

Leading supplier to the Life Science Industry

Lonza

Business Update: First Quarter 2010

22 April 2010

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.



First Quarter 2010 Highlights

- Visibility has improved but volatility remains in place especially in Custom Manufacturing
- Outsourcing trend in Custom Manufacturing remains strong;
 - new contracts have been signed and new discussions started
 - “on-hold” projects at smaller customer have been re-started with new funding
 - Customers’ inventory management remains erratic
- Stronger market demand in LSI and LBS in Q1/2010 seems to be influenced by some inventory build-up
- Re-Engineering project – measures fully defined and implementation under way. CHF 70-80 million cost reductions will be achieved within 18 months (end of Q1/2011).

Solid Balance Sheet Structure as a Basis for Further Growth

- Financial gearing at 49%
- Long-term debt as % of total debt: 75%
- CAPEX in 2010 / 2011 will remain below CHF 400 Mio per year
- Triple digit Mio free operational cash flow generation in 2010
- Net working capital shrinking slowly to reach around 25% of sales by the end of 2010
- RONOA target remains around 15% for 2012

 Lonza continues to strengthen its financial position



Life Science Ingredients (I)

Summary

- Volume recovery in Q1/10 compared to 2009 in the life-sciences markets Nutrition and Microbial Control
- Strong margin pressure in industrial markets, weak demand in agro.
- Raw material cost increase for all major products. Price increase initiatives underway with expected time lag.

R&D

- Capacity fully utilized with key development projects
- Re-organization of chemical R&D finalized & efficiency programs started

Nutrition Ingredients

- Stronger volumes in Q1 compared to Q4/'09 with stable prices overall
- Significant de-stocking of Meta® at formulators & retailers as expected due to dry 2009 seasons
- L-Carnipure sales & volumes above target due to new contracts signed with major players
- Construction of new Carnitine plant in Nansha on track (for October 2010)

Life Science Ingredients (II)

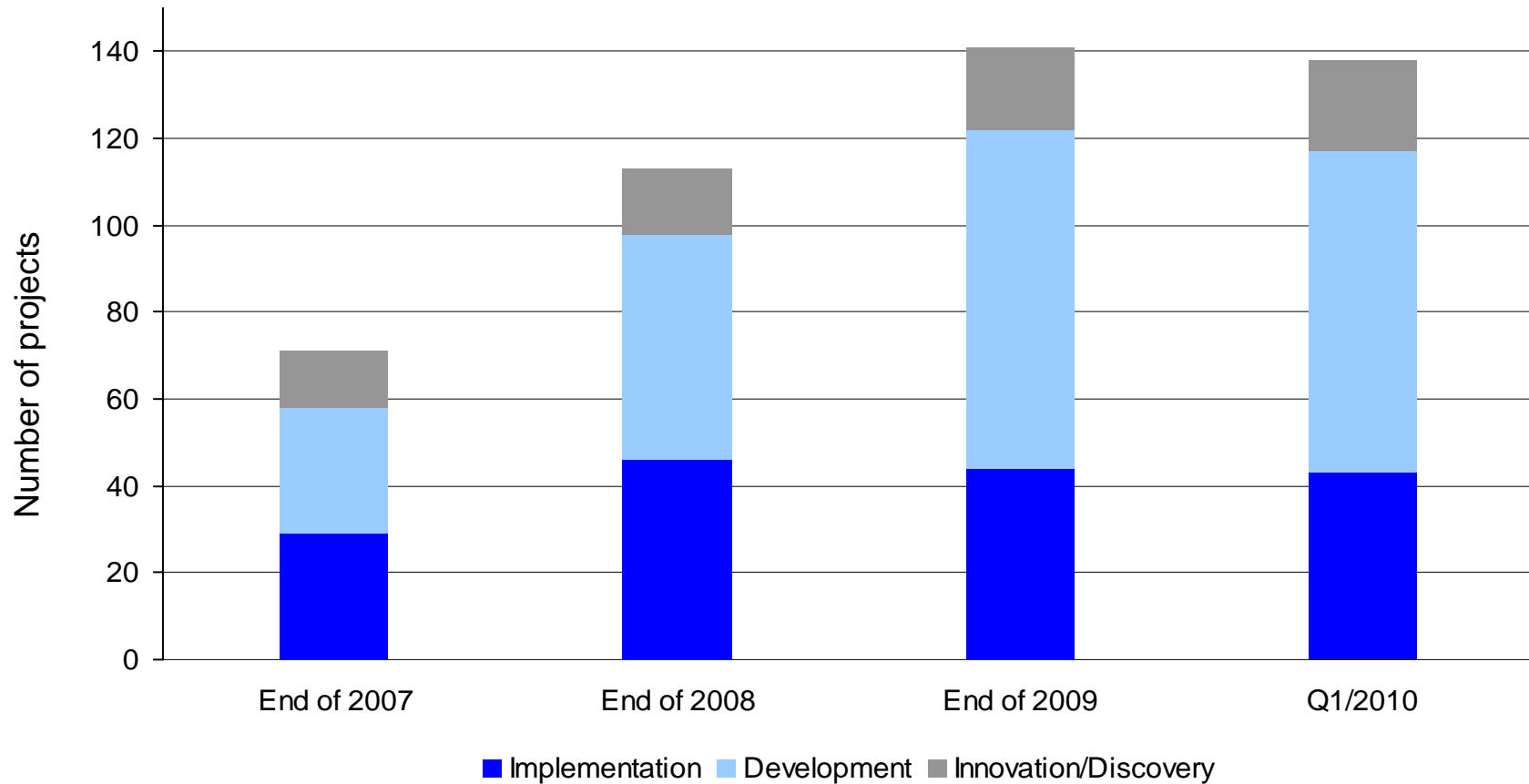
Microbial Control

- Market demand has grown for 3 quarters in a row with high asset utilization
- Higher sales in EU & Asia were compensating slower developments in US:
 - Hygiene sales below target in Q1/10 (de-stocking after H1N1 threat in H2/09)
 - Solid development of industrial specialties, water treatment and personal care
- Development of India and China markets on track

Performance Intermediates

- Positive short-time volumes for diketene & HCN derivatives lead by general industry recovery and temporary shut down of Indian competitor
- High performance materials at target with strong sales in Asia but margins under pressure
- Crop protection demand is strongly reduced because of de-stocking at customers due to dry 2009 season
- Agro pipeline remains solid with new contracts signed in Q1/10

Project Pipeline (New Products)



Custom Manufacturing APIs

Overall

- Custom Manufacturing APIs pipeline remains strong
- New contracts have been signed in all businesses
- Order placement stronger than in Q1 2009 but volatility remains for H2

Biological Manufacturing

- Overall network utilization for 2010 will be above 2009
- Stronger sales will counterbalance higher 2009 engineering income as planned
- Good expected progress with lead pipeline contracts for 2011-2013 utilization

Chemical Manufacturing

- Increased level of partnership discussions in specialty areas (e.g. peptides, HAPI, Conjugates) and continuous high level discussions on pipeline outsourcing
- On-going focus on cash conservation by customers
- Competitive environment remains high for commodity type products

Strategic projects 2010

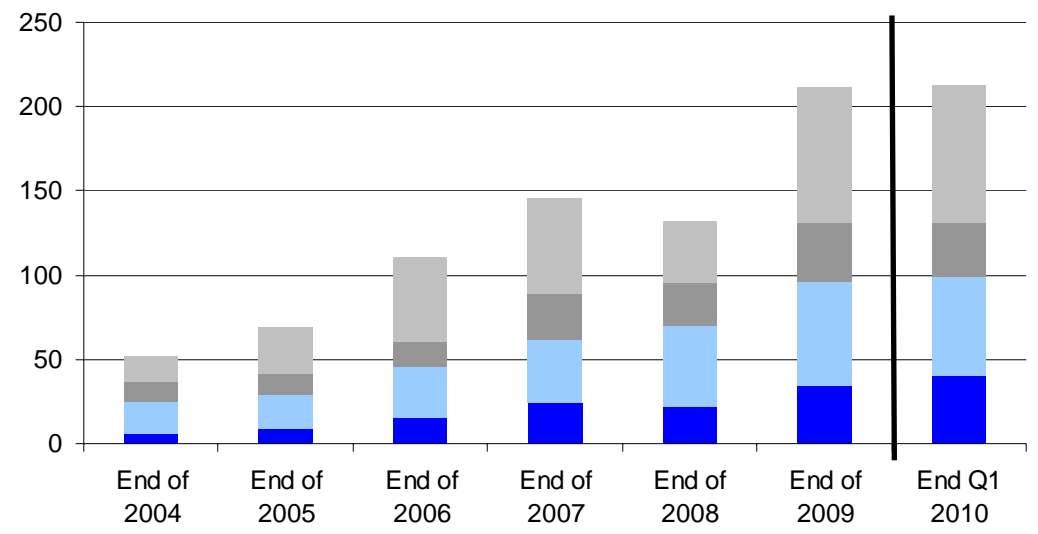
– achievements continue to build the future

- Biopharma platform Singapore:
 - Build-out of the large scale mammalian facility with targeted utilization rate of 60% at start-up in 2011
 - Start-up of development services and small scale platform in Singapore with first customer project
 - Training program for first group of cell therapy experts started
- Successful implementation of operational excellence measures in Hopkinton, MA (USA) (no batch failures since December 2009)
- Start of plant flexibilization activities in Visp (CH), Portsmouth, NH (USA), Hopkinton, MA, (USA) and Slough (UK) as part of 2010 capex
- Strong demand for Clinical Manufacture and Development Services business lead to approval of capex expansion in Slough, UK
- Transfer of Riverside, PA products to Visp and Nansha, CN started; strong demand for Riverside products before shut-down.

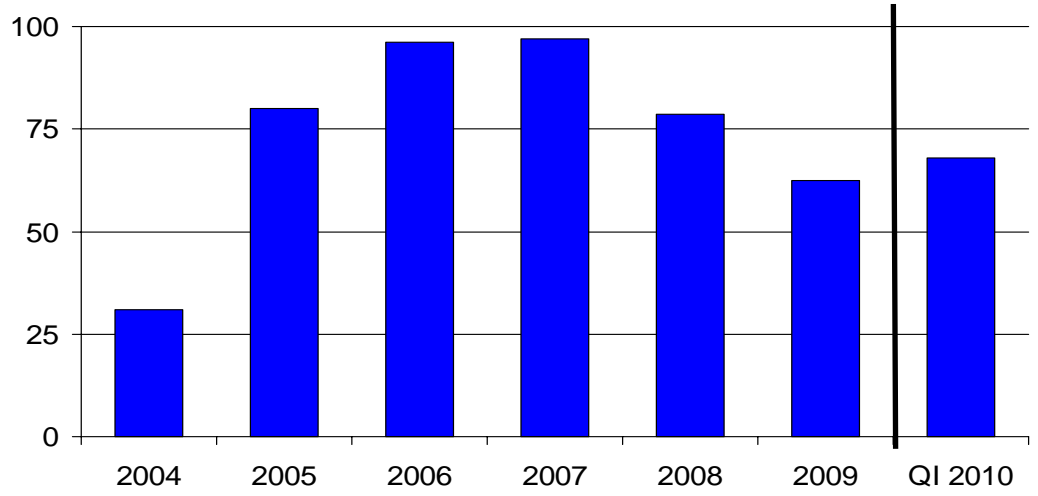
Biological Manufacturing – Pipeline & Utilization

Project pipeline Number of projects

- preclinical
- phase I
- phase II + III
- launched



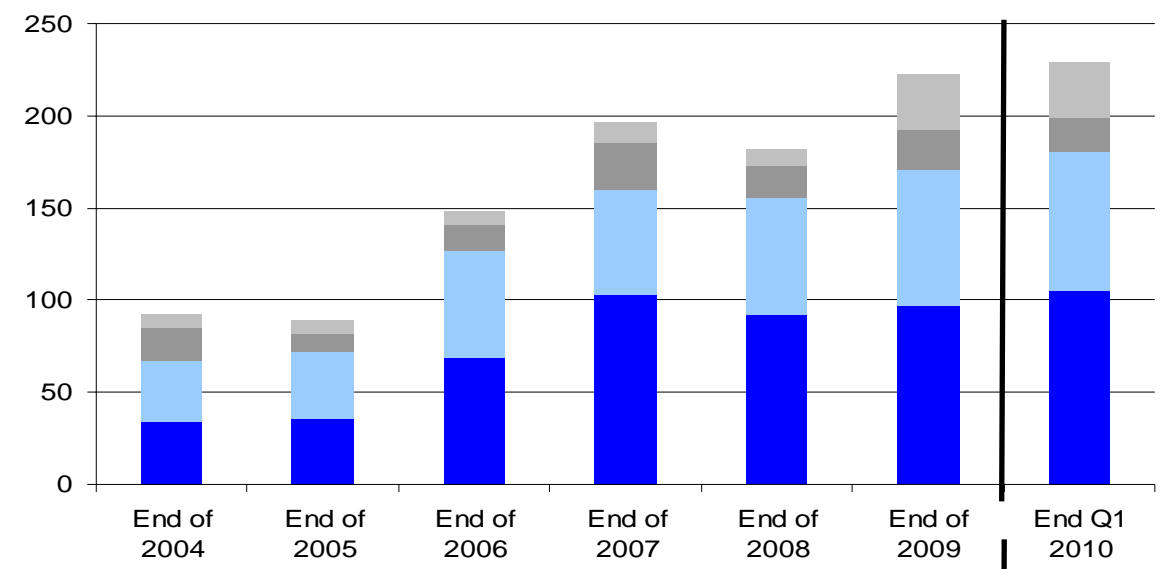
Capacity utilization in %



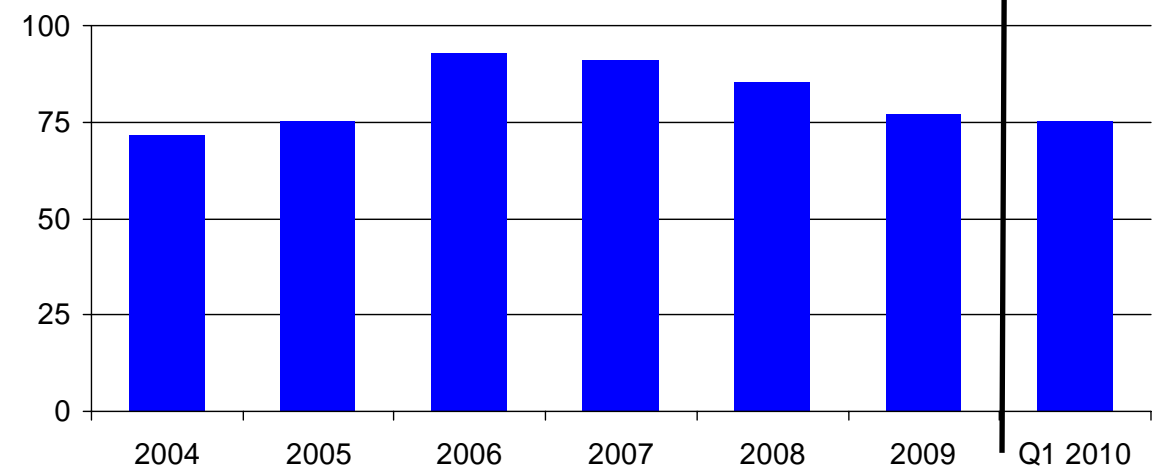
Chemical Manufacturing – Pipeline & Utilization

Project pipeline Number of projects

- preclinical
- phase I
- phase II + III
- launched



Capacity utilization in %



Bioscience (I)

Summary

- Project pipeline improved further with more projects in phases close to commercialization. New product introductions according to plan
- Acquisition and in-licensing of new technologies ahead of plan
- Sales slightly behind expectations due to changed order pattern
- First economical recovery seen for academia and small bio-pharma companies

Research Solutions

- Strong performance of BioAssays as well as Protein Analysis portfolios
- Signed new agreements for research and distribution of stem cells
- Signed license agreement with Odessey Thera to enter promising cell based assays business

Bioscience (II)

Therapeutic Cell Solutions

- Current customer base increasing number of projects in process development and manufacturing
- Increased pipeline materializing in large pharma contracts; this is driven by new interest from many big pharma companies in Cell Therapy
- First qualification in EU of Lonza GS CHO media

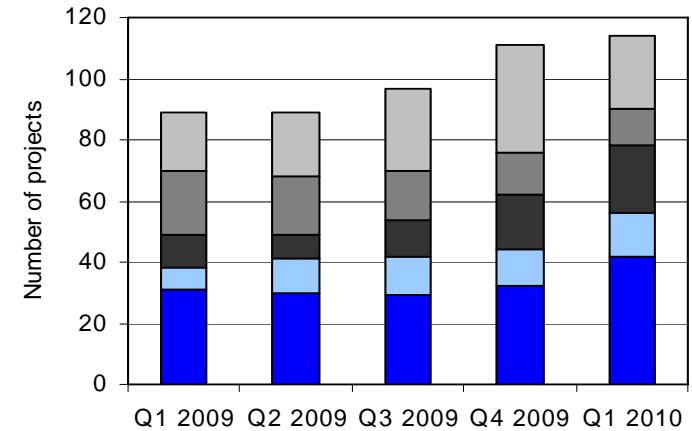
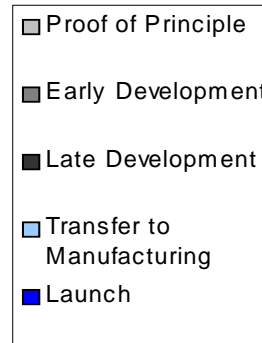
Testing Solutions

- Global sales stable as customer base continues to optimize their reagent inventory levels, make smaller purchases, and continue reduced testing initiatives
- Strong reagent sales to distributors selling in Asia/Pac, India/Middle East, and Latin America

Bioscience Project Pipeline – New Products and Therapeutic Clients

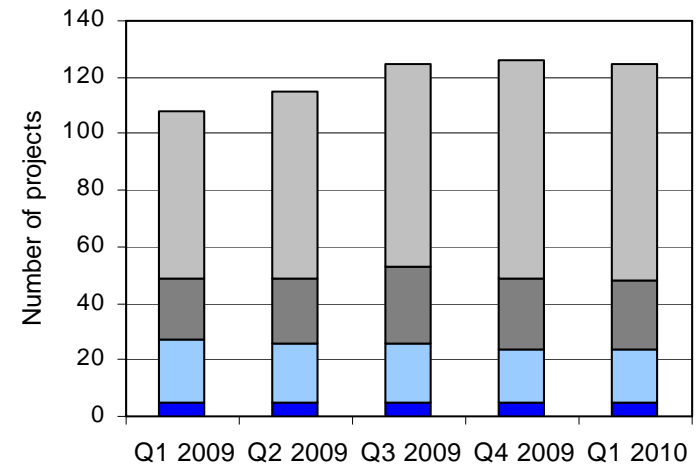
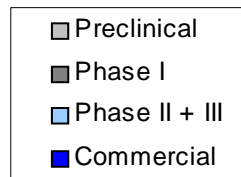
New Products

(Research Solutions, Testing Solutions & Therapeutic Cell Solutions)



Therapeutic Clients

(Therapeutic Cell Solutions)



Summary, Status and Outlook

Summary

- Cost reduction program progressing better than announced
- New CMO business signing improved
- CMO order volatility remains a concern
- Strong Q1/2010 performance in Life Science Ingredients
- Continued strong growth perspective in 2011 and beyond

Outlook

- Volatile environment limits short term upside but will be actively handled by the re-engineering measures
- 2010 & 2011 CAPEX will remain below CHF 400 million per year and free cash flow will increase significantly
- Lonza's Life Sciences strategy will continue to deliver the full growth potential long term

Calendar of Events and Contacts

■ Important Lonza Group Dates

- 22 April 2010 First-Quarter 2010 Business Update
- 22 July 2010 Half Year Results 2010
- 27 October 2010 Third-Quarter 2010 Business Update
- 16/17 Nov. 2010 Investor Event
- 26 January 2011 Full-Year 2010 Results
- 12 April 2011 Annual General Meeting

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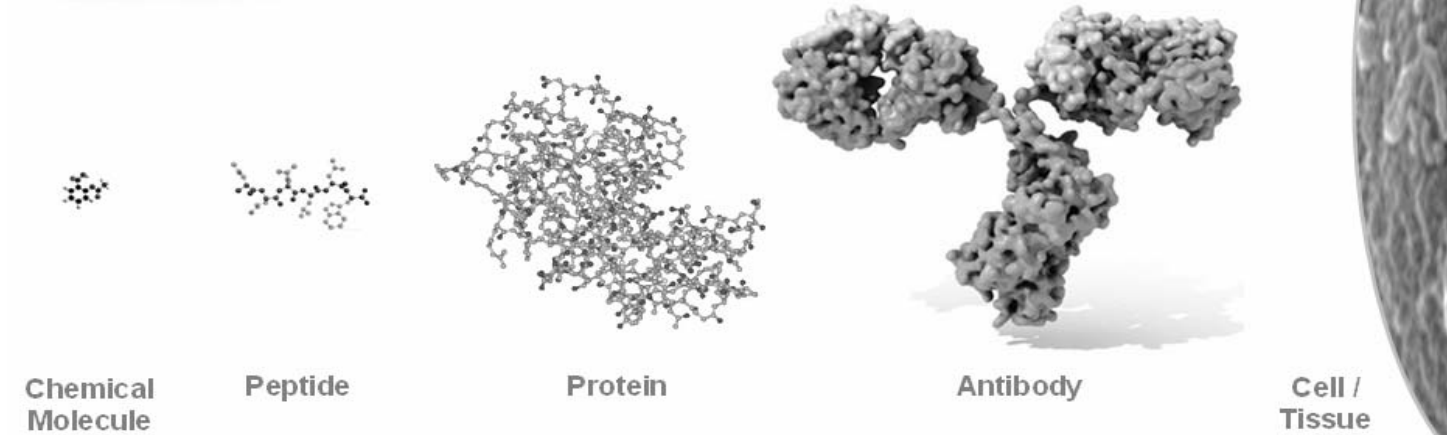
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Further Information

Solid Additional EBIT Potential for ~2013*

Additional Operations	10-15 million CHF
Nansha	10-15 million CHF
Peptides	15-25 million CHF
Microbial Operations	20-40 million CHF
Cell Therapy	15-25 million CHF
Singapore II	40-60 million CHF
Cost Savings Program	60-80 million CHF

Considerations

- Portsmouth / Porrino do not contribute any more profit than in 2009 above realization of Genentech milestone payments
- No growth in LCM-Chemicals outside of Nansha and Peptides
- LCM Developments Services remain flat
- LSI growth projects contribute after 2013
- LBS growth project profits are fully re-invested into R&D

* numbers do not reflect full potential of listed products but only delivery until 2013