
Enabling a Healthier World

Lonza

Full-Year Results 2021

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Full-Year 2021 Corporate Overview



Group Overview

- Strong momentum delivering CHF 5.4 billion sales and +20% CER growth
- CHF 1.7 billion CORE EBITDA resulted in a margin of 30.8%
- 2021 CAPEX reached 24% of sales, supporting long-term plan to deliver attractive margins through de-risked growth investments
- Priorities for 2022:
 - Delivering on ongoing and new growth projects
 - Maintaining growth momentum with a focus on operational excellence
- Outlook 2022: low to mid-teens CER sales growth and CORE EBITDA margin improvement
- Mid-Term Guidance 2024 reconfirmed

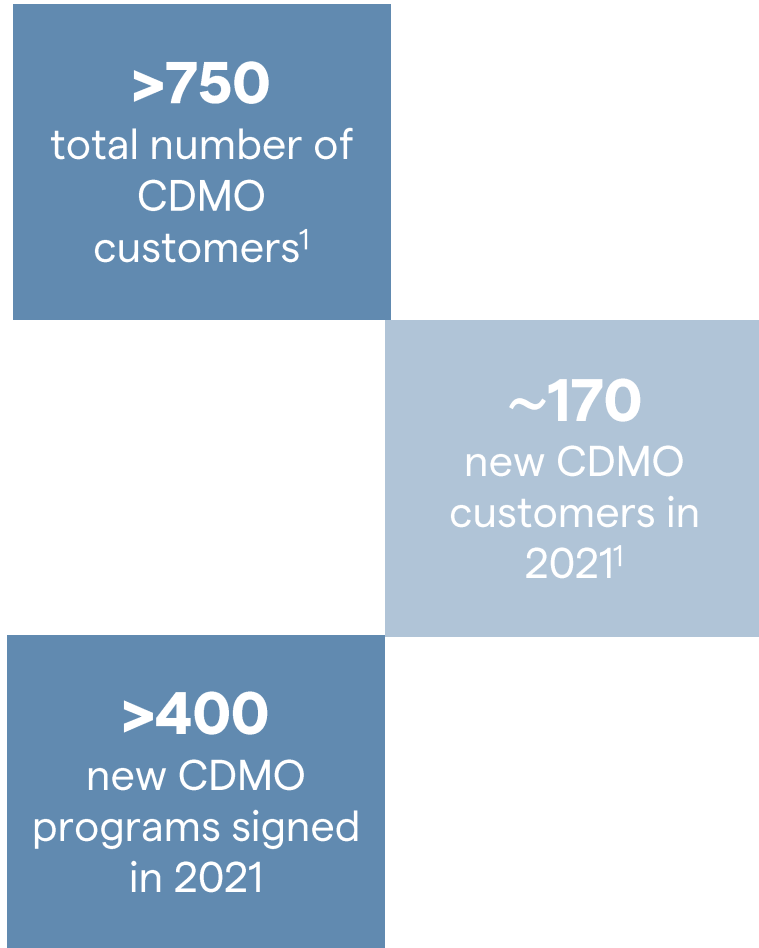
An aerial photograph of a snowy mountain slope. The snow is bright white and textured. Several people are visible on the slope, their shadows cast long and dark to the right, indicating a low sun position. The people are scattered across the slope, some appearing to be walking or standing. The overall scene is serene and captures a winter landscape.

Lonza

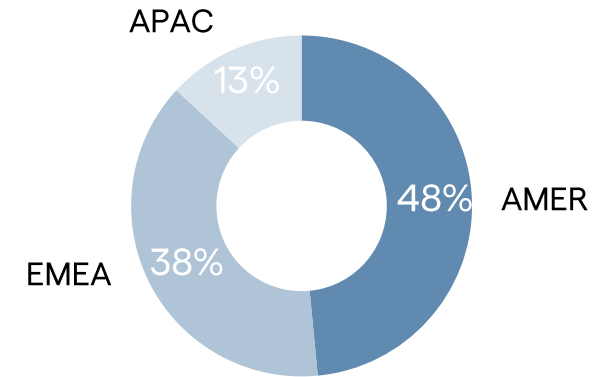
Strong Conversion of our Customer Pipeline in 2021



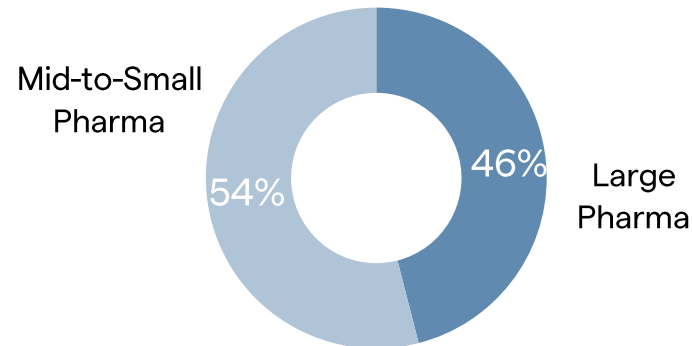
Balanced portfolio of customer contracts supports sustainable growth



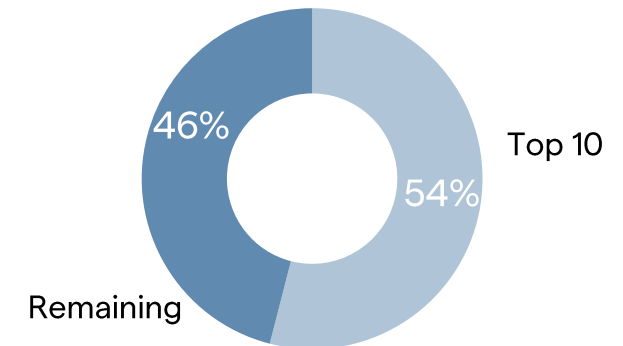
CDMO Sales by Customer Location²



CDMO Sales by Customer Type³



Distribution of CDMO Customers



¹Based on distinct companies

²Rounded to the nearest whole number

³Top 30 largest pharma companies by revenue are attributed to large pharma

Growth Investments in 2021



Maintaining Momentum around Growth and Expansion

New capacity and services brought online

- Capsule manufacturing expansion led to increased capacity to around 250 billion capsules
- Expanded microbial service offering in Visp (CH)
- Fully validated clinical drug substance facility in Guangzhou (CN)

Internal investments to drive long-term success

- Expanding mammalian development services in Singapore
- Expanding drug product capacity and capabilities in Basel and Stein (CH) and Guangzhou (CN)
- Expanding small molecules capacity with CHF 200 million investment in Visp (CH)
- Expanding mammalian drug substance capacity in Visp (CH) and Portsmouth (US)

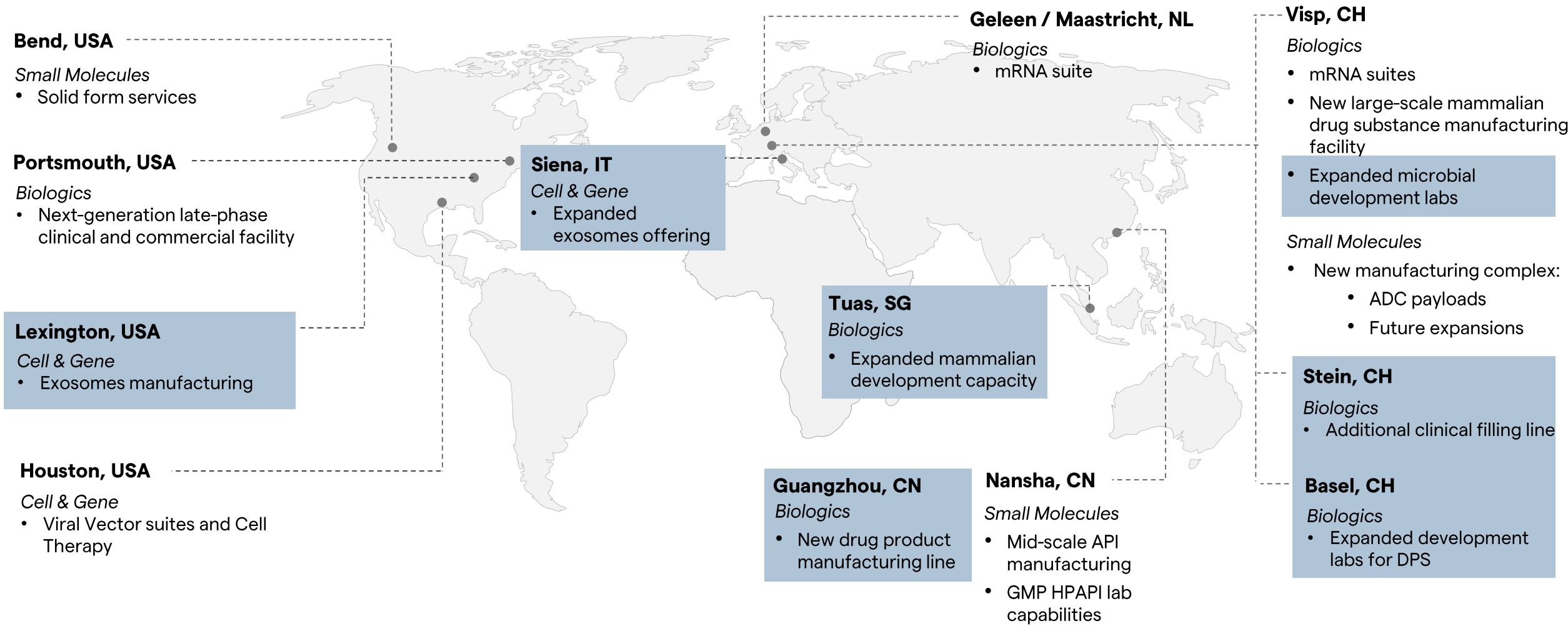
Growth driven by selective approach to acquisitions and collaborations

- Expanded exosome offering with two new sites in Lexington (US) and Siena (IT)
- Collaboration between Bacthera¹ and Seres Therapeutics on first commercial live biotherapeutic candidate in new Microbiome Center of Excellence in Visp (CH)

¹ Joint venture between Lonza and Chr. Hansen

Ambitious 2021 Investments Drive Further Growth

Expanding end-to-end solutions across modalities



Investments announced in H2 2021

Continuity through COVID-19



Navigating the challenges and opportunities of the pandemic thanks to our employee community

Ramp-up of new Moderna facility investments

- Successful delivery of Spikevax drug substance from Portsmouth (US) and Visp (CH) in 2021
- New Geleen (NL) drug substance production line commenced operations at the end of 2021
- The three additional production lines in Visp (CH) will come online in Q1 2022

Agile internal response to support continued growth

- Comprehensive virtual onboarding program for approximately 2,000¹ new hires supporting growth assets
- Successful deployment of virtual reality trainings across operations

Managing supply chain disruptions

- Global supply disruptions were successfully navigated with manageable impact for customers and growth projects, thanks to Lonza's global employee community
- Disruptions look set to continue into 2022 but material impact is not anticipated as long as conditions remain comparable with previous two years

¹ 2020 FTEs: around 14,000, including the divested Softgel business and excluding the former Specialty Ingredients business;
2021 FTEs: around 16,000, excluding the divested Specialty Ingredients and Softgel businesses

Refocusing our Business to Deliver Sustainable Value Creation



Our Sustainability status today

- CO₂ footprint is 35% smaller following the divestment of the Specialty Ingredients business
- Nitrous oxide: catalytic converter in Visp (CH) successfully commissioned in early October 2021, ahead of schedule¹
- Significant investment in sustainable remediation of legacy environmental issues
- 11% relative greenhouse gas (GHG) intensity reduction compared to 2020, corresponding to a 2.3% absolute reduction²
- Lonza recognized by Ethisphere[®] as one of the world's most ethical companies

¹ The business was transferred to the purchaser of the Specialty Ingredients business in July 2021

² Calculations based on Q1-3 2021 vs Q1-Q3 2020. Full-Year results to be published in Lonza's Sustainability Report, March 2022

³ Topics identified as the most relevant for Lonza to best support sustainable development

Our Focus: Material Topics³

Environment

- Carbon Emissions
- Energy
- Water and Effluents
- Waste

Responsibility

- Anti-Bribery / Anti-Corruption
- Supply Chain Responsibility

Society

- Occupational Health and Safety
- Diversity and Equal Opportunity
- Employee Recruitment, Development and Retention
- Employee Engagement

Our Commitment to Deliver Sustainable Value Creation

Focus on future improvements



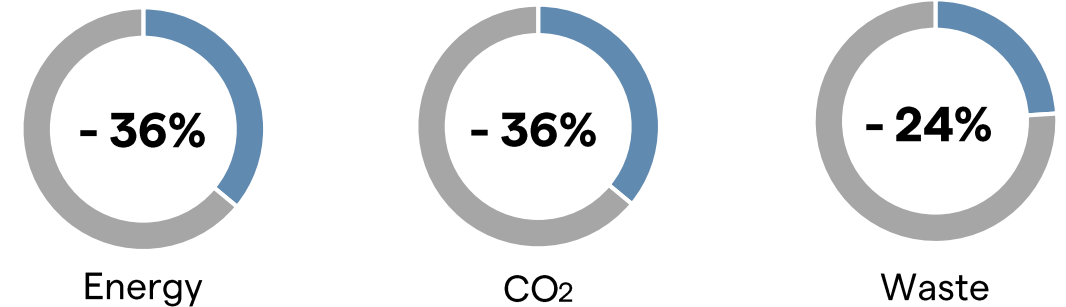
ESG Focus on UN SDG Priorities



- Updated ESG KPIs in line with UN framework to reflect new focus as a CDMO business
- As of 2022, ESG targets are incorporated into employee and executive remuneration policies

Our 2030 Environmental Targets¹

Baseline 2018, Total Company (Per CHF 1 Million Sales)



- 2030 energy target increased from -24% to -36% to accelerate future progress
- Ambition to source up to 100% renewable electricity by 2025
- Roadmap under development for reduction in carbon footprint of direct operations and new investments

¹All environmental data excludes the divested Specialty Ingredients business

Full-Year 2021 Financial Summary

Lonza



Financial Highlights¹

Lonza delivered on sales and CORE EBITDA margin guidance



Strong business momentum
mainly driven by Biologics
acceleration in H2

Margin expansion despite softer
H2 and dilutive third-party sales
to former Specialty Ingredients
business

Limited FX impact

Financial Performance Summary AER²

in m CHF

	H2 2021	FY 2021
Sales	2,867	5,409
<i>CER³ growth</i>	25.2%	20.0%
CORE EBITDA	818	1,665
<i>Growth</i>	29.9%	20.7%
<i>Margin</i>	28.5%	30.8%
<i>YoY margin change</i>	0.7ppts	0.2ppts

¹ All financial information for financial year 2021 is unaudited. The audit report on the 2021 consolidated financial statements of Lonza Group will be issued in March 2022 together with the publication of Lonza's 2021 Annual Report

² Actual Exchange Rate

³ Constant Exchange Rate

CORE EBITDA Margin



Operational excellence offsets growth project dilution and unfavorable mix

Growth projects ramp-up diluting margins

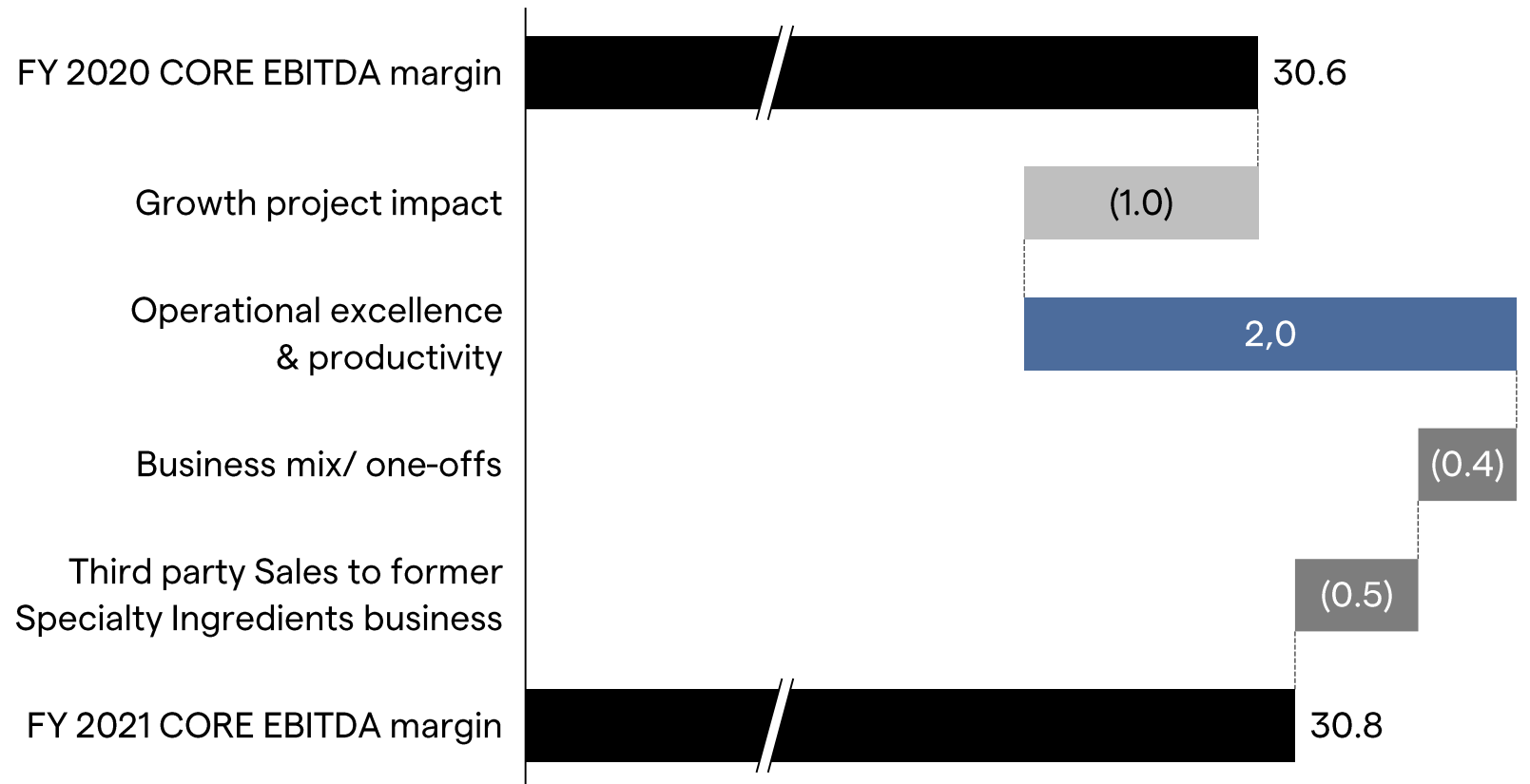
Sustained productivity gains and overhead cost leverage

Unfavorable impact of division mix and third-party Sales to former Specialty Ingredients business

COVID-19 related supply chain challenges so far manageable

CORE EBITDA Margin Evolution 2021

in %



Divisional Performance



Margin improvement across divisions, Biologics impacted by project ramp-up

Biologics growth projects drive growth, but are still margin dilutive

Small Molecules growth is driven by full ramp-up of large projects

Cell & Gene delivered strong performance across Bioscience and CGT² (break even in Q4)

Capsules & Health Ingredients driving margins from productivity and shift to high-value products

Financial Results by Division FY 2021

	CER Sales growth	CORE EBITDA margin	YoY margin change ¹
Biologics	24.7%	36.3%	(2.4)ppts
Small Molecules	11.6%	28.0%	0.3ppts
Cell & Gene	26.6%	17.6%	14.9ppts
Capsules & Health Ingredients	5.6%	34.4%	1.6ppts
Lonza	20.0%	30.8%	0.2ppts

¹ CORE EBITDA margin change vs. FY 2020 at actual exchange rates

² Cell & Gene Technologies

CAPEX

Investments in line with capital allocation strategy and facilitated by strong balance sheet

c.80% of investments support future growth across divisions

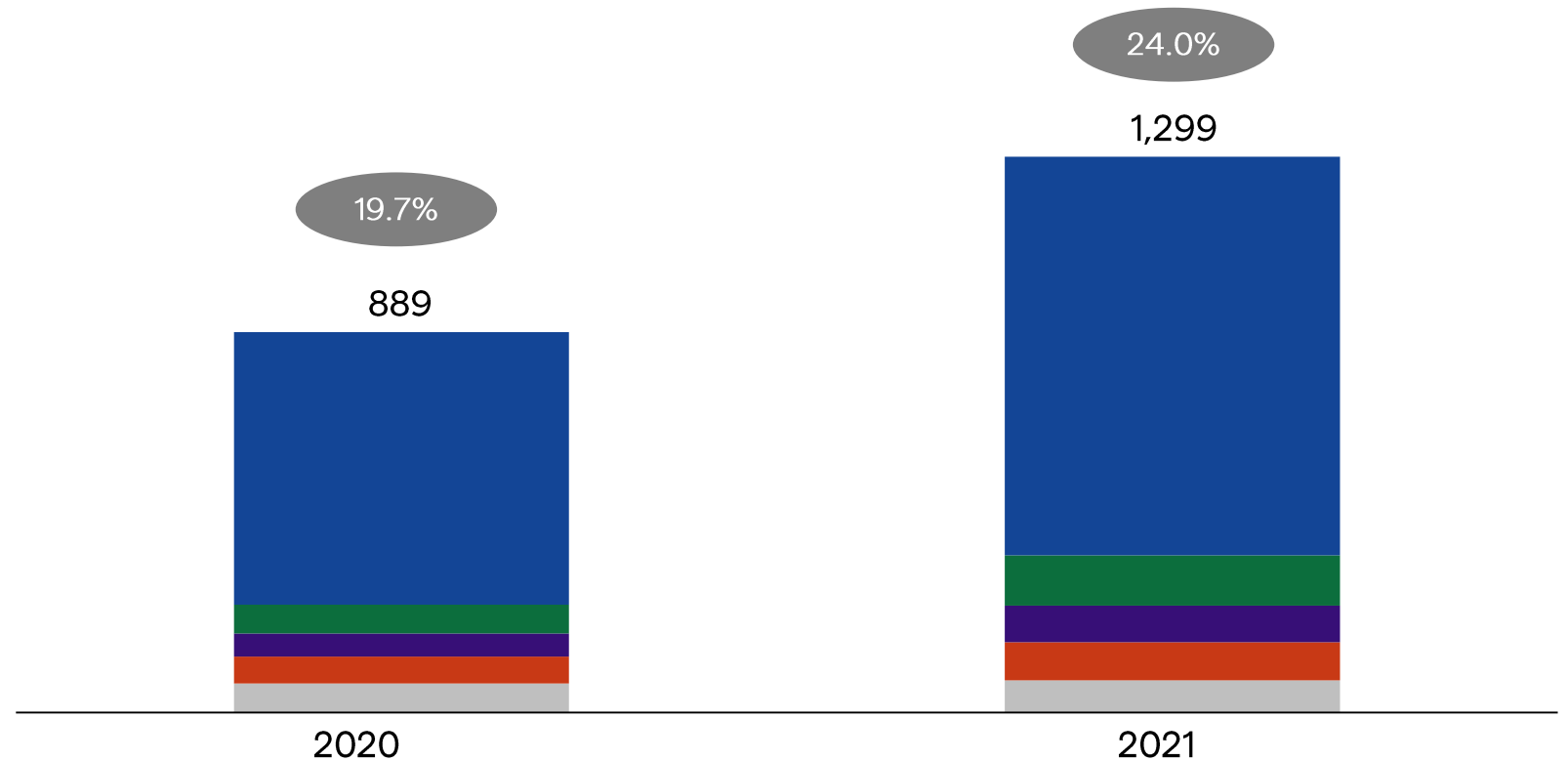
Attractive financial return profile: IRR 15-20%, ROIC >30%

Projects backed by customer commitments and strong pipeline

Proven execution capabilities and adequate ramp-up of resources

CAPEX Breakdown by Division

in m CHF



■ Biologics ■ SM¹ ■ C&G¹ ■ CHI¹ ■ Corporate ● % Sales

¹ SM – Small Molecules
C&G – Cell & Gene
CHI – Capsules & Health Ingredients

Operational Free Cash Flow

Robust cash flow largely redeployed in organic growth



EBITDA impacted by non-cash Gamsenried environmental remediation provision (CHF285m)

Efficient NWC management despite inventory growth to ensure customer delivery during COVID-19 supply chain challenges

Operational Free Cash Flow

Continuing Business
in m CHF

	FY 2021	YoY change	FY 2020
EBITDA	1,365	(13)	1,378
Change of net working capital (NWC)	(216)	44	(260)
CAPEX	(1,299)	(410)	(889)
Other	264	(11)	275
Gamsenried environmental remediation cost	285	285	0
Operational FCF before acq./div	399	(105)	504
<i>NWC¹ as % sales</i>	14.0%	(1.9)ppts	15.9%
<i>CAPEX as % sales</i>	24.0%	4.3ppts	19.7%

¹ End of period

ROIC



Double-digit ROIC as earnings grow faster than capital base

Tax rate below guidance of 16-18% driven by country profit mix and one-offs

Invested capital increase behind growth investments partly offset by Gamsenried environmental remediation provision

ROIC

Continuing Business
in m CHF

	FY 2021	YoY % change	FY 2020 ¹
Net Operating Profit before taxes	1,123	25.1%	898
Taxes <i>in % of Net Op. Profit before taxes</i>	(122) (10.9%)	(54.4%) (2.1ppts)	(79) (8.8%)
NOPAT	1,001	22.2%	819
Average Inv. Capital	9,387	4.1%	9,019
ROIC	10.7%	1.6ppts	9.1%

¹ 2020 restated to reflect new CORE definition

Leverage

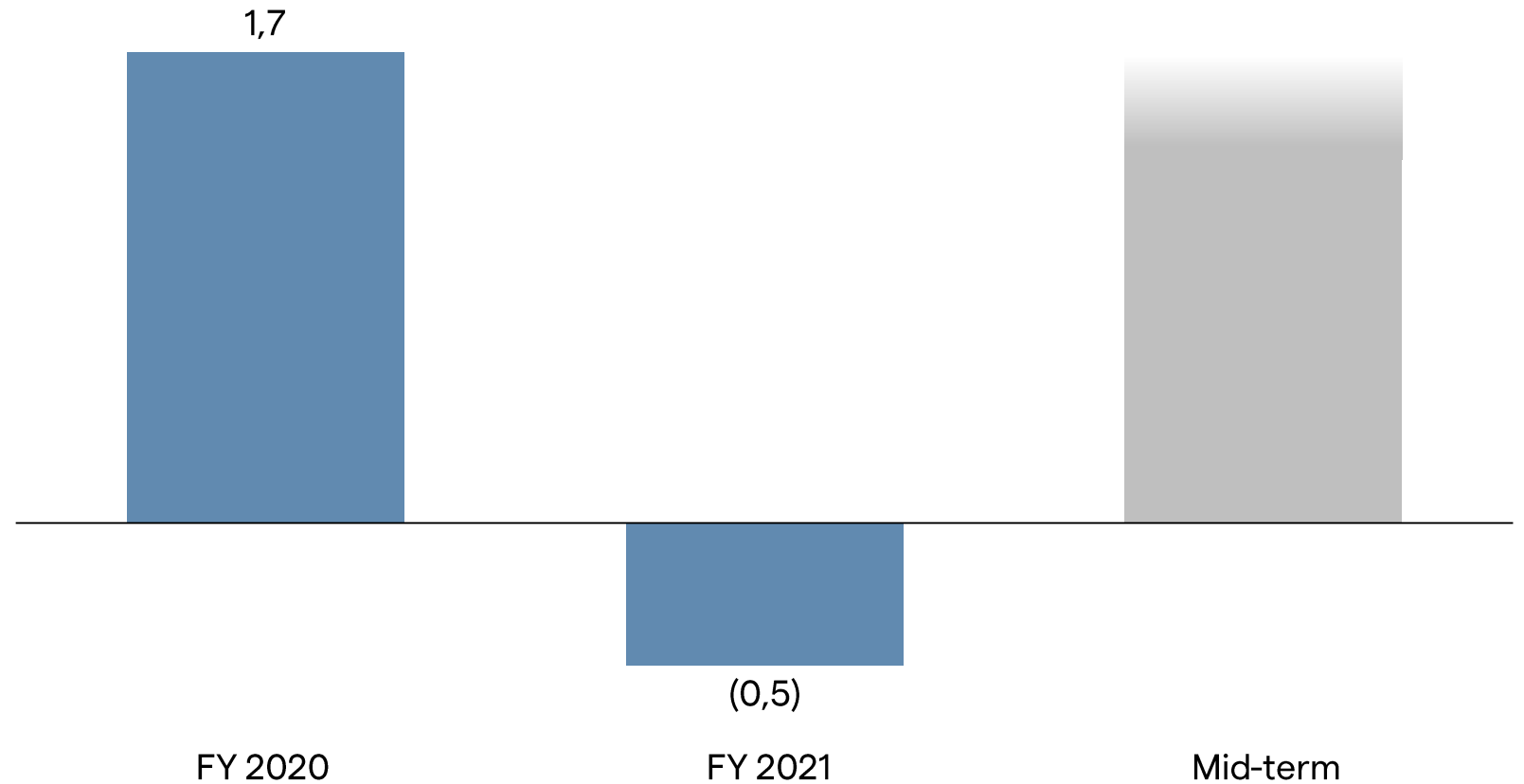
Significant headroom to invest in profitable growth



Strong balance sheet allowing strategic optionality

Commitment to maintain strong investment grade rating of BBB+

Net Debt / CORE EBITDA¹



¹ Based on figures for Lonza Group incl. discontinued operations

Full-Year 2021 Divisional Overview

Lonza



2,699_m

Sales
(CHF)

+24.7%¹

979_m

CORE EBITDA
(CHF)

+17.8%

36.3%

CORE EBITDA
Margin

-2.4ppts

- Sustained high customer demand, including for Ibex[®] Dedicate, with work commencing on Manufacturing Complex 2 in Visp (CH)
- High capacity utilization and batch success rates, with significant expansions and new capacities ramping up across modalities
- First customer batches filled from new mammalian facilities in Portsmouth (US), Visp (CH) and Guangzhou (CN)
- Expansion of drug product capacity has commenced in Switzerland and China
- Softer margin in FY 2021 reflects project mix, one-time effects, and the impact of long-term growth projects
- Sales growth momentum is expected to continue in 2022, driven by healthy market fundamentals

767_m

Sales
(CHF)

+11.6%¹

215_m

CORE EBITDA
(CHF)

+12.0%

28.0%

CORE EBITDA
Margin

+0.3ppts

- Continued strong demand with significant number of new programs signed
- During 2021, the division supported customers in achieving five FDA approvals for innovative molecules
- Future capacity expansions are on track, including new manufacturing complex in Visp (CH) due to come online in 2023
- New manufacturing assets in Visp (CH) came on line in 2021 and are delivering commercial product for HPAPI and bioconjugates customers
- Continued growth ahead of market is anticipated in 2022 as early phase drug product capacity in Bend (US) and HPAPI capability in Nansha (CN) come online

602_m

Sales
(CHF)

+26.6%¹

106_m

CORE EBITDA
(CHF)

n/a

17.6%

CORE EBITDA
Margin

+14.9ppts

- Strong demand for product and services across the division with improved synergies between the Bioscience business unit and CDMO services
- Margin breakeven achieved in Cell & Gene Technologies business
- Expanded exosome capabilities with two new sites in Lexington (US) and Siena (IT)
- Continued Cocoon® Platform development with the addition of new analytical technologies and active commercial launch
- Continued sales growth is expected, driven by additional capacity coming online in 2022

Capsules & Health Ingredients (CHI)

Financial and operational performance in 2021

1,204_m

Sales
(CHF)

+5.6%¹

414_m

CORE EBITDA
(CHF)

+9.5%

34.4%

CORE EBITDA
Margin

+1.6ppts

- Solid demand across product lines (capsules, Dosage Form Solutions and health ingredients) and regions, particularly in Americas and APAC
- Sales growth driven by capacity expansion. CHI global network can produce around 250 billion capsules annually
- Margin growth backed by continued portfolio shift to CHI's premium products, including clean label HPMC capsules
- Sustained demand for specialty capsules is expected to support continued sales growth in 2022

Looking to the Future



Outlook 2022

Continued delivery of profitable growth towards Mid-Term Guidance

Sustained strong momentum and growth project ramp-up to drive above market growth

Focus on operational excellence and growth project execution to deliver steady margin improvement

Continued investment program to capture market opportunities securing long-term growth: CAPEX expected at around 30% of sales

Outlook assumes no further deterioration of supply chain due to COVID-19 pandemic

Low to mid-teens CER sales growth

CORE EBITDA margin improvement in line with Mid-Term Guidance

Sales guidance update driven by strong momentum across businesses

Sustained CORE EBITDA margin improvement

Accelerated CAPEX investment reflecting increased demand

ROIC accretion reflecting positive sales growth and increased investments

**Low Teens CER
Sales Growth**

**~33-35%
CORE EBITDA
Margin**

**Double-digit
ROIC**

Priorities for 2022

Continued focus on growth momentum and operational excellence

- Deliver CAPEX investment projects to support long term growth
- Meet financial targets by focusing on operational excellence and a lean approach to business
- Maintain focus on innovation and differentiation across technologies, modalities and business models
- Continue to advance our ESG agenda
- Manage and minimize supply chain challenges arising from COVID-19 related disruptions



Lonza

Concluding Remarks

- Lonza delivers on guidance with 20% CER sales growth and 30.8% CORE EBITDA margin
- Outlook 2022: low to mid-teens CER sales growth, CORE EBITDA margin improvement in line with Mid-Term Guidance
- 2022 priorities include delivering on divisional growth projects and maintaining growth momentum with a focus on operational excellence



Lonza

Q&A



Appendices



Full-Year 2021 Financial Highlights (1/2)



Continuing Operations¹	FY 2021	FY 2020	YoY (in %)
CHF million			
Sales	5,409	4,508	20.0
CORE EBITDA	1,665	1,379 ²	20.7
<i>Margin in %</i>	30.8	30.6	
EBITDA	1,365	1,378	(0.9)
<i>Margin in %</i>	25.2	30.6	
EBIT	851	901	(5.5)
<i>Margin in %</i>	15.7	20.0	
<i>ROIC in %</i>	10.7	9.1 ²	17.6
Net Financial Result	(63)	(94)	33.0
<i>Tax Rate in %</i>	10.9	8.8	
Profit for the Period	677	732	(7.5)

¹ All financial information referring to “continuing operations” are exclusive of the Specialty Ingredients business, that was sold on 1 July 2021 and therefore reported as discontinued operations)

² CORE results for the Full-year 2020 were restated to reflect the changes from the revised Alternative Performance Measures policy that was introduced on 1 January 2021. Also refer to the Alternative Performance Measures Brochure

CORE definition: See appendix

Full-Year 2021 Financial Highlights (2/2)



Continuing Operations¹	FY 2021	FY 2020	YoY (in %)
CHF million			
CORE EPS basic (CHF)	12.67	9.82 ²	29.0
EPS Basic (CHF)	9.08	9.81	(7.4)
CORE EPS Diluted (CHF)	12.63	9.78 ²	29.1
EPS Diluted (CHF)	9.05	9.77	(7.4)
Change of Net Working Capital	(216)	(260)	44
Capital Expenditures	1,299	889	46.1
Operational Free Cash Flow	471	489	(3.7)
Number of Employees (Full-Time Equivalent)	16,218	14,062	15.3
Total Group³	FY 2021	FY 2020	YoY (in %)
CHF million			
Net debt	(958)	2,813	(134.1)
Debt-equity ratio	(0.09)	0.41	(122.0)
Net Debt / CORE EBITDA ratio	(0.53)	1.66 ²	(131.9)

¹ All financial information referring to “continuing operations” are exclusive of the Specialty Ingredients business, that was sold on 1 July 2021 and therefore reported as discontinued operations)

² CORE results for the Full-year 2020 were restated to reflect the changes from the revised Alternative Performance Measures policy that was introduced on 1 January 2021.

Also refer to the Alternative Performance Measures Brochure

³ Total Group including discontinued operations

CORE definition: See appendix

24 March 2022	Annual and Sustainability Reports
5 May 2022	Annual General Meeting
9 May 2022	Ex-Dividend Date
10 May 2022	Record-Dividend Date
11 May 2022	Dividend-Payment Date
22 July 2022	Half-Year Results 2022

Information about investor relations events is constantly updated on the website:

www.lonza.com/about-lonza/investor-relations



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“
We believe that disclosing CORE results of the Group’s performance enhances the financial markets’ understanding because the CORE results enable better year-on-year comparisons.”

Therefore, the CORE results exclude exceptional expenses and income related to e.g. restructuring, environmental-remediation, acquisitions and divestitures, impairment and reversal of impairment of 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 2021 Alternative Performance Measures 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,” “guidance,” “believes,” “plans,” “anticipates,” “expects,” “estimates” and similar expressions) should be considered to be forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty.

There are 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 the Outlook 2022 herein may not prove to be correct. The statements in the section on Outlook 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 the section on Outlook 2022 as a result of the factors described above or other factors. Investors should not place undue reliance on the statements in the section on Outlook 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 published.