Specialty Ingredients
Taking Health a Step Further
Sven Abend – COO Lonza Specialty Ingredients
Overview
Specialty Ingredients Portfolio
All Lonza Businesses Serve the Healthcare Continuum

From patient to consumer, from healthcare to a healthy environment

- **PRESCRIPTION**
  - Pharma & Biotech
    - Patient Healthcare
      - Clinical development and manufacturing
      - Commercial manufacturing
      - Consumables
  - Consumer Health
  - Consumer & Resources Protection

- **PREVENTION**
  - Consumer Health & Nutrition
  - Consumer Product Ingredients
  - Specialty Ingredients

- **PROTECTION**
  - Consumer’s Healthy Environment
    - Coatings & Composites
    - Agro Ingredients

- **PRESERVATION**
  - Health & Well-Being Solutions
  - Microbial & Hygiene Control Solutions
Specialty Ingredients Takes Health a Step Further

Our path¹ until today and for tomorrow to strengthen our strategic core

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<td>Prevention, Protection, Preservation</td>
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<td>Other Enabling Technologies</td>
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¹ Illustrative

- Growth focus in Prevention, Protection & Preservation
- Re-purposing enabling technologies
- Bolt-on M&A
- Mindful phasing out of non-value-add parts

2011
2015
2016
2017

Water Care
Other Enabling Technologies

MID-TERM

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All Lonza Businesses Leverage Synergies

From processing technology to application know-how, from science to digital

- **PRESCRIPTION**
  - Pharma & Biotech

- **PREVENTION**
  - Consumer Health

- **PROTECTION**
  - Consumer & Resources Protection

- **PRESERVATION**
  - Specialty Ingredients

- Biotechnology
- Fine Chemistry
- Delivery Systems
- Formulation & Application Technology
- Microbiology
- Regulatory Expertise
- Digital Technology
Specialty Ingredients Innovates on Platforms Across Markets

Offering B2B¹ customer-focused solutions by innovating with leading capabilities

Value-creating solutions through combining our strength in:

- Science-backed functional ingredients
- White biotechnology processing
- Innovative delivery forms
- Formulation excipients
- Development & regulatory support
- Finished dosage form development

- Comprehensive anti-microbial portfolio
- Fine chemical processing
- Functional additives
- Application & regulatory support
- Microbiology expertise
- Turnkey solution development

¹ Business to Business
Specialty Ingredients Focuses on Consumer Centric Markets

Addressing growing consumer needs for health prevention and for a healthy environment

**Demographic change and healthy living megatrends:**
- joint health - active living
- clean label - immune health
- anti-aging - digestive health

**Growing health-risk awareness and demand for safe and sustainable solutions:**
- infection control
- clean-label preservation
- safe & healthy living environment
- sustainable use of resources

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1 Home & Personal Care
Specialty Ingredients Leverages Scale Beyond the Core

Other market activities across the segment provide scaling factors, risk balancing, growth momentum and technology platforms.

- Providing scale factors for sustained competitiveness (e.g. animal feed)
- Enhancing overall value creation by operating in highly attractive, growing niches (e.g. composite resins)
- Providing technology platforms to excel backwards integration in high value-creating core markets (e.g. biopolymers and services in fine chemistry & white biotechnology)

Segment Platforms

Prevention → Protection → Preservation

**Consumer Health**
- CORE MARKETS
- Biopolymers

**Consumer & Resources Protection**
- CORE MARKETS
- Animal Feed

**Water Care** (B2B¹ & B2C²)
- Recreational, Municipal, Industrial and Surface Water Treatment Solutions

¹ Business to Business
² Business to Consumer
Specialty Ingredients Leverages Its Enabling Technologies

Re-purposing value-adding legacy assets and processing capabilities

INNOVATION

Upscaling and manufacturing of proprietary innovative technology in health & well-being & microbial control

SUPPLY SECURITY & QUALITY GOVERNANCE

Pharma early intermediates
Backward integration in health & well-being and microbial control
Introducing
Consumer & Resources Protection
Division Consumer & Resources Protection

Leading with customer-focused, innovative smart solutions for a consumer-centric healthy environment

**Omadine**
Dry-film protection keeping mold away

**Proxel**
MIT Free Proxel Spektra™ In-Can Preservative

**Antiblu**
Spray-on or dip products that control sapstain, mold and decay fungi for brighter, cleaner wood

**Microbial Control Solutions in:**

- **Paints & Coatings**, Material & Crop Protection and Industrial Hygiene

**Proven systems for consumer paints addressing evolving regulatory landscapes**

**Environmentally friendly protection of residential decking timbers**

**Reducing post-harvest losses by microbial and insect attack**

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Performance Growth Pillars in Consumer & Resources Protection

Growing market share and profitability in attractive market fields, regions and by value-adding innovation

- Portfolio
  - Focus on value offerings
  - Shape operating model in volume-driven portfolio
  - Re-purpose enabling technologies

- Market Focus
  - Confidence to win
  - Value driven
  - Attractive growth momentum
  - Consumer centric

- Global Reach
  - Strengthen growth regions
  - Synergies from Lonza’s global network

- Innovation
  - Integrated solutions
  - Novel business models
  - Regulatory future-proof technologies
Introducing Consumer Health
Division Consumer Health

Leading with customer-focused, innovative smart solutions in consumer-centric preventive healthcare and protection

Lonzagard® DR 70
High-performance disinfectant cleaner for hard surfaces with proven efficacy against broad spectrum contaminants

Geogard® Preservatives
Next-generation consumer product protection

ScreenLight™ Block
Cutting-edge technology to protect skin against the visible effects of blue light

Health & Well-Being Solutions in:
Nutritional Supplements, Functional Food and Personal Care

Hygiene Control Solutions in:
Consumer Product Preservation, Household & Institutional Hygiene

Integrating solutions for health ingredients delivery through cutting-edge formulations and dosage forms

Science-backed ingredients for joint mobility

Science-backed ingredient for healthy aging

Lonza
Consumer Health's Unique Solutions to a Global Challenge

Lonza's hygiene control solutions help to prevent the transmission of pathogenic micro-organisms

**Consumer and Healthcare Market Needs**

Legionella epidemic in Italy kills third victim as 24 battle disease

Hand sanitizers are losing kill power against this germ in hospitals

Superbug warning as bacteria resists strong alcohol hand sanitizers, study finds.

'LIKE A HORROR FILM' Norovirus outbreak at Exeter schools sees 60 pupils sent home with vomiting bug

**Lonza Offerings**

**Lonzagard® DR 70**
High-performance disinfectant cleaner for hard surfaces with proven efficacy against broad-spectrum contaminants

**NUGEN® Solutions**
Disinfecting hospital & food-contact surfaces
Disinfectant wipes for convenience and ease of use

**Lonzagard® Hand Hygiene Solutions**
Lonza’s active ingredients and hygiene solutions preventing the transmission of pathogens
Consumer Health’s Unique Solutions in Nutritional Supplements

From single high-value ingredient and innovative delivery systems to customer-focused integrated solutions

HIGH-VALUE INGREDIENTS
Backed by Science

UNIQUE & INNOVATIVE
Delivery Systems

ATTRACTION PRODUCTS
Integrated Solutions

Healthy Aging
UC-II® | Relora® | Meratrim®

Sports Nutrition
Carnipure® | ZMA® | 7-Keto®

Digestive & Immune
ResistAid®

Hard Empty Capsules
- Vegetarian – Vcaps, Vcaps Plus, Plantcaps, DRcaps
- Gelatin, Gelcaps, Sprinkle Caps

Formulation Technologies
- Multi-Particulate
- Lipid & Liquid

Finished Dosage Forms
- Improved Performance
- Modified/Targeted Release
- Enhanced Consumer Experience
Consumer Health’s Growth in Health & Well-Being Markets

Accelerating our growth trajectory in core and adjacent consumer-centric, high-value market segments

- **Portfolio**
  - Ingredients
  - Delivery Forms & Formulation Solutions
  - Fully Integrated Solutions

- **Markets**
  - Functional Food & Beverages
  - Nutrition Supplements
  - Personal Care

- **Strategic growth areas**
  - 1. Adding Value
    - Combining delivery forms with health & well-being ingredients
  - 2. Market Penetration
    - Integrated solutions for nutritional supplements in mature and emerging markets
  - 3. Leverage Adjacent Markets
    - Integrate solution offerings into attractive growth market segments

- **Leveraging integrated synergies**
  - Customer Focused
  - Consumer Centric

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Performance Growth Pillars in Consumer Health

Focusing on attractive growth market fields and regions with innovative and unique offerings

- Extend high-value technology and ingredient offerings
- Extend business-model portfolio

**Synergies**
- Cross-selling in mature markets
- Geographic expansion
- Extend offerings into adjacent markets

**Unique Offer**
- Customer-focused turnkey solutions in household & institutional hygiene
- Finished dosage forms in nutritional supplements

**Innovation**
- Accelerate through technology partnerships
- Focus on clean-label innovation
Specialty Ingredients Performance Outlook
Specialty Ingredients Grows in Its Strategic Focus Segments

Mid-term growth in revenue and performance will be driven by momentum in strategic core segments with unique offerings.

**Consumer Health**
- to strive mid-term from high twenties to > 30%
- CORE EBITDA Margin

**Consumer & Resources Protection**
- to strive mid-term from the high teens to ~ 25%
- CORE EBITDA Margin

**Health & Well-Being Solutions**
- high-single to double digits

**Microbial & Hygiene Control Solutions**
- mid-single digits

**Enabling Technologies & Services**

**Consumer Health**

**CAGR:**
- mid- to high-single digits

**Consumer & Resources Protection**

**CORE EBITDA Margin**
- low- to mid-single digits

CORE definition: See appendix
Thank you for your attention.
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.