

Lonza – Capturing Growth and Value in the CDMO Market

Philippe Deecke, Chief Financial Officer

9 January 2024



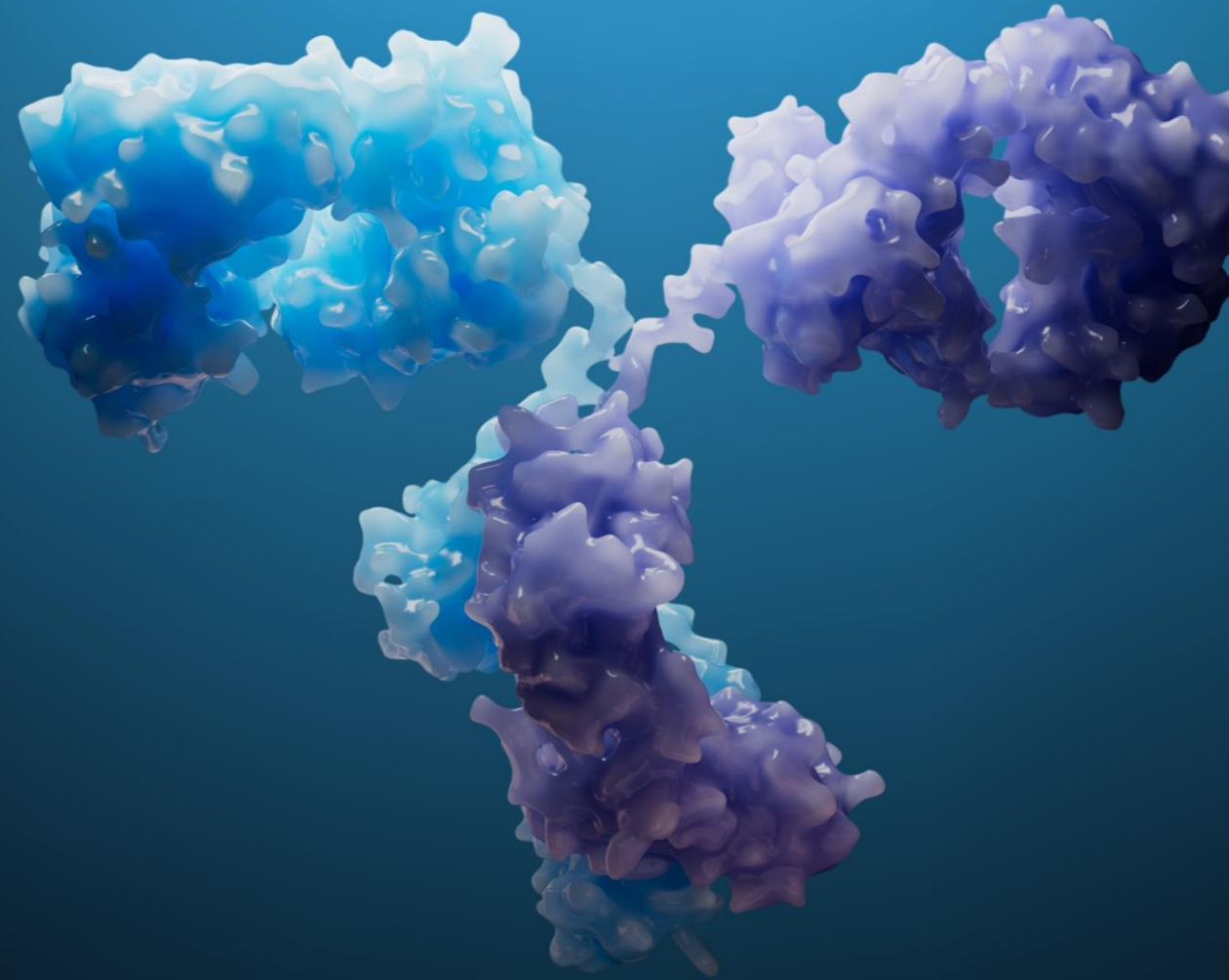
Agenda

Lonza today and our path forward

How we win

Concluding remarks

Q&A



A Leading Strategic Partner to the Healthcare Industry

Attractive Business Delivering Strong KPIs and Financials

2022 Figures

>1,025
Molecules^{1,2}

~800
CDMO customers

21
Large Ongoing
Growth Projects³

~70% of
CDMO sales
in commercial

6.2bn
Sales in CHF

+16%
Sales CAGR
2019 – 2022 in CER⁴

32%
CORE⁴ EBITDA margin

23%
Average Capex as %
Sales 2019 – 2022

¹ Large molecules including mammalian, microbial, bioconjugates and cell and gene therapy products (pers. medicines included for pre-clinical and clinical molecules only)

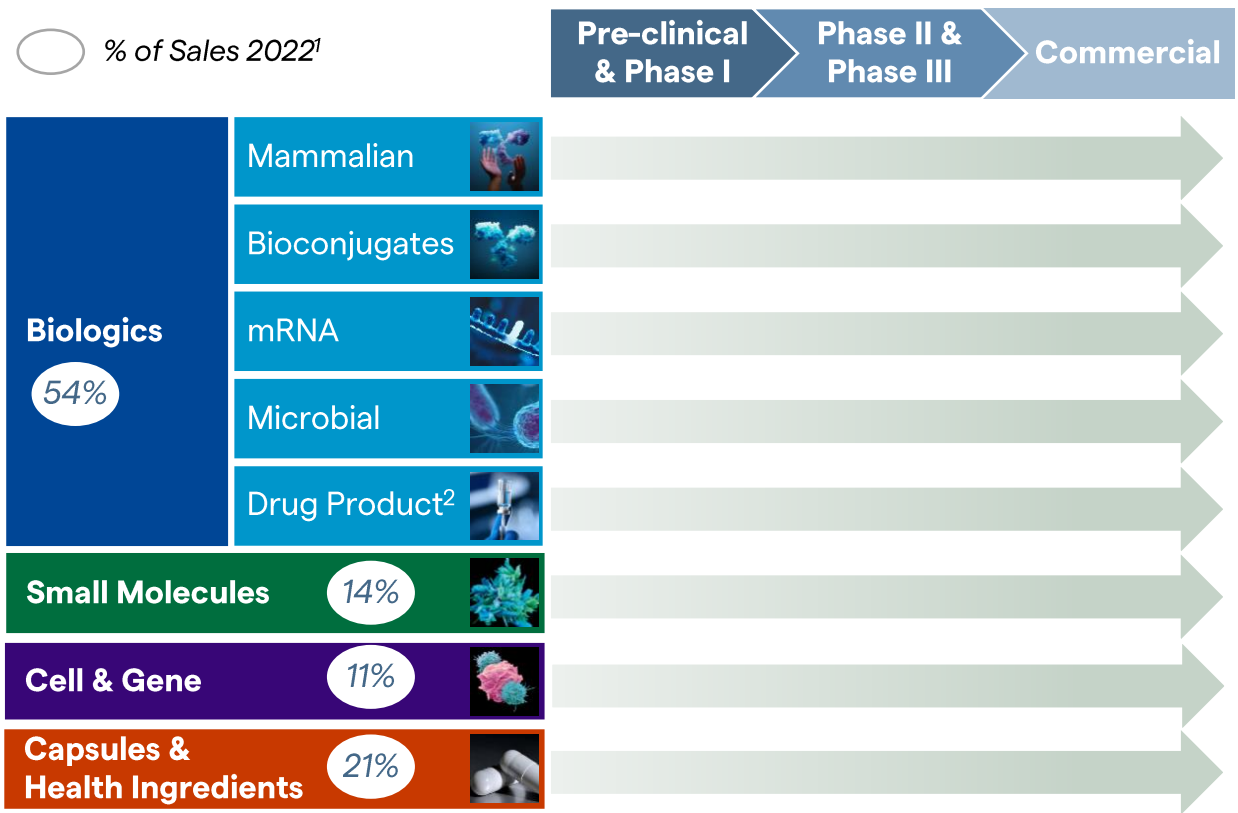
² Small molecules including active pharmaceutical ingredients (API), Highly Potent API (HPAPI), dosage form and delivery systems and particle engineering

³ Projects started since 2018

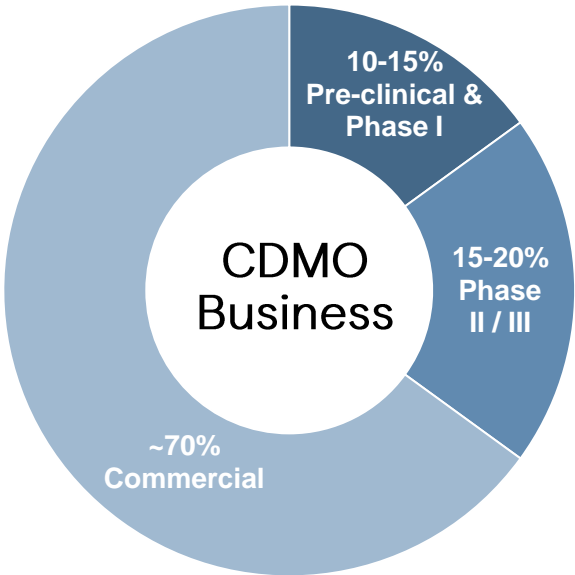
⁴ CORE results and Constant Exchange Rates (CER) are non-IFRS measures. For Lonza's definition of CORE results, also refer to the Alternative Performance Measures Brochure published in conjunction with the Lonza Half-Year Report 2023

Unique End-to-End Offering Across Multiple Modalities Creating Competitive Advantage

Full Offering Creating Sustainable Competitive Advantage

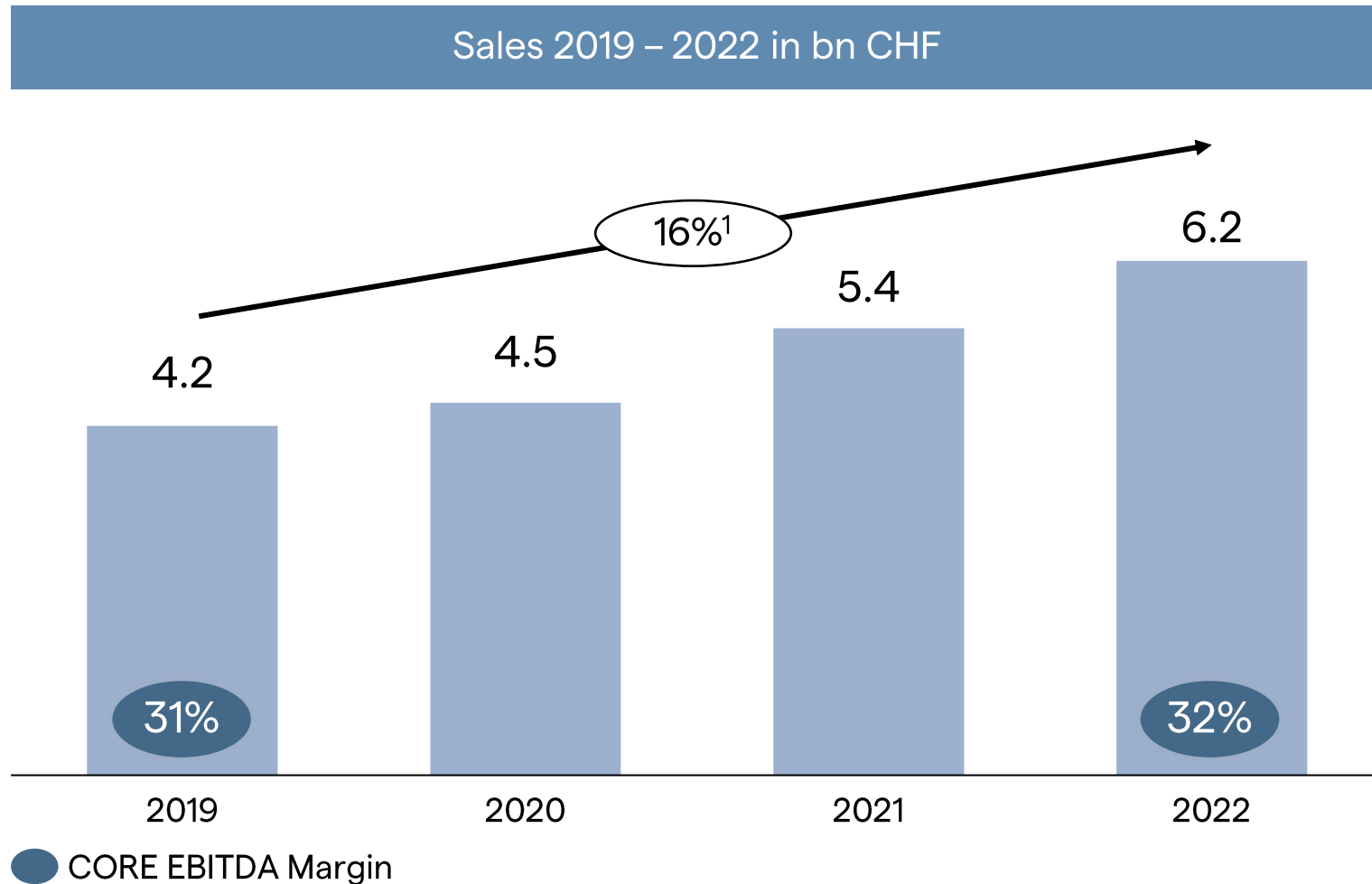


Majority of the Business From Commercial Products



¹Excluding Corporate Division Sales
² Commercial scale as of 2026

Lonza's Journey of Delivering Strong Topline Growth



Strong underlying business



11-13% revenue growth ex-COVID



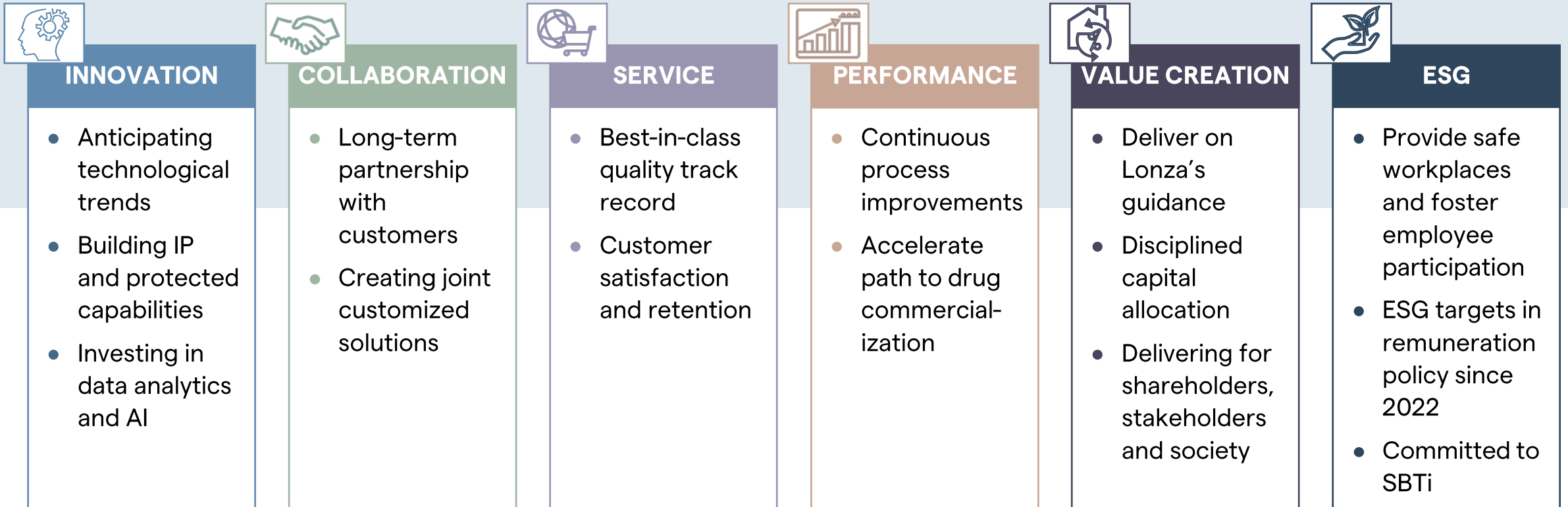
All divisions grew above market



New organic investments driving growth

¹ Sales CAGR 2019 – 2022 in CER

Our Strategic Priorities



Lonza is Uniquely Positioned to Capture Growth and Value in CDMO Market

Global leader and pure-play CDMO

End-to-end offering across all divisions

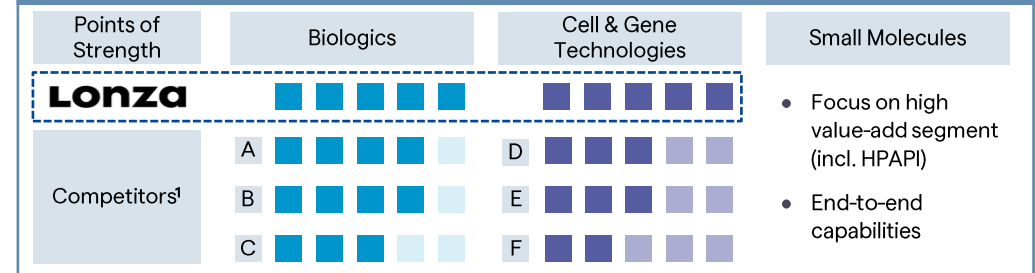
Strong and long-standing customer relationships

Global, western-focused manufacturing network

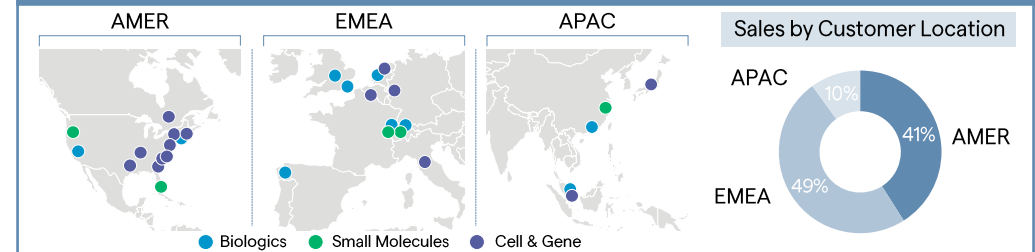
Strong project execution capabilities

Leader in innovation and industry pioneer

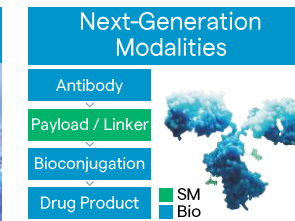
Most Complete Offerings Across Technologies



Tailored Customer Offerings via Global Network



Innovation at the Heart of our Competitive Advantage



¹ Competitors may overlap, Lonza internal analysis, CHI not shown as not CDMO service

Agenda

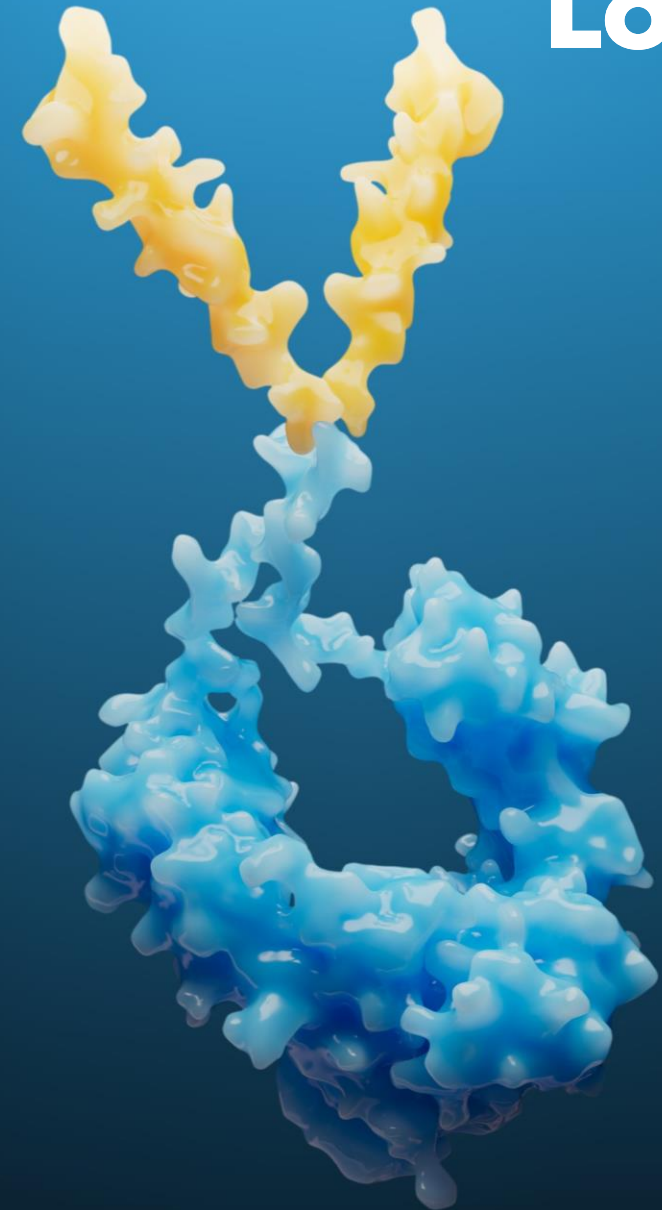
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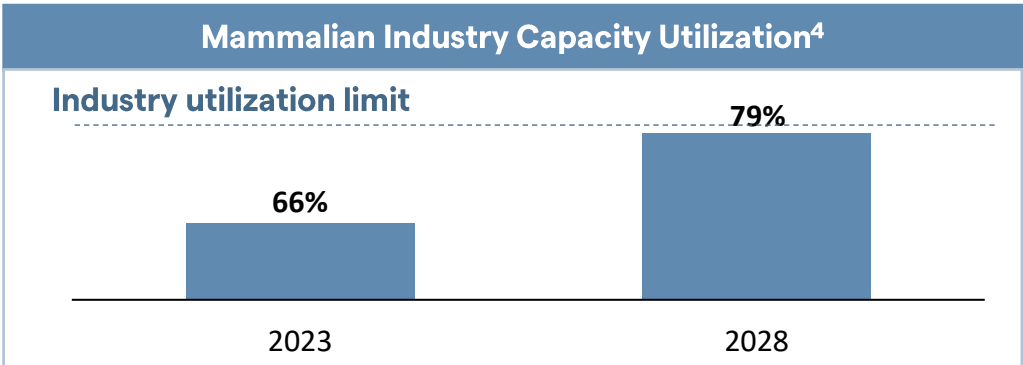
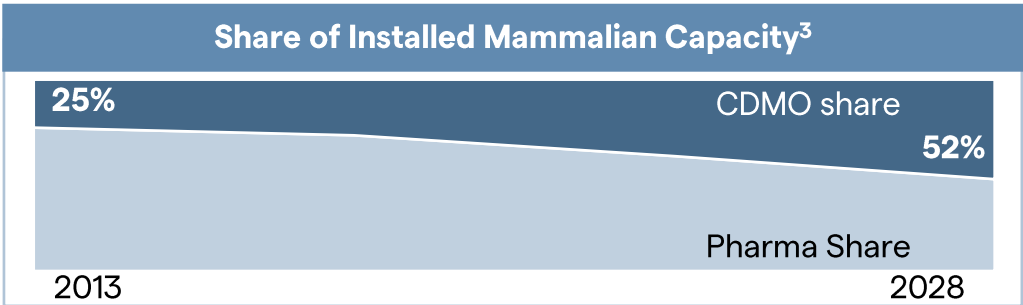
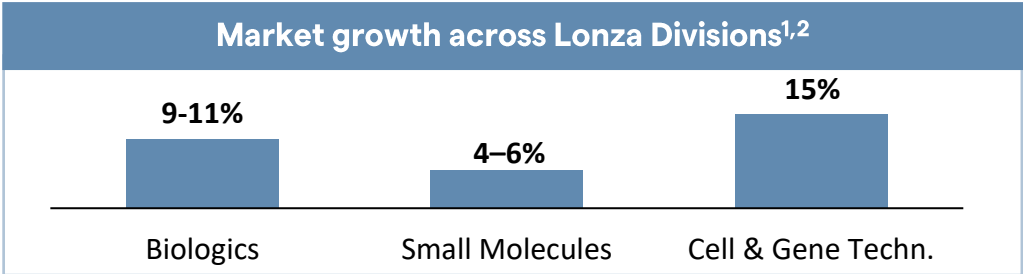
Q&A

Lonza



Dynamic End-Markets with Attractive Growth Outlook

- Strong end market growth
- Continued growth in CDMO share of business
- Further tightening of biologics capacity utilization
- Record number of small molecules and cell & gene molecules in development
- Market competes on quality, regulatory expertise above price
- High risks for new market entrants (capital intensity, technological capabilities, regulatory and quality expertise)



¹2023-2028 CAGR for Biologics and Small Molecules in USD bn, 2024-2028 CAGR for Cell & Gene Technologies in CHF bn

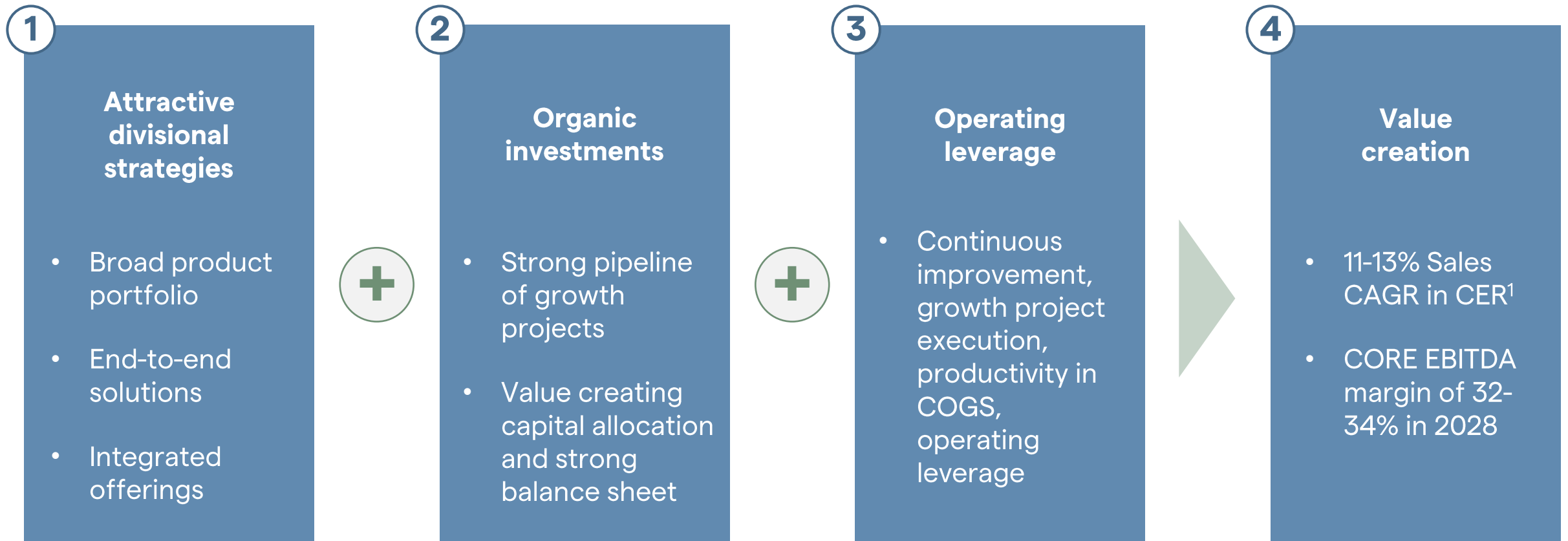
² Source: Lonza internal analysis, EvaluatePharma, Citeline

³ Source: Lonza internal analysis; publicly announced capital expansions (2023)

⁴ Source: Lonza internal analysis, IQVIA, EvaluatePharma, Citeline, publicly announced capacity expansions (2023)

Lonza Delivers Value Through Growth Investments and Operational Excellence

The CDMO market remains highly attractive with strong demand from end-markets Lonza is serving



¹ Sales CAGR from 2024-2028

1 Biologics

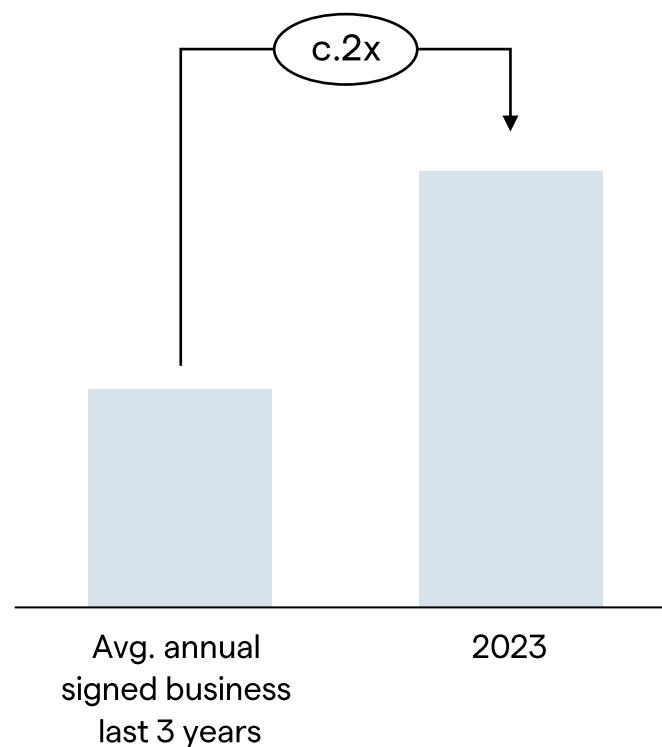
Delivering a Complete CDMO Offering Across the Lifecycle

Strategic Priorities

- 1 Full lifecycle management
- 2 End-to-end offering
- 3 Sustainable global manufacturing, site specialization

Multi-platform Solutions Enabling Integrated Offerings¹

Signed Business in mCHF



Top 7 Customers by Signed Business in 2023

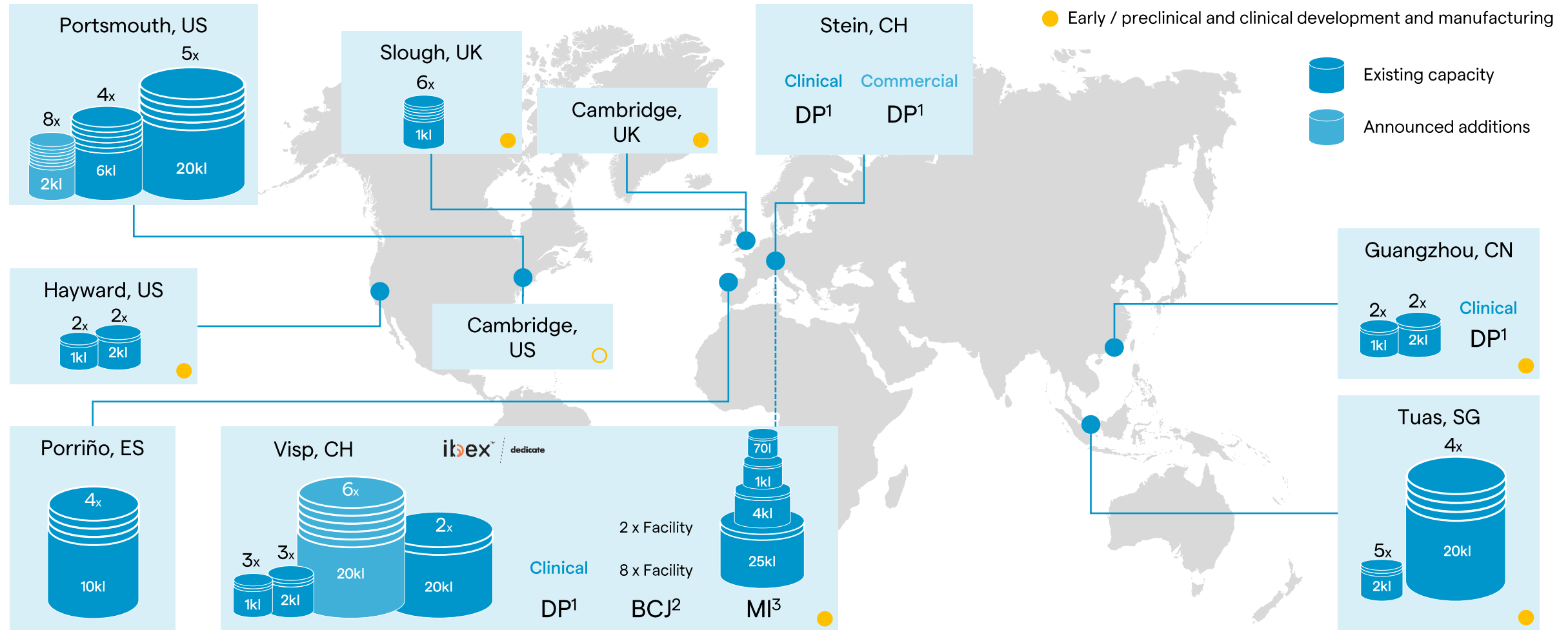
Customers		MM	MI	BCJ	DP
Customer 1	●	✓		✓	✓
Customer 2	●		✓	✓	✓
Customer 3	●	✓		✓	
Customer 4	●	✓			✓
Customer 5	●	✓		✓	✓
Customer 6			✓		✓
Customer 7		✓	✓		✓

● Clinical and commercial services

¹ Including MM = Mammalian, MI = Microbial, BCJ = Bioconjugates, and DP = Drug Product offering

1 Biologics

Tailored Customer Offerings on a Global Scale



Source: Internal data as per Capital Markets Day October 2023
¹ DP: Drug Product

² BCJ: Bioconjugate
³ MI: Microbial

1 Small Molecules

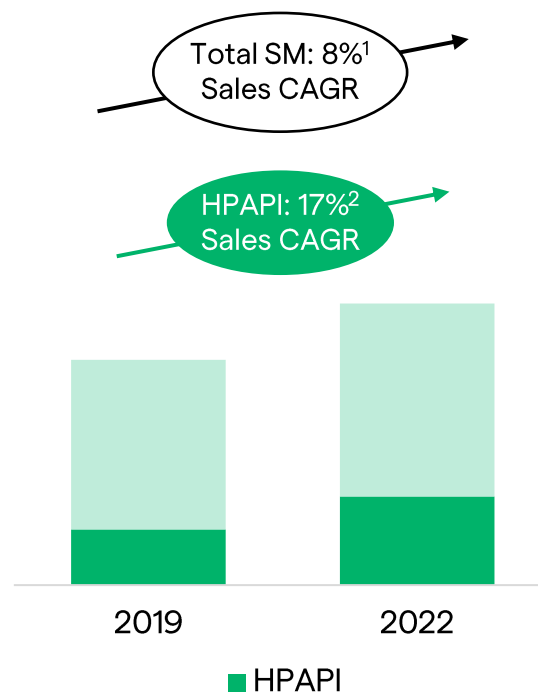
Meeting our Customers' Complex Small Molecules Needs

Strategic Priorities

- 1 Be a strong development partner driven by science
- 2 Be present throughout the product lifecycle
- 3 Make the customer experience great

Leading Capabilities in Highly Potent API (HPAPI)

Evolution of HPAPI share in sales



Existing Facility, Visp

HPAPI Drug Substance manufacturing

Clinical to commercial scale-up

Large pharma – long-term contract

Operational since 2021



New Manufacturing Complex, Visp

Dedicated ADC production suite

Clinical to commercial scale-up

Large pharma – long-term contract

Operational in 2024

Integrated supply chain with Biologics

¹ 2019 – 2022 Sales CAGR at constant exchange rates

² 2019 – 2022 Sales CAGR at actual exchange rates

1 Cell & Gene

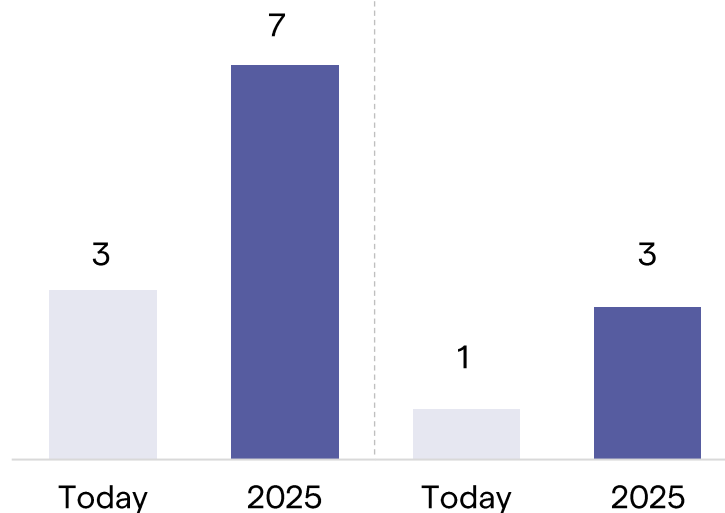
Driving Commercialization of Cell & Gene Therapies

Strategic Priorities

- 1 Manufacturing expertise
- 2 Commercialization track record
- 3 Innovation
- 4 Partnerships with frontrunners

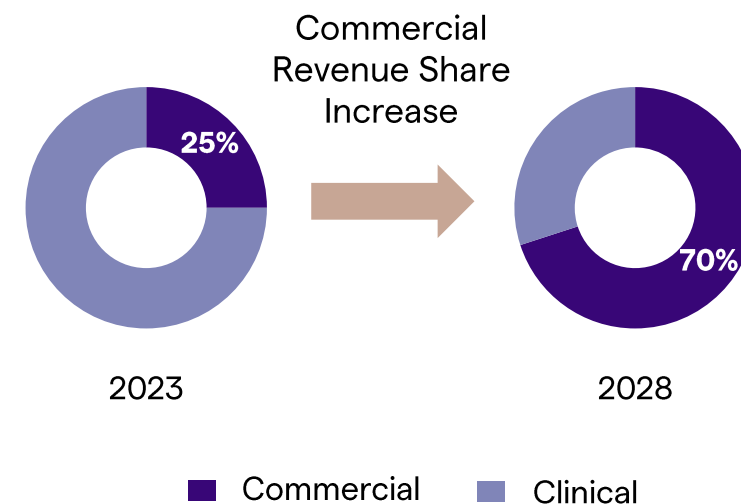
Increasing Focus on Commercial Portfolio in CGT

Commercial Products¹



Commercial Sites¹

% of CDMO Revenues from Commercial Programs



Three commercial products already in portfolio and four more expected in the next 18 months

¹Based on expectations for customers' clinical success

1 Capsules & Health Ingredients

Leading with a High-Value and Innovative Capsule and Service Offering

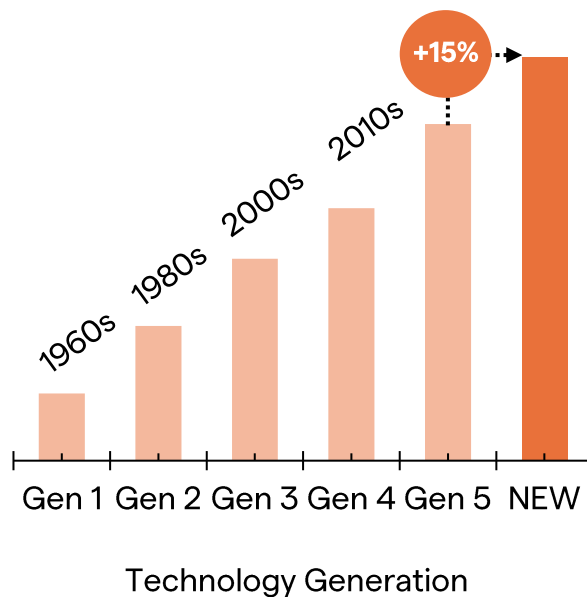
Strategic Priorities

- 1 Growth above the market
- 2 Process innovation and network optimization
- 3 Product and service innovation

Process and Product Innovation to Extend Leadership

Next Generation Technology Platform

Production Line Output



Innovation Examples

Modified Release



Capsugel® Enprotect®
Novel Dual Layer Innovation Platform
for targeted intestinal release

Clean Labels



Capsugel® Plantcaps®
Natural and Pure

Dynamic Regulations



Capsugel® TiO₂-Free Capsule

Service Innovation



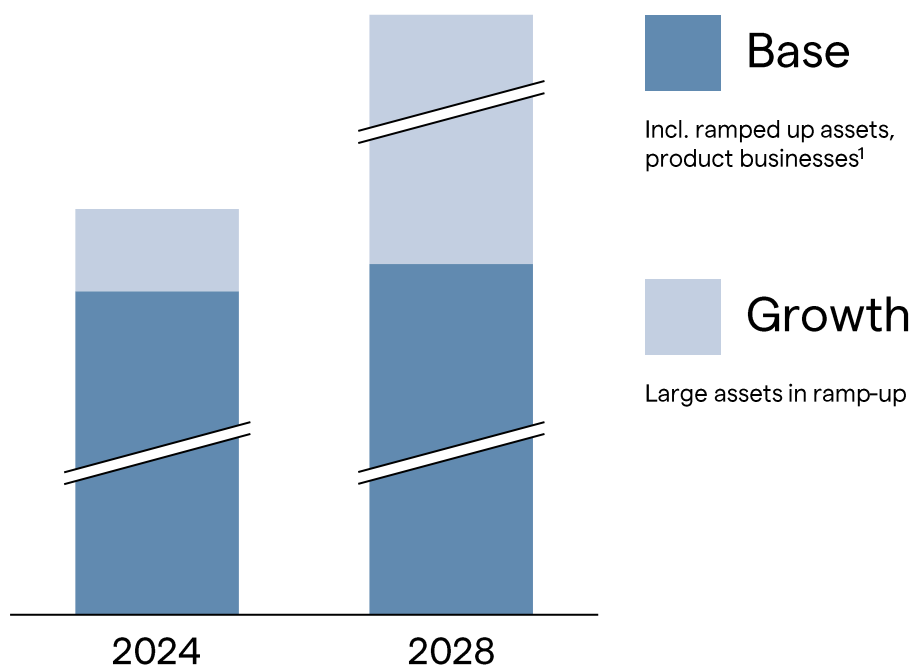
Dosage Form Solutions
New sealing technology
Mid-teens growth 2023 – 2028

① Ahead of Market Sales Growth and Margin Improvements Across Divisions

Division	Sales CAGR 2024 – 2028 (CER)	CORE EBITDA margin 2024 – 2028
Biologics	Mid-teens	>35%
Small Molecules	Mid-to-high single-digit	>30%
Cell & Gene	Mid-teens	>25%
Capsules & Health Ingredients	Low-to-mid single-digit	>30%

② Large and Stable Base Complemented by Dynamic Growth Portfolio

Sales: Base vs. Growth Business
in CHF



¹ CHI and Bioscience

Base Business

Stable, growing and resilient business

High asset utilization

High revenue visibility

Strong cash generation

Strong margin

Growth

New assets

Fast growth

Low margin during ramp-up

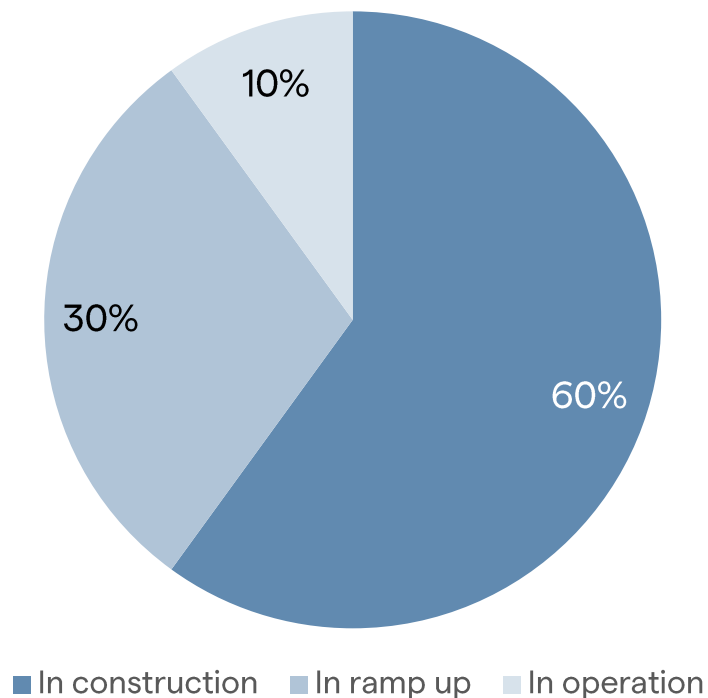
Margin accretive at peak

De-risked through contracting

② Growth Project Portfolio at a Glance

21 Large Growth Projects CAPEX above CHF 50m

Total projects CAPEX split of the 21 projects



9
Modalities

CHF 1.8bn
Cumulative sales
2018 – 2023E

90%
invested in
commercial / mixed
assets

75%
of Capex invested in
growth 2019-2022

15%
IRR threshold

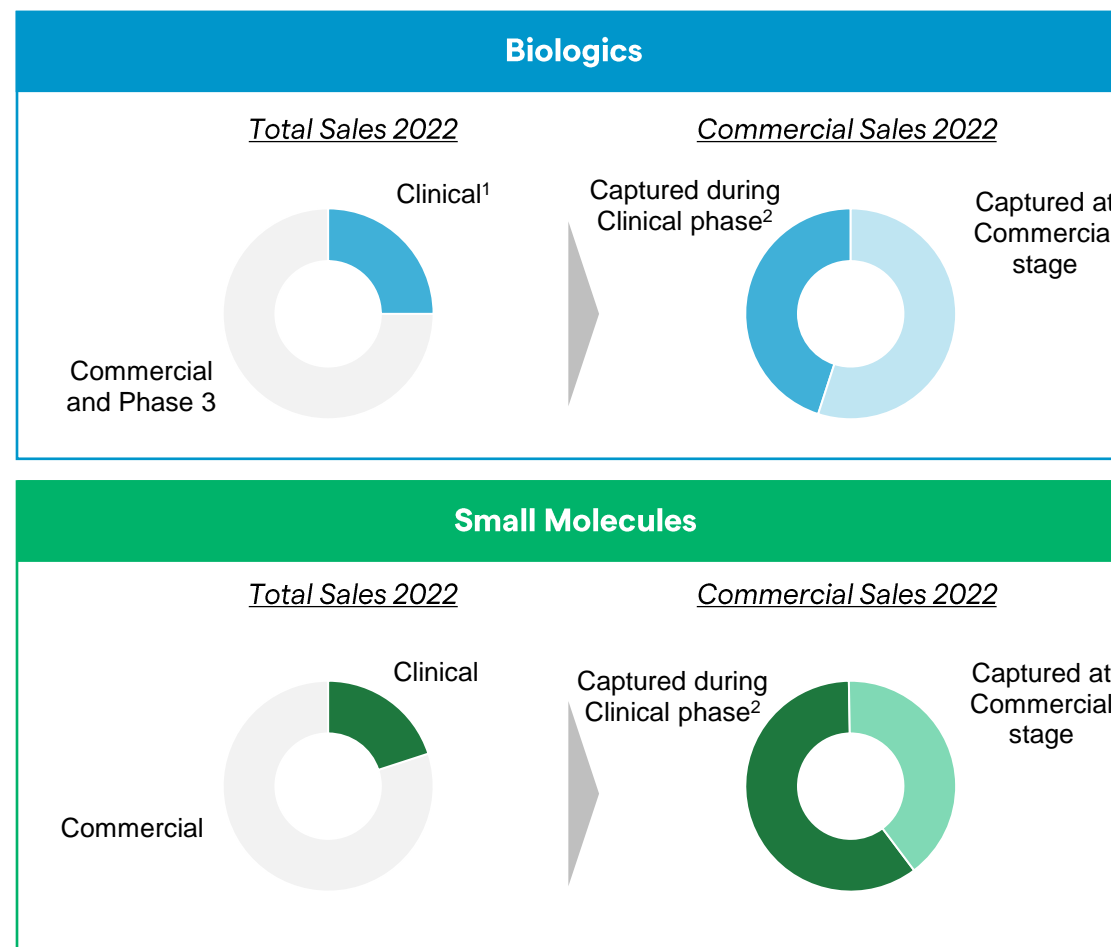
30%
ROIC threshold
(at peak)

② Trusted Partner for Scale-up and Commercialization

Acquiring molecules early in the lifecycle – key to fuel future commercial pipeline

Targeted investments in early-stage capacity and capabilities

Proven track record of successful commercialization



c.50% of commercial sales captured in Phase II or earlier

¹ Defined for Biologics as programs up to and including phase 2

² Sales % generated from molecules captured in pre-clinical, clinical Phase 1 and 2

② Investment Program Securing Industry Leadership

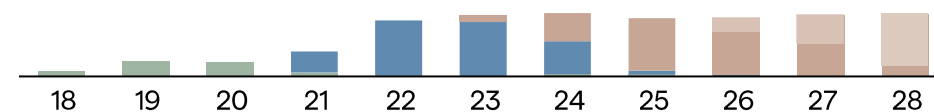


Investment thresholds

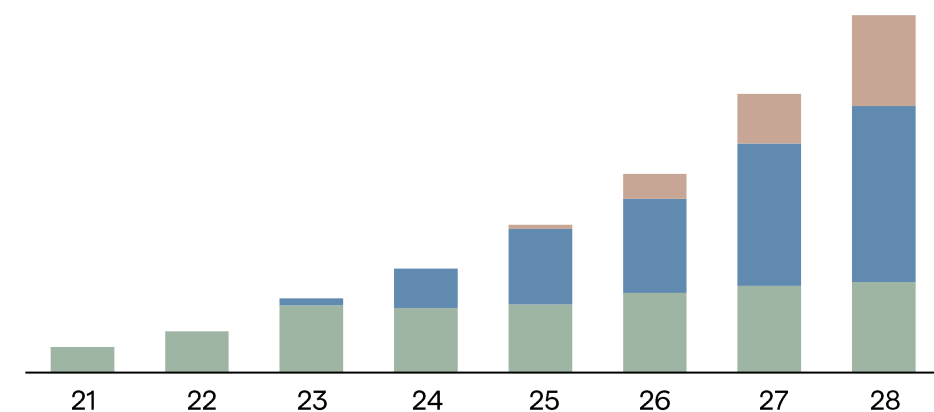
IRR 15%
ROIC 30%

Illustrative³

Growth Project CAPEX¹



Growth Project Sales¹



Wave 1 Wave 2 Wave 3 Next Wave

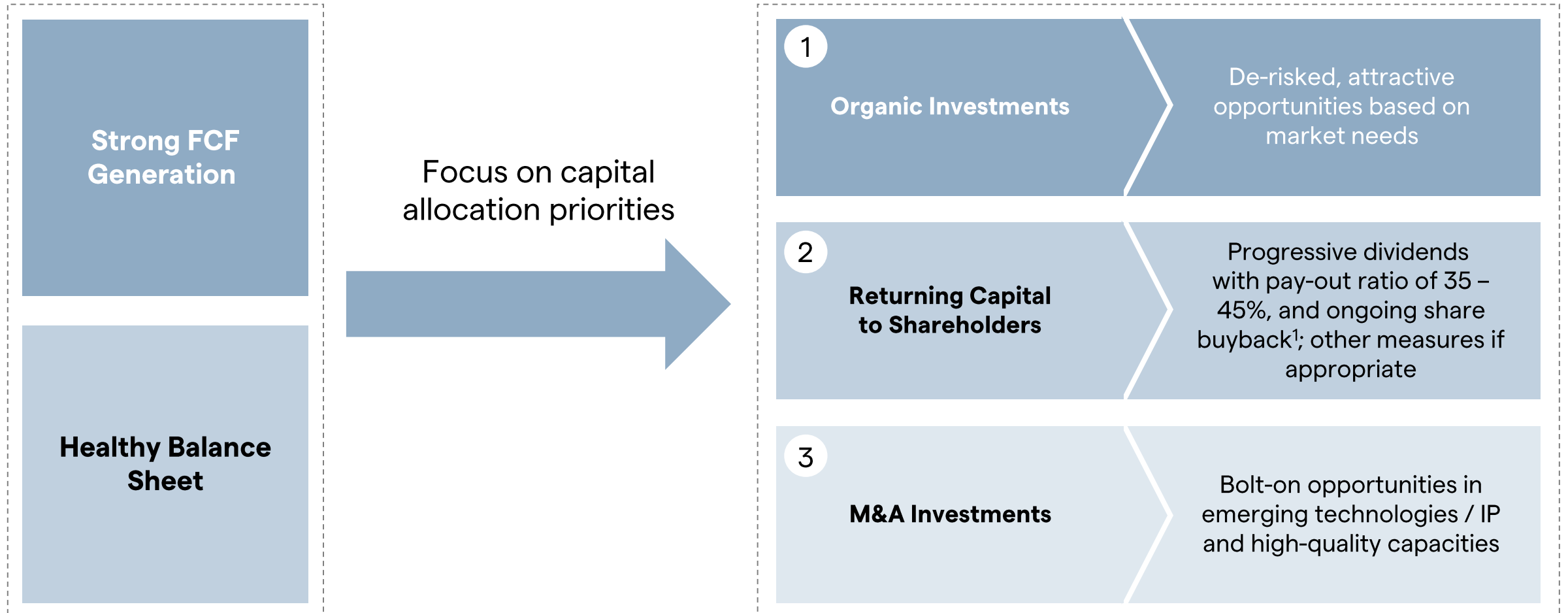
Financials excl. COVID-19 business

¹Relates to large Wave 1-3 growth projects only, also includes expected but not yet confirmed Wave 3 projects

²Approved projects

³Not drawn to scale

② Our Capital Allocation Strategy Prioritizes Organic Growth, Shareholder Return and Bolt-On M&A



¹ Note: In April 2023 Lonza launched share buyback program of up to CHF 2bn over a maximum period of 2 years, as of end of November 2023 Lonza repurchased shares of CHF 890m corresponding to 2.8% of Lonza's share capital

④ Reiterating our Group Mid-Term Guidance

Sales growth driven by new Biologics assets

Margin improvement from growth projects, Cell & Gene maturing, operational excellence

CAPEX expected to decrease to mid-to-high teens as % of sales by 2028

Strong balance sheet with commitment to investment grade rating of BBB+

11 – 13%

Sales CAGR in CER
(2024 – 2028)

32 – 34%

CORE EBITDA margin in
2028

**Double-digit
ROIC**
in 2028

1.5 – 2.0x

Net Debt / CORE EBITDA

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Pre-filled syringe

Capturing Growth and Value in the CDMO Market

Organic investments in growing modalities to capture value in attractive market

Broad range of technologies and capabilities to meet complex customer needs

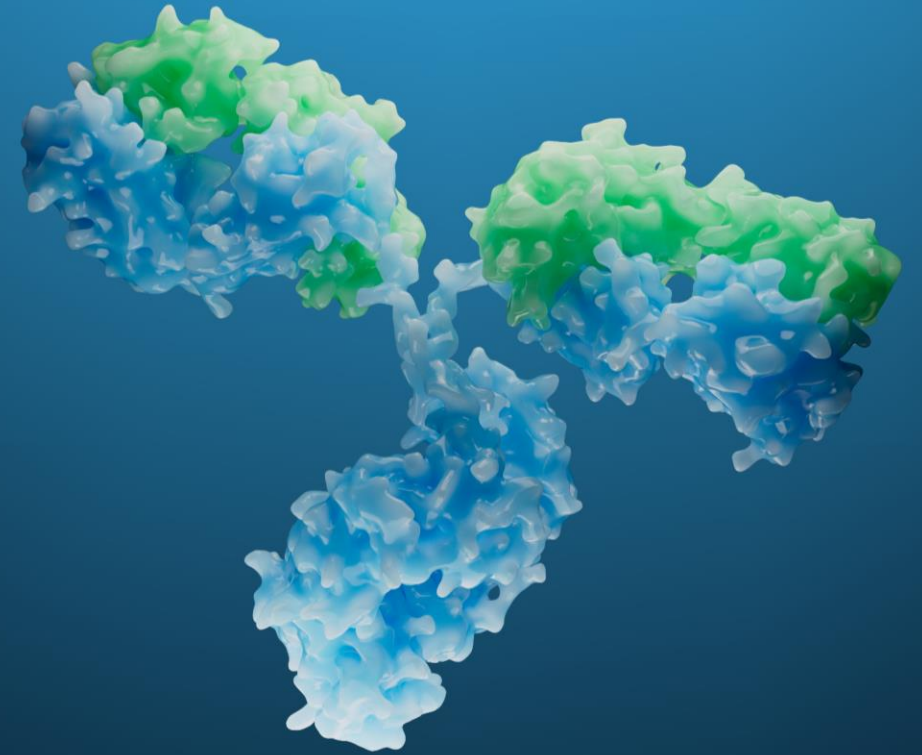
Best-in-class and industry reference in technical and regulatory expertise

Solid strategies and world-class teams in place to maintain leadership role in industry

Confident in delivering on our guidance

Q&A

Lonza



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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 section "Looking to the Future" herein may not prove to be correct. The statements in the section "Looking to the Future" constitute forward-looking statements and are not guarantees of future financial performance.

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