Lonza – Capturing Value in the CDMO Market
Pierre-Alain Ruffieux, Chief Executive Officer

11 January 2023
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A leading strategic partner to the healthcare industry
Our company in numbers

**>30**
Sites across the global network

**>16k**
FTEs

**7**
SDGs as focus for sustainability ambitions

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**Strong top-line growth and profitability**

| CHF 5.4bn | 13% | 31% |
| Sales ‘21 | Sales CAGR ‘18-’21 | C. EBITDA margin ‘21 |

**Large CAPEX securing future growth**

| CHF 2.9bn | 24% | 11% |
| Cumulative CAPEX over last 3 years | CAPEX as % of Sales ‘21 | ROIC ‘21 |

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1. 2021
2. 2021, 2020, 2019
Supporting the molecule journey from discovery to commercialization
Role of Lonza as a CDMO

Contract Development Manufacturing Organization (CDMO)
Trusted partner across customers’ technical journey

Pre-clinical
- Development services
- Proprietary gene expression systems
- Fast gene to IND¹
- Regulatory support expertise for IND¹ filing

Clinical
- Process development and optimization
- Drug substance and drug product manufacturing

Launch
- Expertise in BLA² filing
- Derisked capacity and tailormade solutions through Ibex® Dedicate

Commercial
- Commercial drug substance and drug product manufacturing
- Process optimization
- Expertise in supplementary BLA² filing

Lonza provides CDMO services across Biologics, Cell & Gene and Small Molecules

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1. IND: Investigational New Drug
2. BLA: Biologic License Agreement
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## Our strong market value proposition

Full offering creating sustainable competitive advantage

<table>
<thead>
<tr>
<th>Biologics</th>
<th>Pre-clinical &amp; phase I</th>
<th>Phase II &amp; Phase III</th>
<th>Commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mammalian</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Bioconjugates</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>mRNA</td>
<td>✓&lt;sup&gt;1&lt;/sup&gt;</td>
<td>✓&lt;sup&gt;1&lt;/sup&gt;</td>
<td>✓</td>
</tr>
<tr>
<td>Microbial</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
| Drug Product     | ✓                      | ✓                    | ✓<sup>2</sup>

| Small Molecules  | ✓                      | ✓                    | ✓          |
| Cell & Gene      | ✓                      | ✓                    | ✓          |
| Capsules & Health Ingredients | ✓                  | ✓                    | ✓          |

### Capabilities offered by Lonza

1. Seamless Network
2. Trusted Quality
3. Unmatched Breadth
4. Innovation Leader

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Sustainable competitive advantage in technology, geographic location and end-to-end offering

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1. Process Development and Analytical Development as of 2023, cGMP manufacturing as of 2024
2. Full commercial as of 2026
1 Tailored customer offerings on global scale
Lonza global Mammalian and Drug Product network

- Portsmouth, US
  - 8x 2kl
  - 6x 20kl
  - 4x 6kl
- Slough, UK
  - 6x 1kl
  - 5x
- Cambridge, UK
  - 1kl
- Hayward, US
  - 2x 1kl
  - 2x 2kl
- Porriño, ES
  - 4x 10kl
  - 3x 2kl
  - 3x 20kl
- Visp, CH
  - 6x 2kl
  - 2x 20kl
- Stein, CH
  - Commercial
  - Clinical
  - DP
  - DP
- Guangzhou, CN
  - Clinical
  - DP
  - As of 2023
- Tuas, SG
  - 4x
- DP: Drug product (across modalities)

1 As of 2023

SM: USA, CH and CN
C&G: USA, CA, NL, BE, DE, IT, SG and JP
CH: USA, MX, FR, BE, JP, CN, ID and IN

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Proven regulatory track record in supporting our customers

Regulatory filings and inspections supported by Lonza

<table>
<thead>
<tr>
<th>2019-2022</th>
<th># IND and BLA filings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IND Filings(^1)</td>
</tr>
<tr>
<td></td>
<td>113</td>
</tr>
<tr>
<td></td>
<td>BLA Filings(^1)</td>
</tr>
<tr>
<td></td>
<td>20</td>
</tr>
</tbody>
</table>

- 3 expedited programs
- 3 C\&G therapies brought to commercial

<table>
<thead>
<tr>
<th>2019-2022</th>
<th># Regulatory Inspections(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USA</td>
</tr>
<tr>
<td></td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>Switzerland</td>
</tr>
<tr>
<td></td>
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<td>Europe</td>
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<tr>
<td></td>
<td>Singapore</td>
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<tr>
<td></td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Rest of world</td>
</tr>
<tr>
<td></td>
<td>32</td>
</tr>
</tbody>
</table>

\(^1\) In Biologics and CGT
\(^2\) Based on country of inspectorate
3 Driving value in antibody drug conjugates

Integrated capabilities in bioconjugation

- Lonza’s enhanced opportunity for value creation
  - Integrated offering across divisions
  - Strong technical capabilities from discovery to commercialization
  - Unmatched capabilities under one roof
- Manufacturing majority of commercially approved antibody drug conjugates
- Attractive and growing Bioconjugate market / pipeline

1. In house F&F capabilities for non-cytotoxic bioconjugates, ADCs through a third party. Image: ADC Structure, source: Signal Transduct Target Ther. 2022, 7(1): 93-117
Innovation drives unique customer offerings
Selected examples of current innovation priorities

Ibex®
- Fully customizable, technology agnostic solution
- Faster time to market with Ibex®

Inhaled mAbs
- Local delivery of mAbs for treatment of lung indications
- Reduced dose, improved patient compliance

Cocoon™ + Exosomes
- Potential to make CGT commercially viable for large populations
- Exosomes allow for targeted delivery of therapies

Enteric capsules
- Enprotect™ the first ever coating-free enteric capsule
- Supports intestinal delivery of acid-sensitive APIs

Setting industry standard with R&D investment of ~CHF 180m in 2021
Pioneering role in high-growth mRNA CDMO market
Partnership approach to deliver end-to-end offering

- Delivered Spikevax™ in record time
- Landmark ten-year strategic collaboration with Moderna on the mRNA platform. New product introduction on the way (beyond COVID)
- COVID manufacturing footprint resized during 2022, with peak sales expected in 2022
- mRNA services expanded by adding clinical development and manufacturing capabilities to the Geleen (NL) site
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Lonza is set up for success in CDMO industry
Delivering sustainable value now and in the future

**Strong and stable business model**

- Diversified business
- Long-term commercial contracts
- High skills/experience and large asset base in highly regulated market

**Investment in future growth**

- Growth investments with attractive returns and secure customer base
- Attract, retain and grow industry leading talent
- Sustainability by design

**CDMO market remains attractive with double-digit growth**

1. Based on 2021 actual and 2022 guidance given in 2021 FY presentation
High revenue visibility across the business

Drivers for revenue visibility

**CDMO manufacturing**

**Typical Lonza commercial contract duration**

- **Biologics**: Up to 10 years
- **Small molecules**: Up to 7 years

**CDMO business strength**

- Broad-based, solid project portfolio
- 70% commercial business
- Full orderbook and healthy pipeline
- Essential nature of products and services
Lonza continues to invest in organic growth

CAPEX overview

CAPEX trajectory

as % of sales and in CHF

- **0.7bn**
- **0.9bn**
- **1.3bn**

- ~17%
- ~20%
- ~24%
- c. 30%

Return to high-teens

Growth project portfolio

# large projects\(^3\) by phase; construction start date 2019 or later

- **8** under construction
- **6** in ramp-up
- **7** operational

Growth projects offer an attractive financial return: IRR 15-20%, ROIC 30%+, 1:1.1 ratio CAPEX to peak sales

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1. Planned CAPEX >CHF50m; excludes infrastructure investments
2. 2022 guidance given in 2021 FY presentation
Large expansion securing future growth
Visp site evolution

2019

2022
Long-term commitment to sustainable business practice
Our ESG credentials and ambitions

### 2030 Targets
Baseline 2018, total company (per CHF 1 million sales)

#### Environmental Footprint

- **GHG emissions intensity reduction**: ~36%
- **Energy intensity reduction**: ~36%
- **Water intensity reduction**: ~50%

#### Safety

- **Vision Zero (Aspiration)**
  - Target on safety improvement actions
- **ZERO Lost time injuries**

#### Gender Equality

- **Share of females in management**: 35%
  - By 2035

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1. All environmental data excludes the divested Specialty Ingredients business.
2. Roadmap under development for reduction in carbon footprint of direct operations and new investments
3. Water ambition baseline is 2021

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New or higher ESG Performance Targets set in 2021

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Business fundamentals are resilient to macroeconomic environment
Our business in the current macroeconomic context

**Strong, stable late-stage business**
70% of CDMO sales in commercial

**Solid contracts**
Pass-through clauses

**Multi geography exposure**
Natural currency hedging

**Cyclical resistant business**
Limited exposure to consumer spend
## Actions in place to mitigate most of inflation impact

**Inflation impact 2022 & 2023**

<table>
<thead>
<tr>
<th>2022 Headwinds</th>
<th>Trend ‘23</th>
<th>Implemented Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wages</strong></td>
<td>Selective increases in high inflation markets</td>
<td>▪ Leveraging pass-through clauses</td>
</tr>
<tr>
<td><strong>Raw Materials</strong></td>
<td>Time lag in contract adjustment / price increases</td>
<td>▪ Consistently applying inflation clauses in contracts</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td>2022 energy prices mostly hedged in 2021</td>
<td>▪ More systematic price increases</td>
</tr>
<tr>
<td><strong>Capital Investment</strong></td>
<td>Impact on capitalized spend in services and equipment</td>
<td>▪ Accelerated productivity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Double down on strategic procurement</td>
</tr>
</tbody>
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Geographic footprint to deliver global and local customer requirements

Long-term success driven by sustained growth investments in capacity and technology

Broad range of technologies and capabilities to meet complex needs

High customer value driven by technical and regulatory expertise

Lonza is uniquely positioned to capture value in the Healthcare market as the leading CDMO player
Announcing 2023 Capital Markets Day

Capital Markets Day planned for Q4 2023

- Update on Divisional strategies
- Update to Mid-term outlook
- Combined with on-site visit
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Cell therapy bone marrow stem cell
Appendix
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.

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