Pharma & Biotech: Offering Customers an Integrated Approach

Expanding value-chain offerings and balancing Lonza's products and services portfolio

Technology Platforms Along Pre-Clinical to Commercial, Science & Regulatory Expertise

1 API Active Pharmaceutical Ingredient
Lonza continues to invest in its global network to ensure ongoing growth in Pharma & Biotech

- Small- to mid-scale commercial capacities – Portsmouth, NH (USA) and Singapore (SG)
- Cell-and-gene therapy – Houston, TX (USA) and Portsmouth
- Ibex™ Solutions – Visp (CH)
- Further expanding global footprint
- Manufacturing excellence initiatives
Consumer Health

Consumer Preventive Healthcare
Consumer Health: Creating Another Growth Engine for Lonza

Being uniquely positioned in the global consumer-centric nutraceutical, personal care and institutional hygiene markets

<table>
<thead>
<tr>
<th>CONSUMER-ORIENTED OFFERINGS</th>
<th>GROWTH DRIVERS</th>
<th>CUSTOMERS</th>
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</table>
| Health & Well-Being Solutions in Nutritional Supplements, Functional Food and Personal Care | ▪ Innovative Dosage Forms  
▪ Expanded Formulation Capabilities  
▪ Selected High-Value Ingredients | From Pharma Healthcare to Consumer Goods Companies to Retail Private Label |
| Microbial-and Hygiene Control Solutions in Consumer Product Preservation, Household & Institutional Hygiene | ▪ Next-Generation Actives / Blends  
▪ New Preservation Solutions  
▪ Expanded Product Applications |  

Consumer Health: Integrated Offering from Ingredient to Consumer

Becoming a leading solution provider in nutraceuticals by leveraging Capsugel synergies and pharma technologies

Integrated offerings for the fast-growing nutraceutical markets:
- Dietary supplements
- Functional food & beverages

Pharma & Biotech

Customized Ingredients
- Drug Substance Development
- Drug Substance Manufacturing
- Drug Product Development
- Drug Product Manufacturing

Delivery & Product Differentiation

Chemical Technologies and Biologics, Science and Regulatory Expertise
- Ingredients Backed By Science
- Innovative Delivery Systems
- Integrated Product Solutions

Consumer Healthcare

Patient Healthcare

Consumer Preventive Healthcare
Leveraging Overlaps of Pharma & Biotech and Consumer Health

Being the unique player who transfers pharma technologies to consumer healthcare

- **Pharma & Biotech**
  - Small Molecules
  - Biologics

- **Drug delivery & bio-availability**

- **Biological technology & delivery systems**

- **Micro-biological, analytical, regulatory expertise**

- **Production assets and quality systems**

- **Consumer Health**
  - Nutraceuticals
  - Bioactives for cosmetics and nutraceuticals
  - Institutional hygiene

- **Consumer Health**
Consumer & Resources Protection

Consumer’s Healthy Environment
Lonza Is Further Growing its Healthcare Continuum Share

Three pillars as key foundation for Lonza’s strategy and growth trajectory going forward

Pharma & Biotech

Consumer Health

Consumer & Resources Protection

High CAPEX demand for growth (mainly biologics)

Lower CAPEX demand for growth (bolt-ons instead)

Lower CAPEX demand for growth (bolt-ons instead)

- Restructuring (e.g. discontinuation of products and assets)
- Non-Core to be continued (Re-use of manufacturing assets after discontinuation of products)
- Core
Leveraging Significant Overlaps Among Lonza’s Strategic Pillars

Synergies with Consumer & Resources Protection across technologies, assets, capabilities, know-how and locations globally

- Fine chemistry
- Biological technology
- Production assets & value chains
- Anti-microbial actives & formulations and regulatory know-how
- Global footprint incl. emerging markets
Healthcare Continuum Has Further Crystallized

Establishing Consumer & Resources Protection offerings as an integral part
What’s next
Sustainable Growth Through Focus and Investment

Three pillars as key foundation for Lonza’s strategy and growth trajectory going forward

Pharma & Biotech

High CAPEX demand for growth (mainly biologics)

Sales Growth 2017-2022

- High-single digits

- Mid- to high-single digits

2022 CORE EBITDA Margin Trajectory

- > 30+ %

- From high twenties to > 30%

- From high teens > 20% to ~25%

Consumer Health

Lower CAPEX demand for growth (bolt-ons instead)

Consumer & Resources Protection

Lower CAPEX demand for growth (bolt-ons instead)

Restructuring (e.g., discontinuation of products and assets)
Key Internal Initiatives for Ensuring Sustainable Growth

Initiatives for further growth along the healthcare continuum span all of Lonza’s three pillars

To grow sustainably, Lonza has ambitions based on:

- Constantly innovating and investing in targeted research and development initiatives
- Improving efficiency and productivity through automation and digitalization
- Consolidating its global network of assets and expanding its footprint outside North America and Europe
- Excelling in quality, environmental, health and safety management – Vision Zero
Confirming Lonza’s Mid-Term Guidance 2022

Continuing its sustainable growth while optimizing its business and product portfolios and making targeted investments

Sales CHF 7.5 billion

CORE EBITDA Margin 30%

CORE RONOA 35%

Double-Digit ROIC

This outlook is based on the current business composition, the present macro-economic environment, current visibility and constant exchange rates for the most important currencies in which Lonza is trading.
Sustainable Growth Through Focus and Investment

Continuing on the growth trajectory toward and beyond Lonza’s Mid-Term Guidance

Summary

Healthcare continuum as Lonza’s strategy going forward for continued, sustainable growth and shareholder-value enhancement

Focus on organic growth opportunities and investments along the healthcare continuum...

... as well as on operational and commercial excellence, optimizing enabling functions and consolidating global network

Lonza’s three-pillar approach as the key foundation for strategy and growth: Strengthening of synergies, leveraging of overlaps and mitigating risks of the broader portfolio

Continuing on the growth trajectory toward achieving the Mid-Term Guidance while already investing to grow beyond 2022
Lonza believes that disclosing CORE results of the Group’s performance enhances the financial markets’ understanding of the company because the CORE results enable better comparison across years.

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 2018 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," "believes," "plans," "anticipates," "expects," "estimates" and similar expressions) should be considered to be forward-looking statements. Investors are therefore cautioned that all forward-looking statements involve risks and uncertainty. 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 Outlook 2018 and Mid-Term Guidance 2022 herein may not prove to be correct. The statements in Outlook 2018 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 Outlook 2018 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 Outlook 2018 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 made.