

2001 Half Year Results Presentation

Analyst Conference Call

July 25, 2001

Highlights

- Operating income up 20% to CHF 223 million
 - 13% up in continuing operations, driven by improved performance in Exclusive Synthesis and Biotechnology
 - 57% up in discontinuing ops due to significant recovery in polymer intermediates
- EPS up 26% to CHF 27.80 due to
 - Net income up 9% to CHF 153 million
 - Effect of share buyback program which reduced issued capital by 14%
- Divestment program on track
 - Gross proceeds in excess of CHF 1 billion expected
 - Energy transaction should be announced soon
 - Polymer Intermediates business being marketed now
- 2001 performance expected to exceed 2000

Financial Highlights

| CHF million | First Half 2000 | First Half 2001 | Change YoY |
|---------------------------------------|--------------------|--------------------|------------|
| Sales continuing | 793 | 912 | 15% |
| EBITDA continuing | 213 | 237 | 11% |
| <i>EBITDA Margin</i> | 26.9% | 26.0% | (3%) |
| Operating Income continuing | 156 | 176 | 13% |
| <i>Operating Margin</i> | 19.7% | 19.3% | (2%) |
| Operating Income discontinuing | 30 | 47 | 57% |
| <i>Operating Margin</i> | 8.0% | 11.8% | 47% |
| Operating Income Group | 186 | 223 | 20% |
| <i>Operating Margin Group</i> | 15.9% | 17.0% | 7% |
| Net Income | 141 | 153 | 9% |
| <i>Net Income Margin</i> | 12.1% | 11.7% | (3%) |
| Cash Flow | 225 | 256 | 14% |
| Investments | (90) | (112) | (24%) |
| Earnings per Share | 22.1 | 27.8 | 26% |
| Employees continuing | 4'510 | 4'790 | 6% |

Sales of discontinuing operations of CHF 399 million (2000: CHF 375 million), operating income of CHF 47 million (2000: CHF 30 million) and EBITDA of CHF 69 million (2000: CHF 50 million) are excluded from Sales-, Operating income- and EBITDA-from continuing operations. All other data, including Net income, include the impact of discontinuing operations

Consolidated Income Statement

| CHF million | First Half 2000 | First Half 2001 | Change YoY |
|--------------------------------|-----------------|-----------------|------------|
| Net Sales continuing | 793 | 912 | 15% |
| Operating Expenses | (637) | (736) | 16% |
| Operating Income continuing | 156 | 176 | 13% |
| Operating Income discontinuing | 30 | 47 | 57% |
| Operating Income Group | 186 | 223 | 20% |
| Goodwill Amortization | (3) | (3) | 0% |
| EBIT | 183 | 220 | 20% |
| Financial Charges | (3) | (16) | n.m. |
| Income before Taxes | 180 | 204 | 13% |
| Taxes | (39) | (51) | (31%) |
| Minorities | 0 | 0 | n.m. |
| Net Income | 141 | 153 | 9% |
| EPS | 22.10 | 27.80 | 26% |

Consolidated Cash Flow Statement

| CHF million | First Half 2000 | First Half 2001 | Change YoY |
|--------------------------------------|--------------------|--------------------|--------------|
| Net Income | 141 | 153 | 9% |
| Depreciation | 80 | 86 | 8% |
| Change in Long Term Provisions | 5 | 20 | n.m. |
| Expenses (Income) from Equity Method | (1) | (3) | n.m. |
| Cash Flow | 225 | 256 | 14% |
| Investments | (90) | (112) | (24%) |

Divisional Sales Development

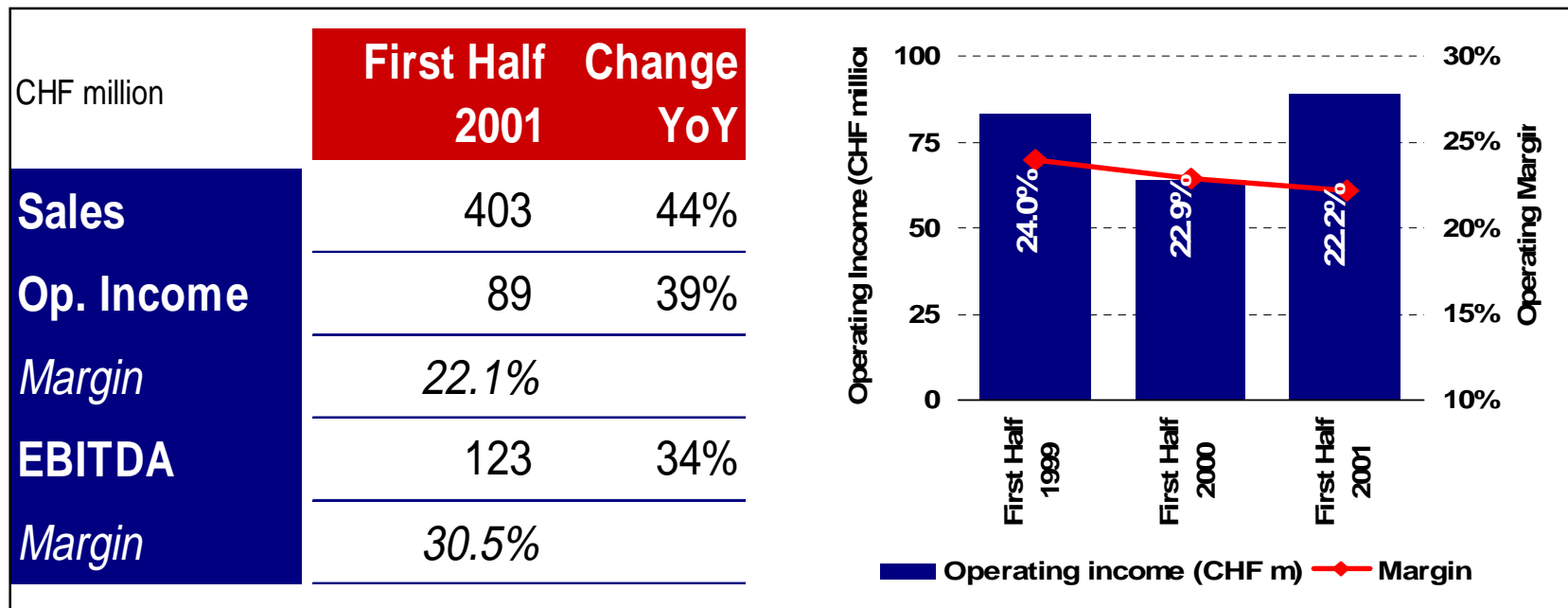
| CHF million | First Half 2000 | First Half 2001 | Change YoY | Change due to | | |
|---|-----------------|-----------------|------------|-----------------|----------|---------------|
| | | | | Volume & Prices | Currency | Consolidation |
| Exclusive Synthesis & Biotechnology | 280 | 403 | 44% | 125 | -2 | 0 |
| Organic Fine & Performance Chemicals | 510 | 507 | (1%) | -9 | 6 | 0 |
| Holding & Others | 3 | 2 | n.m. | -1 | 0 | 0 |
| Net Sales Continuing | 793 | 912 | 15% | 115 | 4 | 0 |
| Discontinuing Operations | 375 | 399 | 6% | 32 | -8 | 0 |
| Net Sales Group | 1'168 | 1'311 | 12% | 147 | -4 | 0 |

Divisional Operating Performance

| CHF million | Operating Income | | | Margin | |
|--|------------------|-----------------|--------------|-----------------|-----------------|
| | First Half 2000 | First Half 2001 | Change YoY | First Half 2000 | First Half 2001 |
| Exclusive Synthesis & Biotechnology | 64 | 89 | 39% | 22.9% | 22.1% |
| Organic Fine & Performance Chemicals | 96 | 86 | (10%) | 18.8% | 17.0% |
| Holding & Others | (4) | 1 | 125% | n.m. | n.m. |
| Operating Income Continuing Operations | 156 | 176 | 13% | 19.7% | 19.3% |
| Operating Income Discontinuing Operations | 30 | 47 | 57% | 8.0% | 11.8% |
| Operating Income Group | 186 | 223 | 20% | 15.9% | 17.0% |

Sector Results

Exclusive Synthesis & Biotechnology - I



- Sales of CHF 403 million, up 44%
 - Strong Biotechnology performance and
 - better plant loadings in Exclusive Chemical Synthesis
- Operating income of CHF 89 million at record levels, up 39%

Exclusive Synthesis & Biotechnology - II

Exclusive Synthesis

- Strong business with the pharma industry
 - new products in the cardiovascular, pain-control and anti-viral/HIV-related areas
 - key supplier position with leading pharma companies being fostered
 - full product pipeline
- Agro-intermediates business
 - production of sulfonylurea herbicides quite strong
 - negative developments in other agrochemical intermediates and active substances.
- Number of projects in early clinical testing is increasing
 - necessitating expansion of Lonza's capabilities in small scale production

Exclusive Synthesis & Biotechnology - III

Biotechnology

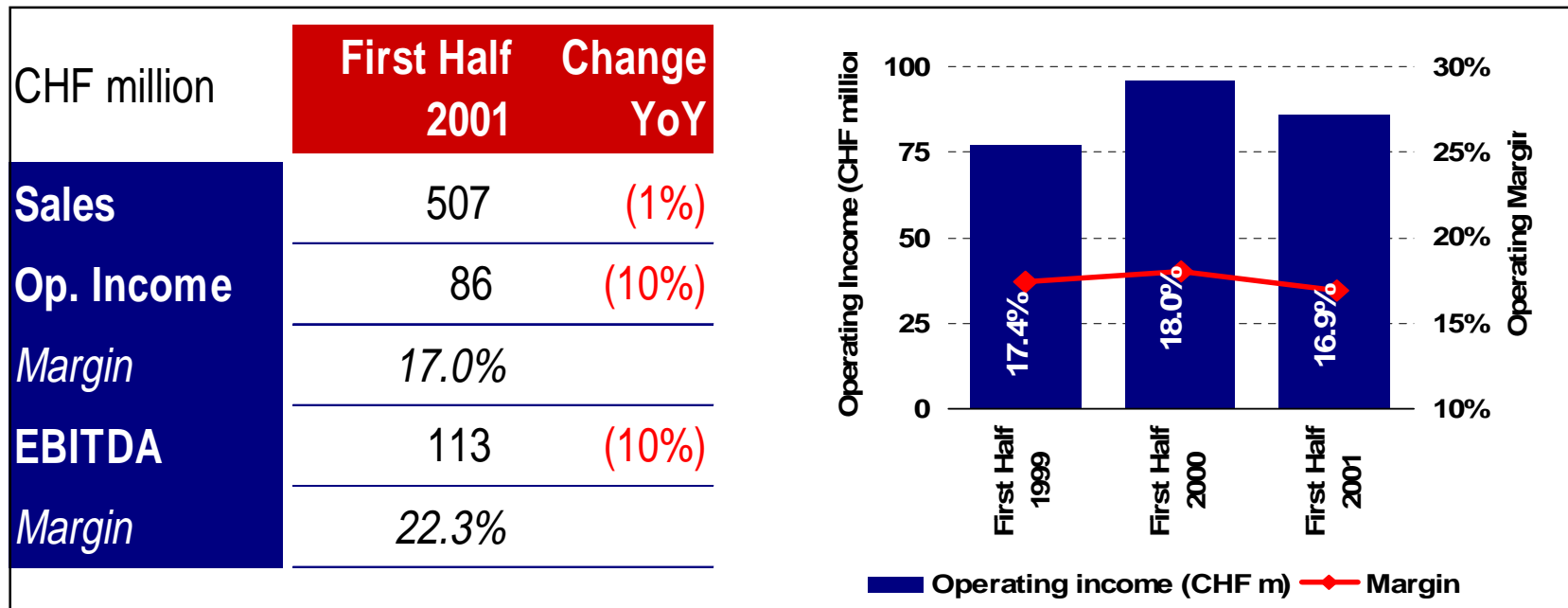
Microbial Fermentation

- Strong growth in sales and operating income
- Increased demand for custom manufacturing services
 - new large scale production of new intermediate for anti-viral treatment in full operation

Mammalian Cell Cultures

- Number of biopharmaceuticals moving through clinical into stage of market approval growing
- Worldwide custom manufacturing capacity remaining tight
 - Lonza's development services and all available production facilities fully booked in the first half of the year
- Various licenses awarded for proprietary GS (glutamine synthetase) system

Organic Fine & Performance Chemicals - I



- Sales flat at CHF 507 million, notwithstanding
 - Economic downturn especially in the US
 - High raw material prices
- Operating income and margins down as a consequence

Organic Fine & Performance Chemicals - II

Organic Fine Chemicals

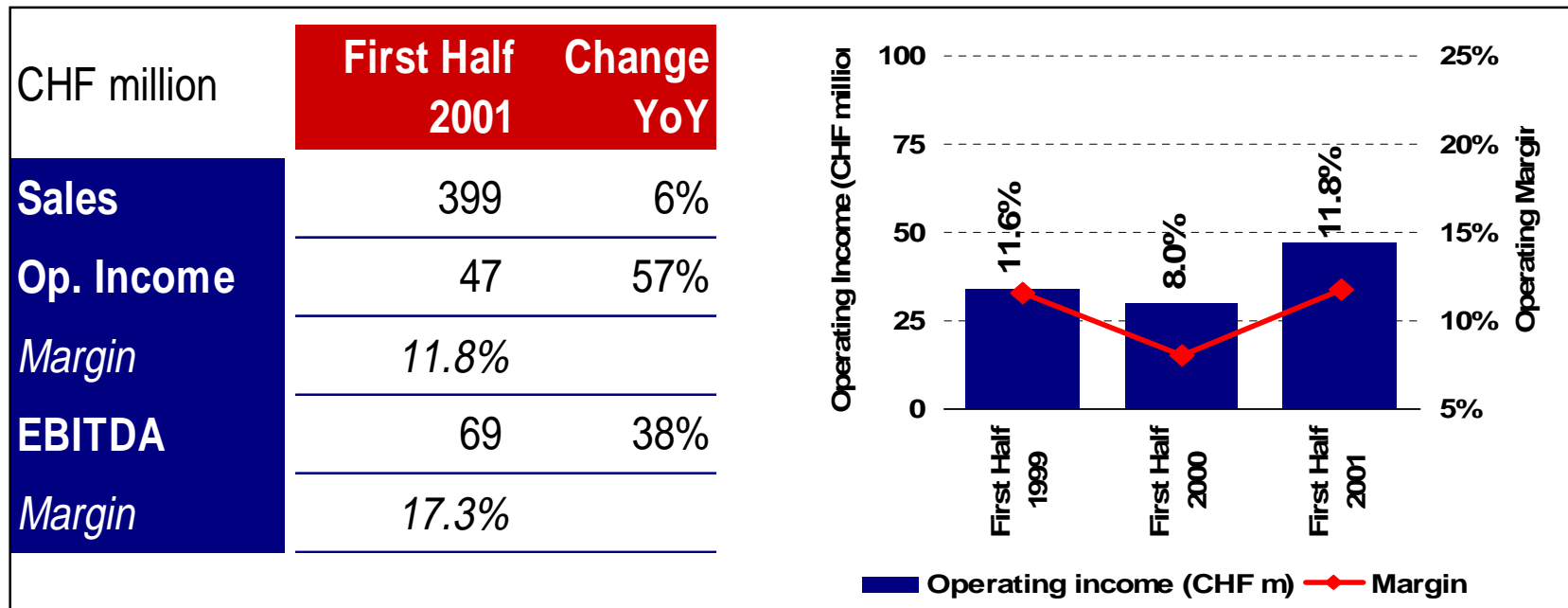
- Buoyant overall demand
- negative impact of persistently high raw-material and energy prices eased by higher dollar rates
- Nicotinates (vitamin of the B complex)
 - global leadership retained
 - increased market penetration in feed applications for poultry
- Malononitrile (building block for vitamin B1 production)
 - very strong demand
 - additional production capacity
 - ◆ more economic production process
 - ◆ start-up in October 2001
- Agro intermediates
 - stable sales, but price pressure from Asia
- Meta[®] (molluscicide)
 - sales at all-time high

Organic Fine & Performance Chemicals - III

Performance Chemicals

- Good performances in Europe, Latin America and the Asia insufficient to offset negative impact of weak US trading environment
 - more pronounced in first quarter
 - restructuring implemented to align costs with market conditions
- Biocides
 - good growth of quaternary ammonium compounds and amine oxide products in the wood-protection market
 - promising initial sales of products for new antibacterial hygiene applications
 - sales of biocidal products to counter foot-and-mouth disease were up
- Oleochemicals
 - Good performance of kosher ester products and fatty acids for food applications

Discontinuing Operations - I



- Sales at CHF 399 million, up 6%
 - Significant recovery in Polymer Intermediates after sector rationalization
 - Energy activities stable at high level
- Margins up nearly 50% to 11.8%

Discontinuing Operations - II

Polymer Intermediates

- Significant margin improvement due to
 - falling raw material prices, volume growth and limited pass-through of past conversion cost increases
 - Realignment of ownership and shutdown of capacity in Europe
- More balanced market environment especially for Phthalic and GPP; improved conditions for other major building blocks
- Maleic anhydride
 - sales to the largest European user recovered to record production volumes
- Trimellitic
 - continued growth but particularly in the US flatness of demand
- Isophthalic acid
 - excellent volumes but poor pricing environment
 - some price improvement during second quarter

Discontinuing Operations - III

Energy

■ Production

- above the 10 year average, but not reaching prior year's levels
- higher purchase on the spot market (56.8 GWh) due to Patvag Power-Stations

■ Consumption

- higher energy consumption by Group companies (5.9 GWh)
- higher energy consumption by third parties (122.2 GWh) due to Patvag/EMS and Lonza Italy
- lower sales of surplus on the spot market (16.3 GWh) due to energy exchange

Outlook 2001

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- Global economies have softened during 2001 but
 - *Exclusive synthesis*
 - ◆ Demand from key customers both in development and manufacturing services continues strong
 - ◆ Call off pattern similar to 2000
 - ◆ 2001 transition year as full R&D pipeline comes on stream
 - *Biotechnology*
 - ◆ Established pipeline will support full plant loading for the year, except for certification period
 - *Organic Fine Chemicals*
 - ◆ Stable performance expected
 - *Performance Chemicals*
 - ◆ Global expansion of predominantly US based position, but US continues weak
- Overall results expected to exceed those of 2000