

Financial Year 1999

Results Presentation

March 9, 2000

Agenda

- Group Financial Highlights
- Divisional Results
 - Fine Chemicals & Specialties
 - Intermediates and Additives
 - Energy
- Outlook 2000

Lonza Group Financial Highlights

chf million	1998 pro forma	1999 pro forma *	Change YoY*	1999 reported	Change YoY
Sales	2,153	2,183	1.4%	2,183	1.4%
Operating Income	281	307	9.3%	358	27.4%
Operating Margin	13.1%	14.1%		16.4%	
EBITDA	453	505	11.5%	492	8.6%
EBITDA Margin	21.0%	23.1%		22.5%	
Net Income	202	235	16.3%	273	35.1%
Net Income Margin	9.4%	10.8%		12.5%	
Cash Flow	383	446	16.4%	433	13.1%
CAPEX	410	278	(32.2%)	278	(32.2%)
Basic Earnings per Share	31.3	36.4	16.3%	42.3	35.1%
Employees	5,651	5,697	0.8%	5,697	0.8%

* Note: During 1999, the Group has adopted useful lives for its operating assets which more accurately reflect industry practice. Throughout this presentation, this adoption is referred to as the 1999 Change, and whenever possible, data has been shown as before (pro forma) and after the 1999 Change

Consolidated Income Statement

CHF Millions	1998 pro forma	1999 pro forma*	% Change YoY	1999 reported	% Change YoY
Net Sales	2,153	2,183	1%	2,183	1%
Operating Expenses	(1,872)	(1,876)	0%	(1,825)	-3%
Operating Income	281	307	9%	358	27%
Goodwill Amortization	(5)	(5)	0%	(5)	0%
EBIT	276	302	9%	353	
Financial Results	1	2	100%	2	100%
Income before Taxes	277	304	10%	355	28%
Taxes	(77)	(71)	(8%)	(84)	9%
Minority Interest	2	2	0%	2	0%
Net Income	202	235	16%	273	35%

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Consolidated Cash Flow Statement

CHF Millions	1998 pro forma	1999 pro forma *	% Change YoY	1999 reported	% Change YoY
Net Income	202	235	16%	273	35%
Depreciation	177	203	15%	139	(21%)
Change in Long Term Provisions	5	9	80%	22	340%
Expenses (Income) from Equity Method	(1)	(1)	0%	(1)	0%
Cash Flow	383	446	16%	433	13%
Investments	410	278	(32%)	278	(32%)

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Divisional Sales Development

CHF Millions	Change due to					
	1998	1999	Change YoY	Volume & Prices	Currency	Consolidation
Fine Chemicals & Specialties	1,547	1,605	4%	36	22	0
Intermediates & Additives	524	493	(6%)	(27)	(4)	0
Energy	82	85	4%	3	0	0
Other	0	0	0%			
Net Sales Group	2,153	2,183	1%			

Divisional Operating Performance

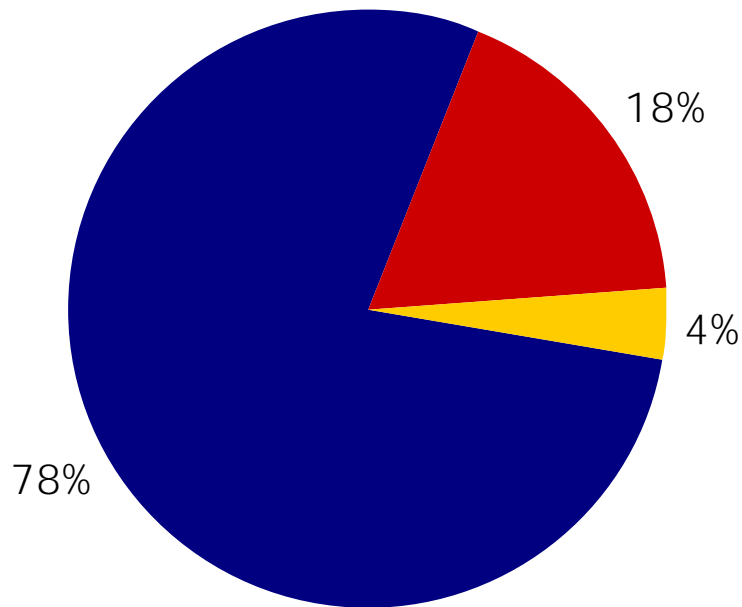
CHF Millions	Operating Income					Margin		
	1998 pro forma	1999 pro forma*	Change YoY*	1999 reported	Change YoY	1998 pro forma	1999 pro forma*	1999 reported
Fine Chemicals & Specialties	229	263	15%	297	30%	14.8%	16.4%	18.5%
Intermediates & Additives	58	23	(60%)	40	(31%)	11.1%	4.7%	8.1%
Energy	21	27	29%	27	29%	25.6%	31.8%	31.8%
Other	(27)	(6)	(78%)	(6)	(78%)			
Operating Income	281	307	9%	358	27%	13.1%	14.1%	16.4%

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Capital Expenditure 2000

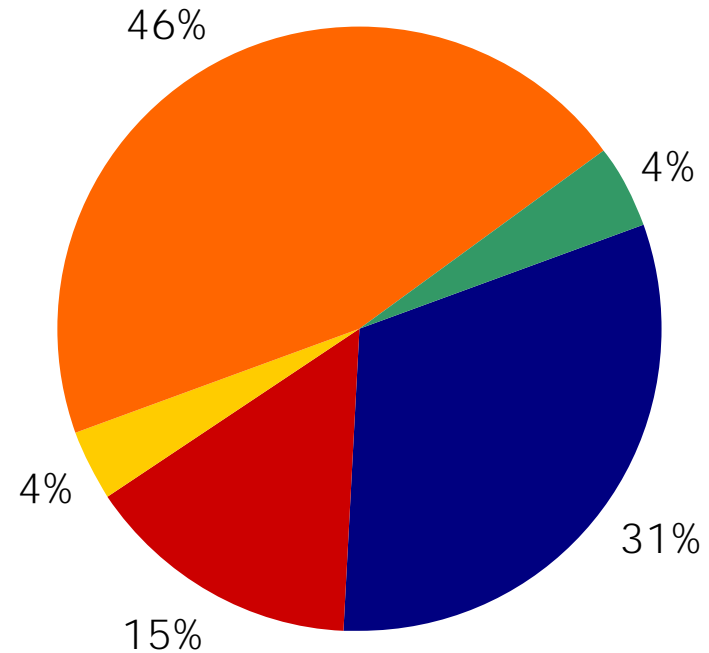
CHF 278 million in 99 vs. CHF 410 million 98

Distribution by Division



- Fine Chemicals & Specialties
- Intermediates & Additives
- Energy

Distribution by Geography

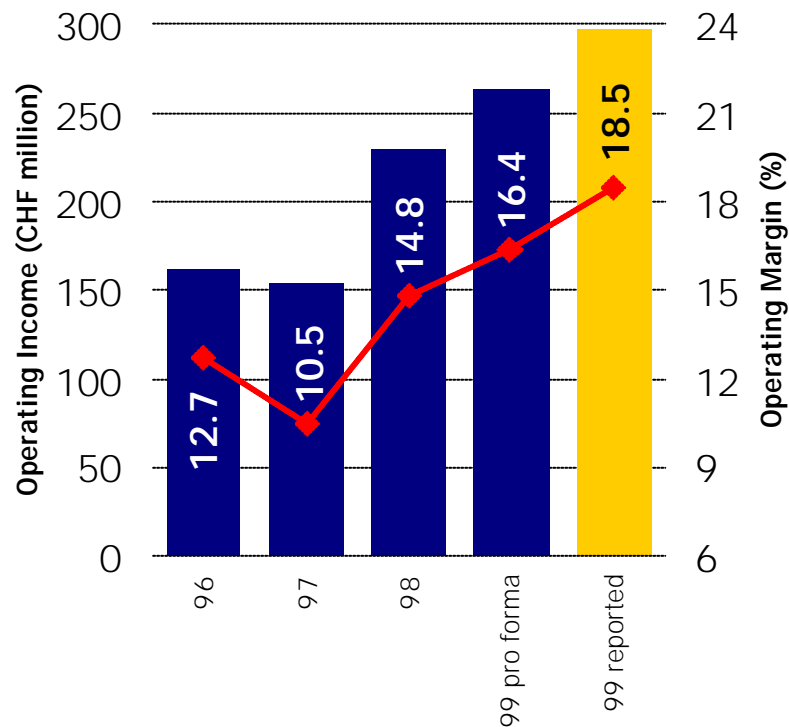


- Switzerland
- EU
- Other Europe
- North America
- Asia & Australia

Divisional Results

Fine Chemicals & Specialties

CHF million	1999 pro forma	Change YoY	1999 reported	Change YoY
Sales	1,605	3.7%	1,605	3.7%
Op. Income	263	14.8%	297	29.7%



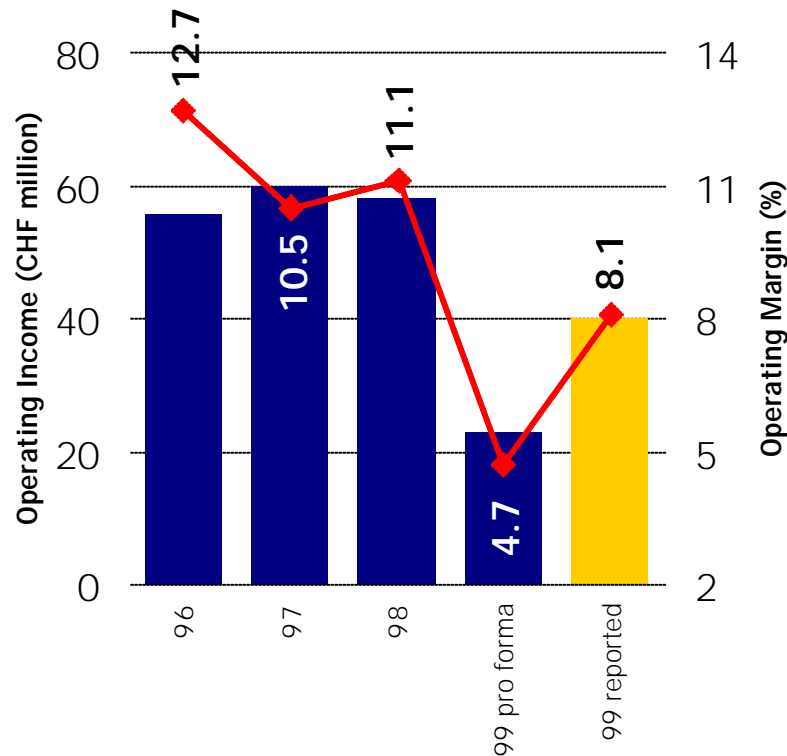
■ Operating income (CHF m) ◆ Margin

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- Excellent performance yielded in record operating margins of 16.4% (before the 1999 Change) fuelled by improved product mix, good plant loading and further cost reductions
- Exclusive fine chemicals
 - Good results from established products backed by pilot plant business and strong research pipeline
 - Agro business with strong demand
- Fine chemical intermediates
 - Cost reduction programs successfully implemented to offset competitive price environment
- Biotechnology
 - Steady L-Carnitine sales growth
 - Significantly increased number of new projects added to research pipeline
- Specialties
 - Global acceptance of biocides products

Intermediates & Additives

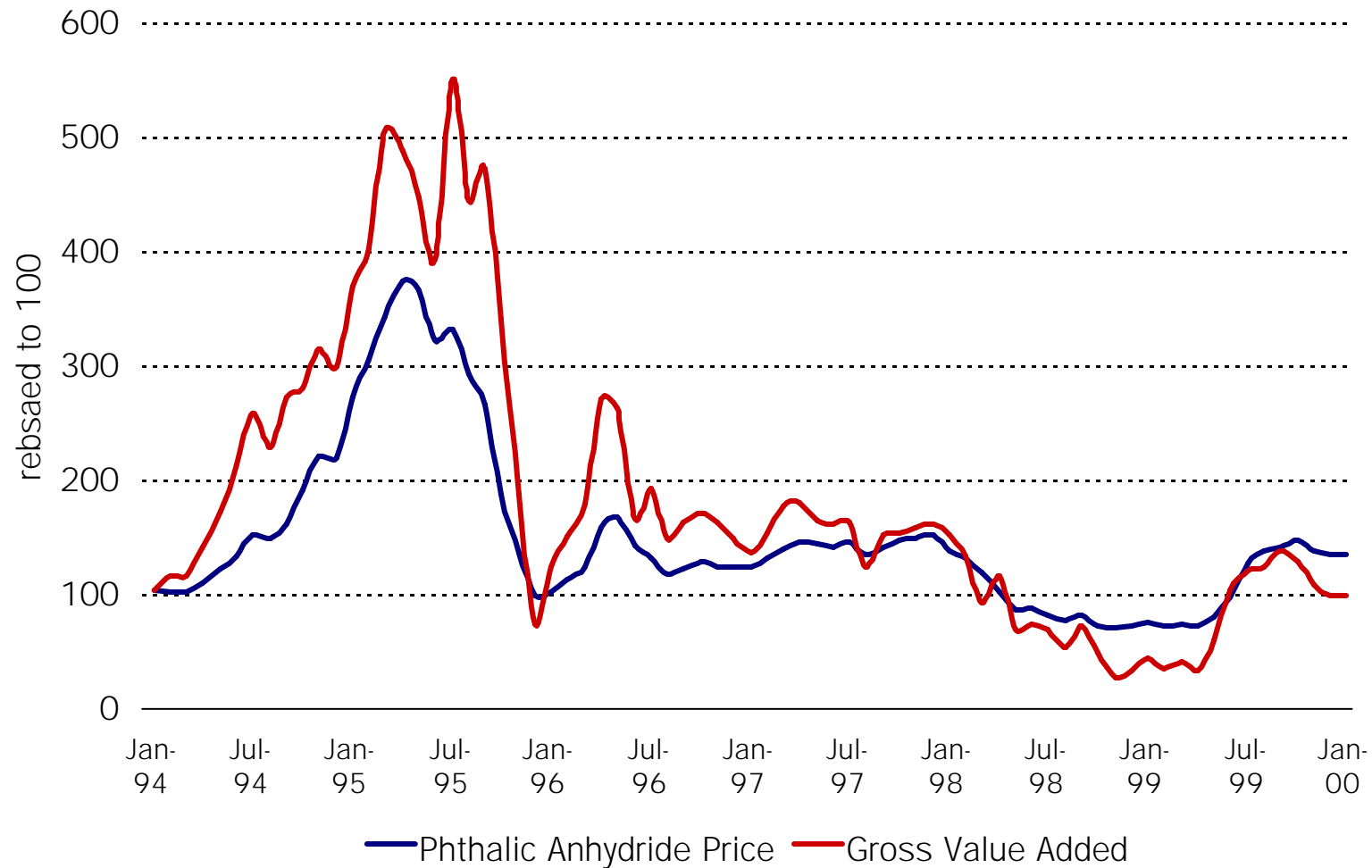
CHF million	1999 pro forma	Change YoY	1999 reported	Change YoY
Sales	493	(5.9%)	493	(5.9%)
Op. Income	23	(60.3%)	40	(31.0%)



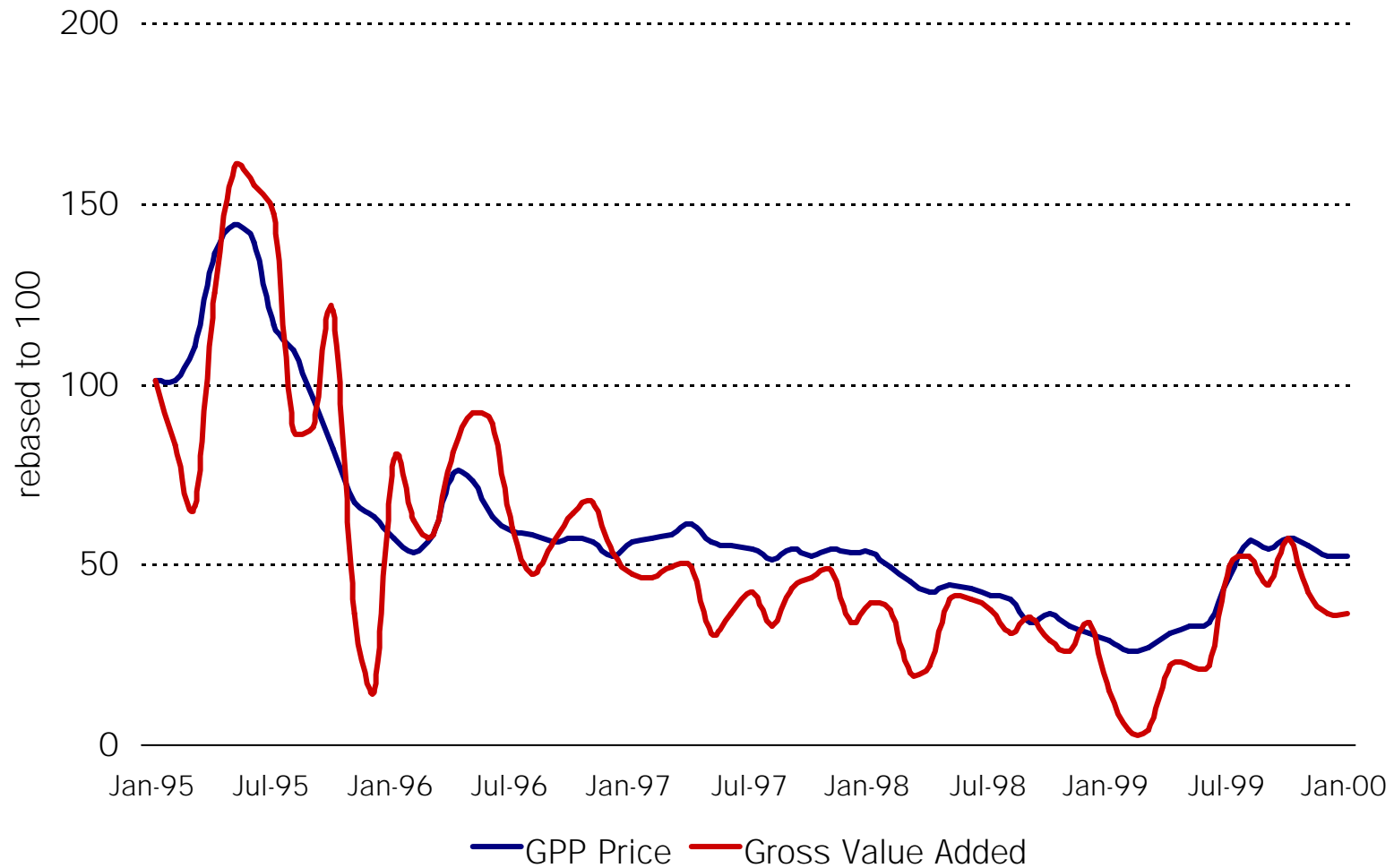
■ Operating income (CHF m) ◆ Margin
slide 11

- Disappointing result; record low margins of 4.7% (before the 1999 Change) as a combination of adverse market conditions and delayed start-up of new plant in Singapore
- Anhydrides & Additives
 - Record low pricing levels during first half only partly recovered during second half; raw material price increase not fully passed on to customers
 - Steady production at Isophthalic Acid start-up only reached in last quarter, a 9 months delay
- Plasticizers
 - Good performance on Specialty Plasticizers, reinforcing European leadership position
- Resins & Compounds
 - Confirmed market share of 10% in Europe
- Catalysts & Technology
 - Slow down of new investments with negative impact

Phthalic Anhydride Price Development



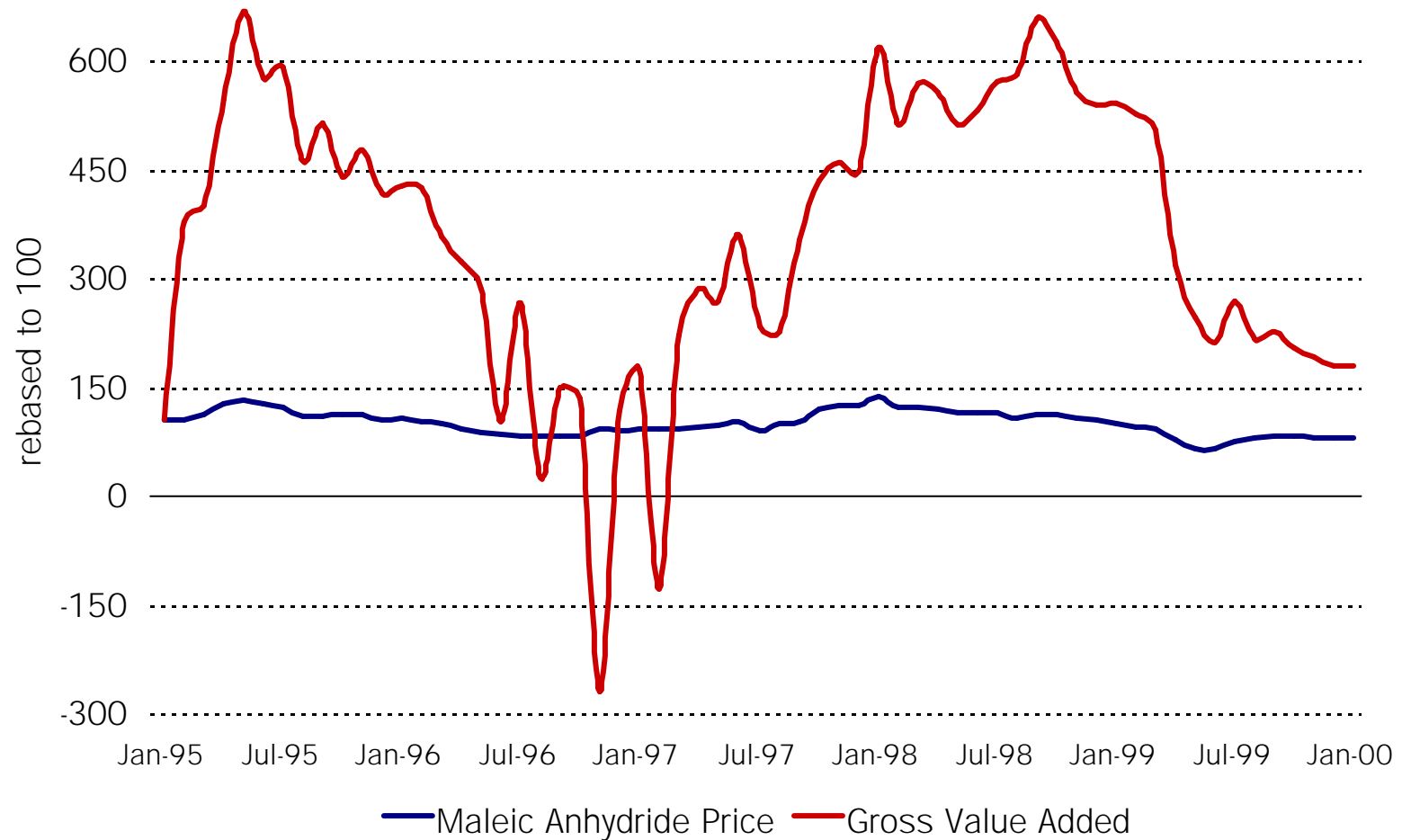
General Purpose Plasticizers Price Development



The European Maleic Anhydride Market - The Development in 1999

- Heavy margins decrease due to competitors marketing strategy aimed at volume recovery and market share gain versus the Asian importers
- Change of customer behavior from contract to spot purchases
- Start-up of Condea/Huntsman's new plant in Germany (25'000 t)
- Over the last 10 year Europe has developed significant over-capacities for exports to Asia
 - not exportable under the current economic situation in Asia
 - consolidation of the European supplier base needed

Maleic Anhydride Price Development - I



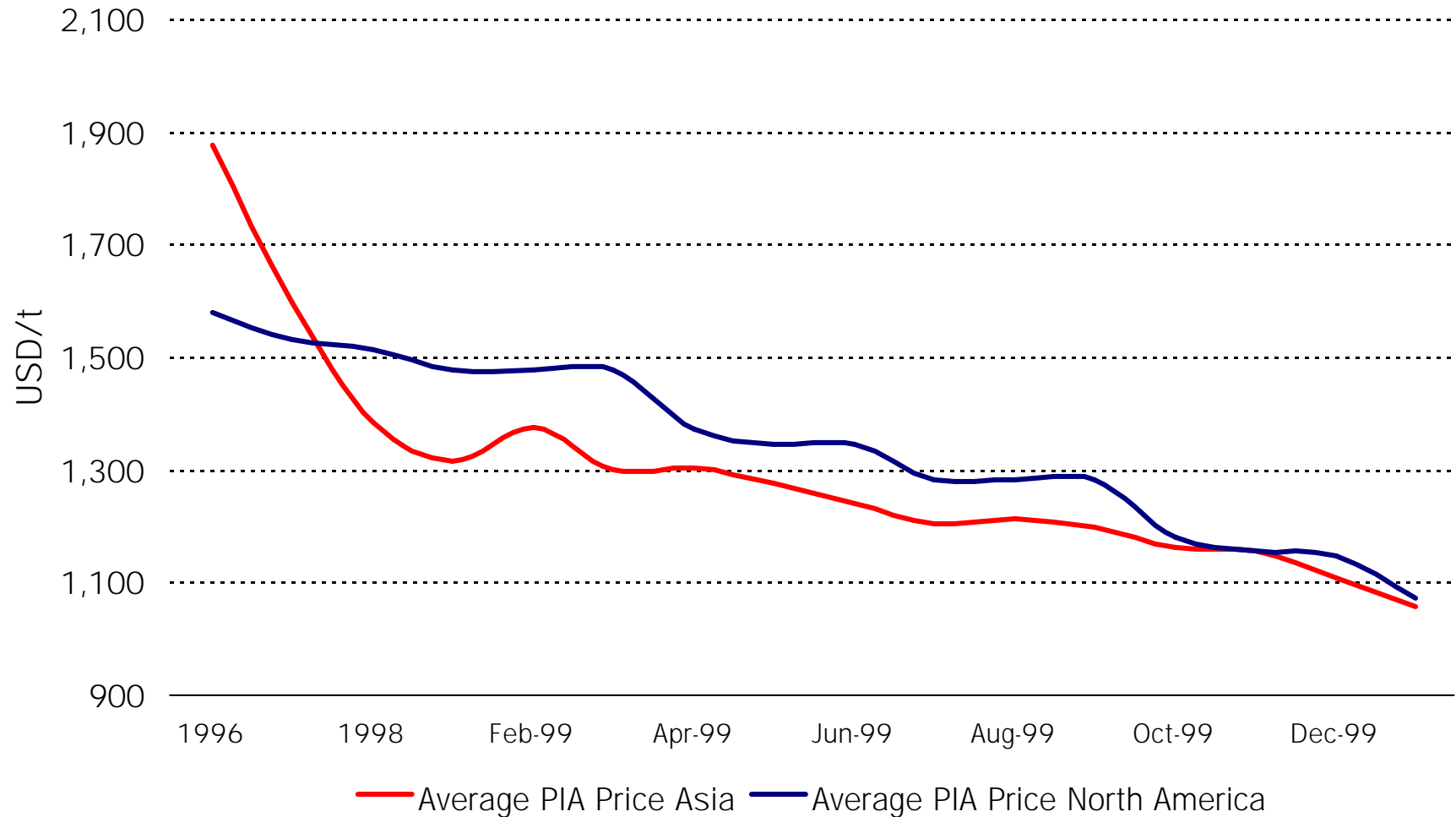
Maleic Anhydride Price Development - II



The Start-up of Purified Isophthalic Acid in Singapore

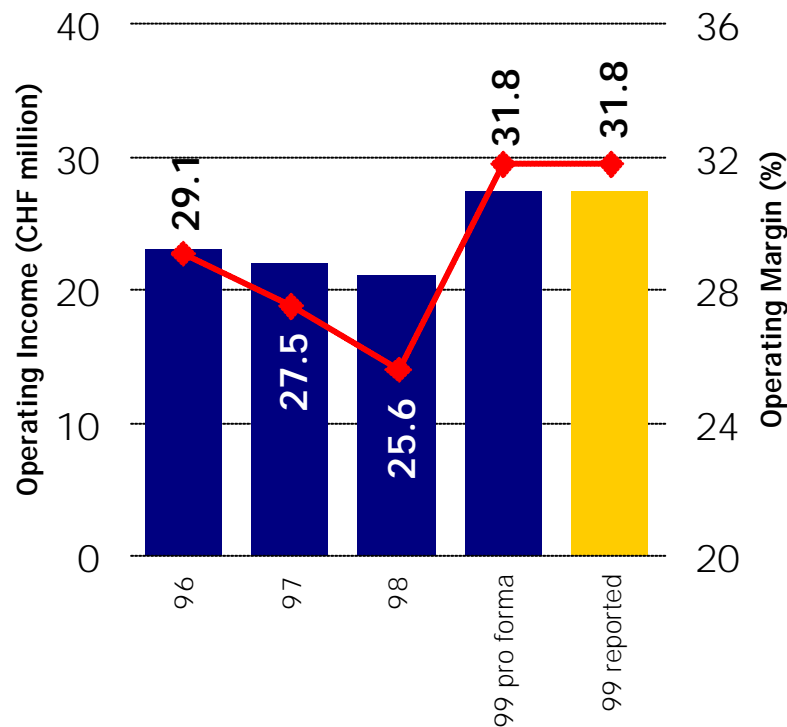
- Start-up of Metaxylene (MX) and Pure Isophthalic Acid (PIA) plant with 9 months delay due to technical difficulties
 - less than 13% of budgeted sales achieved
- Market entry of additional Far East capacity from Korean producer Kohab (50'000t)
 - created regional overcapacities
 - pushed prices significantly lower
- PIA consumption expected to growth around 8% p.a.
- Based on known future capacity expansions and the underlying growth trend in PIA, the overcapacity situation will fade within the next two years

Purified Isophthalic Acid (PIA) Price Trends



Energy

CHF million	1999 pro forma	Change YoY	1999 reported	Change YoY
Sales	85	3.7%	85	3.7%
Op. Income	27	28.6%	27	28.6%



■ Operating income (CHF m) ◆ Margin
slide 19

- Exceptionally good year due to favorable hydrological conditions
 - Energy production 1999 with 1'624 GWh above average (11.3 % above previous year and 8.5 % above ten year average)
- Total energy sales including purchases and Swaps amounted to 2'240 GWh (2'046 GWh in 1998).
- Slightly higher spot prices during the winter of 1999 positively affected the ALE result
- Agreement reached with Valais communities for increased flexibility in the water rebates (Wasserzinsen)
- Successful implementation of further cost reduction program in the area of power generation

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Outlook 2000

Outlook 2000

- The business performance for 2000 will be driven by
 - An uneven performance over the two semesters for the Fine Chemicals & Specialties Division with the second half of the year expected to yield much better plant loading than the first half
 - An uncertain performance of the Intermediates & Additives business due to persisting difficult market environments
 - Slightly lower results from the Energy Division
- Overall results still expected to exceed those of 1999

Fine Chemicals and Specialties

Summary of Excl. Fine Chemicals R&D Pipeline

	Status March 2000		Status October 2000	
	No of Products	Peak Sales Potential	No of Products	Peak Sales Potential
Deal Done	4	68	3	33
High	10	148	6	147
Medium	25	252	11	101
Low	4	24	2	13
Total	43	492	22	293