

2001 Results Presentation

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Analyst Meeting

Basel, January 23, 2002

Highlights - I

- 2001 EPS up 52% to CHF 74.32 inclusive of
 - Net after tax-gain of CHF 16.27 per share relating to divestiture of Energy assets
- EPS without non-recurring items up 19% to CHF 58.05 due to
 - Net income increase
 - Reduced number of shares after buybacks
- Operating income up 8.5% to CHF 446 million
 - 9.2% up to CHF 357 million in continuing operations
 - 6.0% up to CHF 89 million in discontinuing operations

Highlights - II

- Divestment program partially completed
 - Energy transaction concluded by year-end 2001
 - ◆ Gross proceeds of CHF 450 million (inclusive of debt)
 - ◆ Economic value of CHF 480+ million achieved
 - Polymer Intermediates business in advanced discussions
 - ◆ Transaction in two tranches
 - ◆ Largest part with PPM Ventures at 5.8x historical EBITDA
- Gross proceeds for all divestitures in excess of CHF 1 bn
- 2002 operating performance expected to exceed 2001

Financial Highlights

CHF million	2000	2001	Change YoY
Sales (continuing)	1'703	1'868	10%
EBITDA (continuing)	443	480	8%
<i>EBITDA Margin</i>	26.0%	25.7%	(1%)
Operating Income (continuing)	327	357	9%
<i>Operating Margin</i>	19.2%	19.1%	(0%)
Operating Income (discontinuing)	84	89	6%
<i>Operating Margin</i>	11.1%	11.9%	7%
Operating Income Group	411	446	9%
<i>Operating Margin Group</i>	16.7%	17.0%	2%
Non-recurring items	0	101	n.m.
Net Income	309	402	30%
<i>Net Income Margin</i>	12.6%	15.4%	22%
Cash Flow	503	611	21%
Investments (incl. Intangibles)	(190)	(271)	(43%)
Earnings per Share	48.88	74.32	52%
Employees (continuing)	4'625	4'902	6%

Sales of discontinuing operations of CHF 750 million (2000: CHF 756 million), operating income of CHF 89 million (2000: CHF 84 million) and EBITDA of CHF 130 million (2000: CHF 128 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	2000	2001	Change YoY
Net Sales (continuing)	1'703	1'868	10%
Operating Expenses	(1'376)	(1'511)	10%
Operating Income (continuing)	327	357	9%
Operating Income (discontinuing)	84	89	6%
Operating Income Group	411	446	9%
Non-recurring items	0	101	n.m.
Goodwill Amortization	(5)	(5)	0%
EBIT	406	542	33%
Financial Charges	(3)	(29)	n.m.
Income before Taxes	403	513	27%
Taxes	(94)	(110)	(17%)
Minorities	0	(1)	n.m.
Net Income	309	402	30%
EPS	48.88	74.32	52%

Consolidated Cash Flow Statement

CHF million	2000	2001	Change YoY
Net Income	309	402	30%
Depreciation	165	169	2%
Change in Long Term Provisions	31	44	n.m.
Expenses (Income) from Equity Method	(2)	(4)	n.m.
Cash Flow	503	611	21%
Investments	(190)	(271)	(43%)

Divisional Sales Development

CHF million	2000	2001	Change YoY	Change due to		
				Volume & Prices	Currency	Consolidation
Exclusive Synthesis & Biotechnology	685	891	30%	215	(9)	0
Organic Fine & Performance Chemicals	1'013	973	(4%)	(38)	(2)	0
Holding & Others	5	4	n.m.	(1)	0	0
Net Sales Continuing	1'703	1'868	10%	176	(11)	0
Discontinuing Operations	756	750	(1%)	11	(17)	0
Net Sales Group	2'459	2'618	6%	187	(28)	0

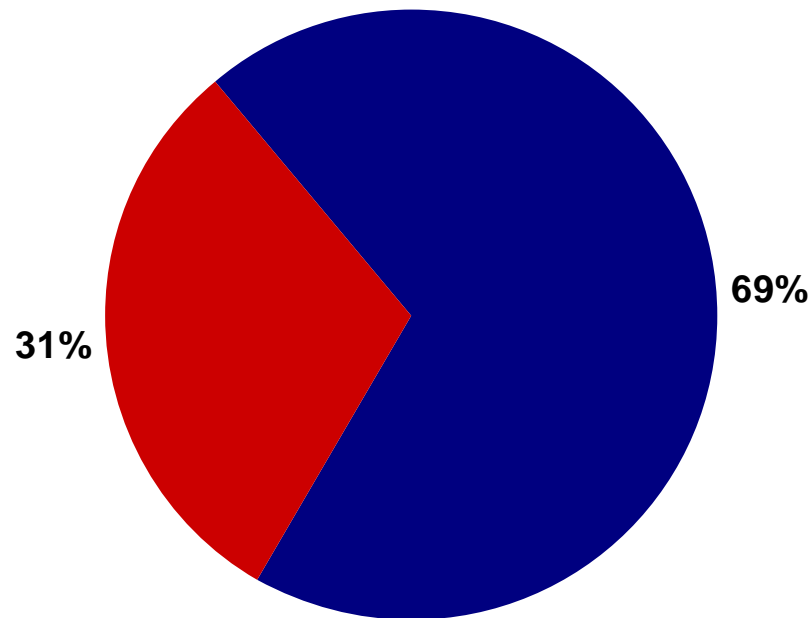
Divisional Operating Performance

CHF million	Operating Income			Margin	
	2000	2001	Change YoY	2000	2001
Exclusive Synthesis & Biotechnology	166	204	23%	24.2%	22.9%
Organic Fine & Performance Chemicals	167	160	(4%)	16.5%	16.4%
Holding and Others	(6)	(7)	n.m.	n.m.	n.m.
Operating Income Continuing Operations	327	357	9%	19.2%	19.1%
Operating Income Discontinuing Operations	84	89	6%	11.1%	11.9%
Operating Income Group	411	446	9%	16.7%	17.0%

Capital Expenditures (continuing operations)

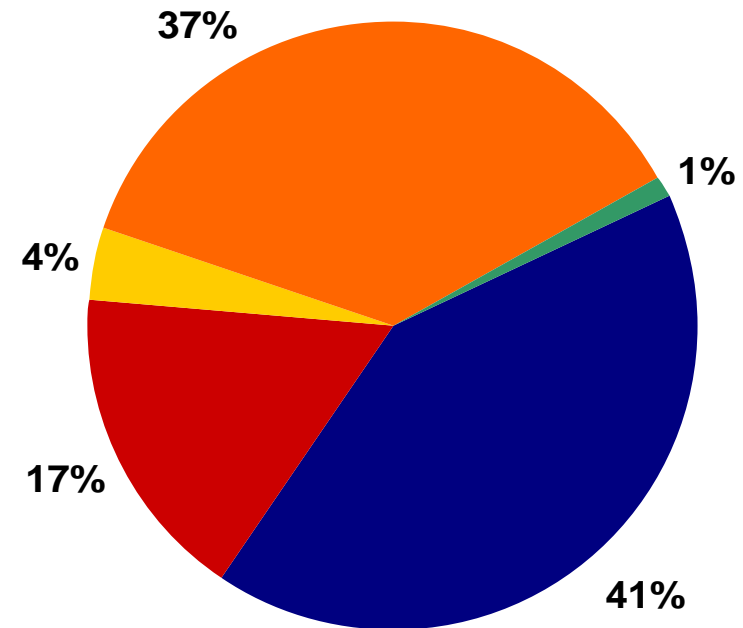
CHF 234 million

Distribution by Sector



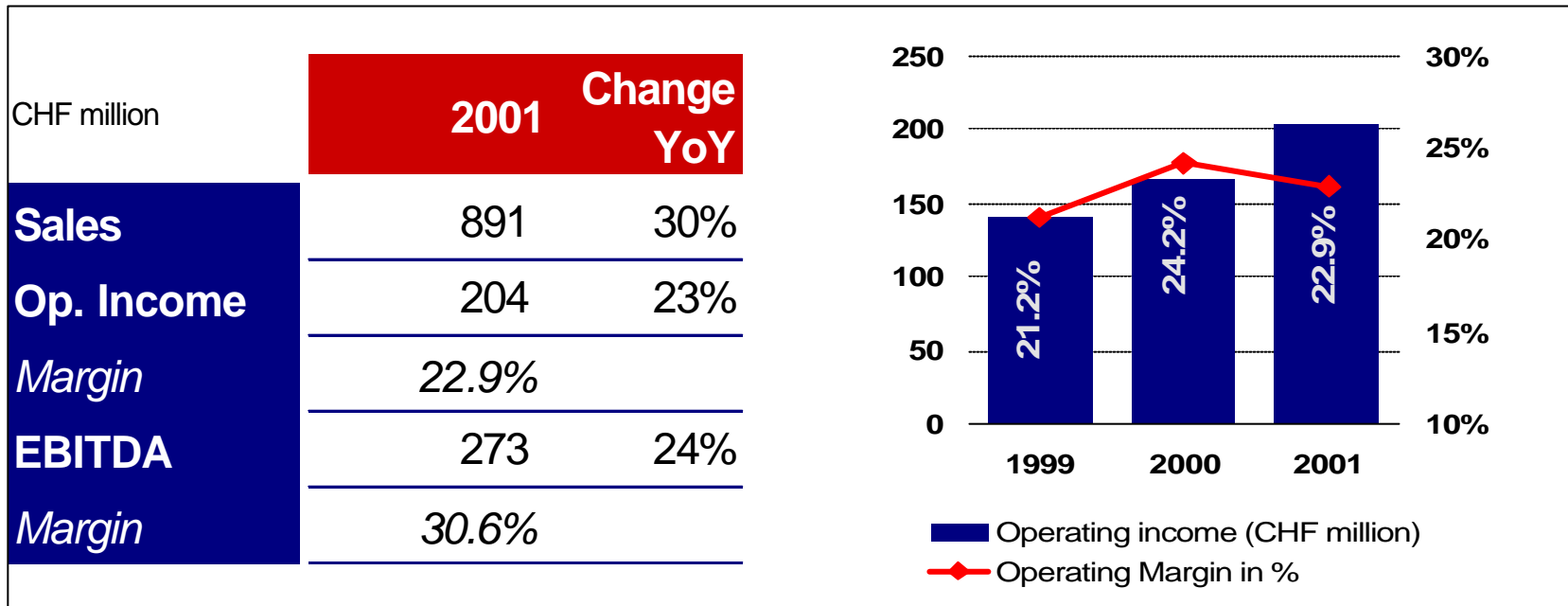
- Exclusive Synthesis & Biotechnology
- Organic Fine & Performance Chemicals
- Holding & Others < 1 %

Distribution by Geography



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

Exclusive Synthesis & Biotechnology - I



- Sales of CHF 891 million, up 30%
 - good take-offs in established exclusive synthesis products
 - strong growth in biotechnology
- Operating income of CHF 204 million at record levels, up 23%

Exclusive Synthesis & Biotechnology - II

Exclusive Synthesis

- Significant growth in pharma business despite competitive pressure
 - good take-offs of established products
 - promising new products in the cardiovascular, pain-control and anti-viral/HIV-related areas
 - large scale peptide synthesis entered
- Agro-intermediates business
 - production of sulfonylurea herbicides strong throughout 2001
 - partly offset by negative developments in other agro intermediates and active substances
- Increasing number of projects in early clinical testing
 - necessary expansion of Lonza's capabilities in small scale production underway

Exclusive Synthesis & Biotechnology - III

Biotechnology

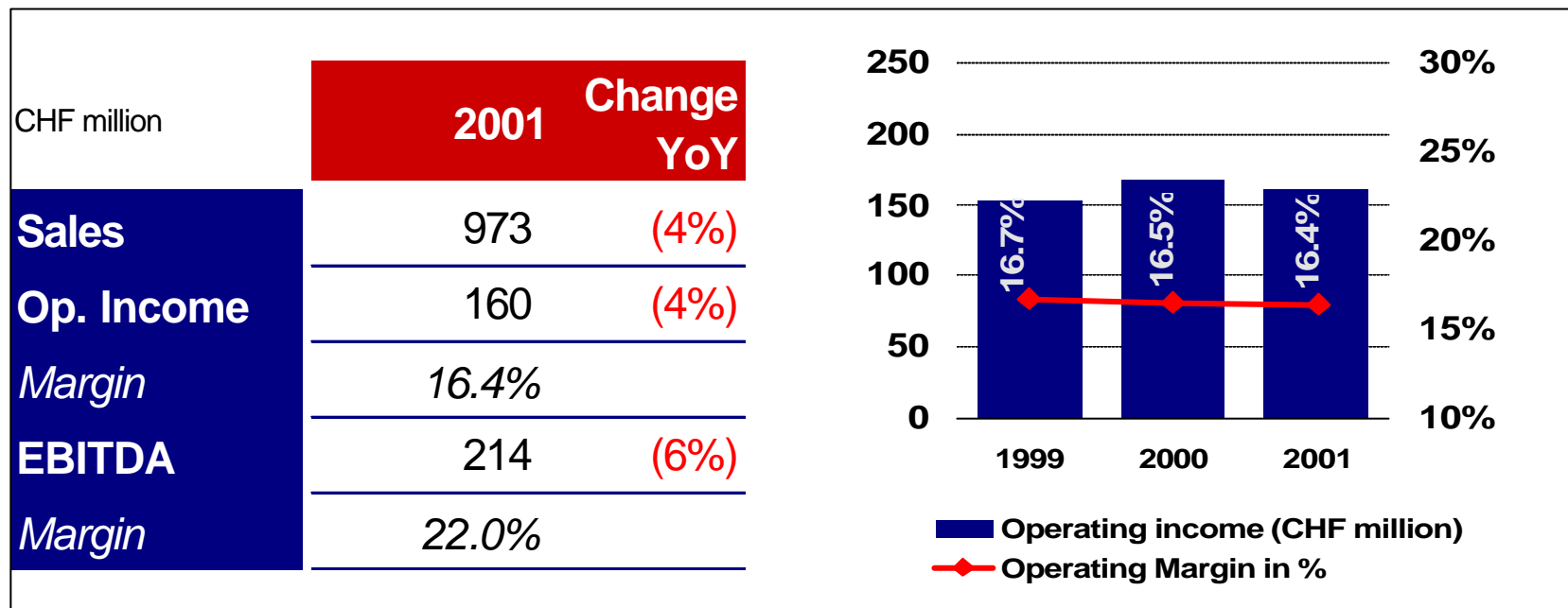
Microbial Fermentation

- Exquisite growth in sales and operating income
- Strong demand for custom manufacturing for pharma applications
 - new large scale production of new intermediate for anti-viral treatment in full operation
- New L-carnitine based products approved by FDA

Mammalian Cell Cultures

- Worldwide custom manufacturing capacity remaining tight
 - Lonza's development services and all available production facilities fully booked
 - additional capacity in Slough, UK fully committed under long term contracts
- Expansion projects in the US on track, start-up in mid 2004
 - 90%+ under option to contract

Organic Fine & Performance Chemicals - I



- Sales 4% lower at CHF 973 million
 - positive developments in Europe and Asia
 - substantial decline in the US
- Operating margin unchanged at 16.4%

Organic Fine & Performance Chemicals - II

Organic Fine Chemicals

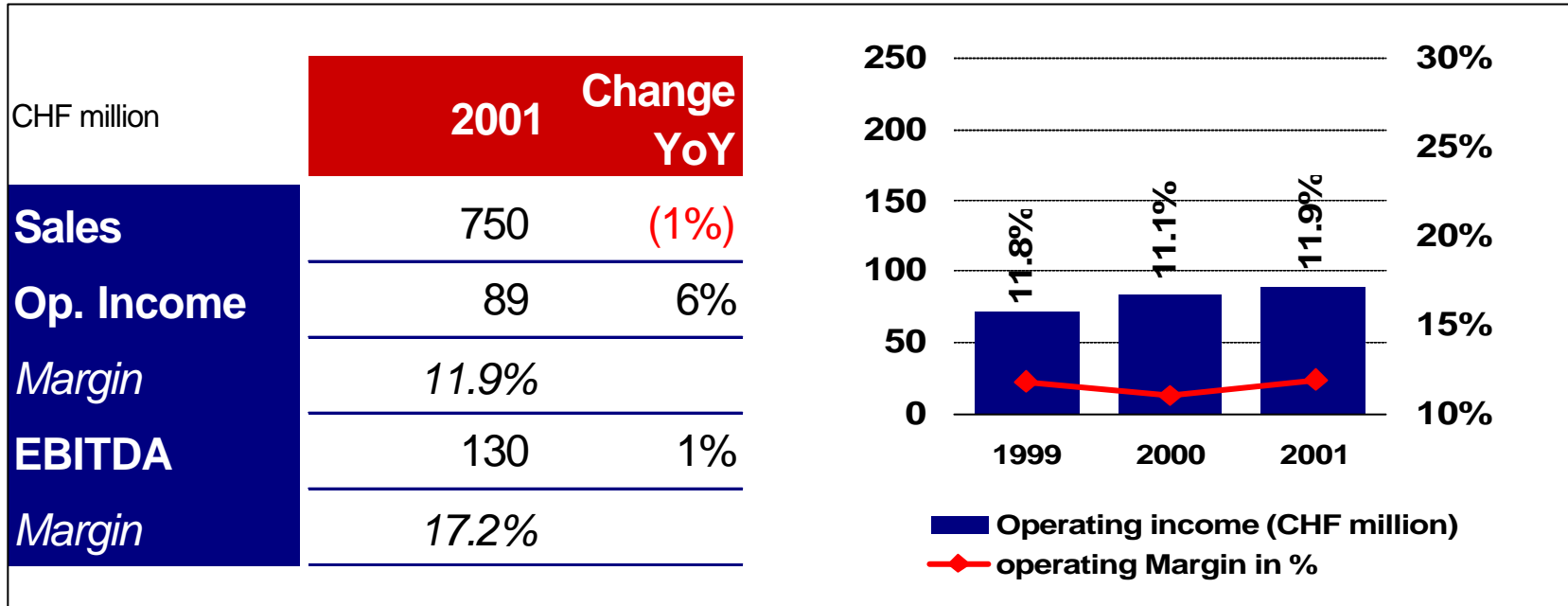
- Overall demand strong in most products except for weak diketene business in the US
- Nicotinates (vitamin of the B complex)
 - successful de-bottlenecking in Visp, CH
 - increased market penetration in feed applications
 - global leadership retained
- Malononitrile (building block for vitamin B1 production)
 - very strong demand
 - additional production capacity
 - ◆ more economic production process
 - ◆ start-up in October 2001
- Meta[®] (molluscicide)
 - sales at all-time high
- Un-satisfactory start-up after revamping of cracker hit fourth quarter performance

Organic Fine & Performance Chemicals - III

Performance Chemicals

- Good revenue growth in Europe, Latin America and the Asia
- Very weak US trading environment throughout 2001 (1st Half especially)
- Biocides
 - good business conditions in selected areas
 - market introduction of two new, globally accepted preservatives
 - quats for wood-protection future growth area
 - initial sales of products for new antibacterial hygiene applications to grow further
- Oleochemicals
 - products used in the polymer and powder-metal market under pressure

Discontinuing Operations - I



- Sales flat at CHF 750 million
- Continuing recovery in profitability
 - operating income +6% to CHF 89 million
 - operating margin at 11.9% versus 11.1% in 2000

Discontinuing Operations - II

Polymer Intermediates

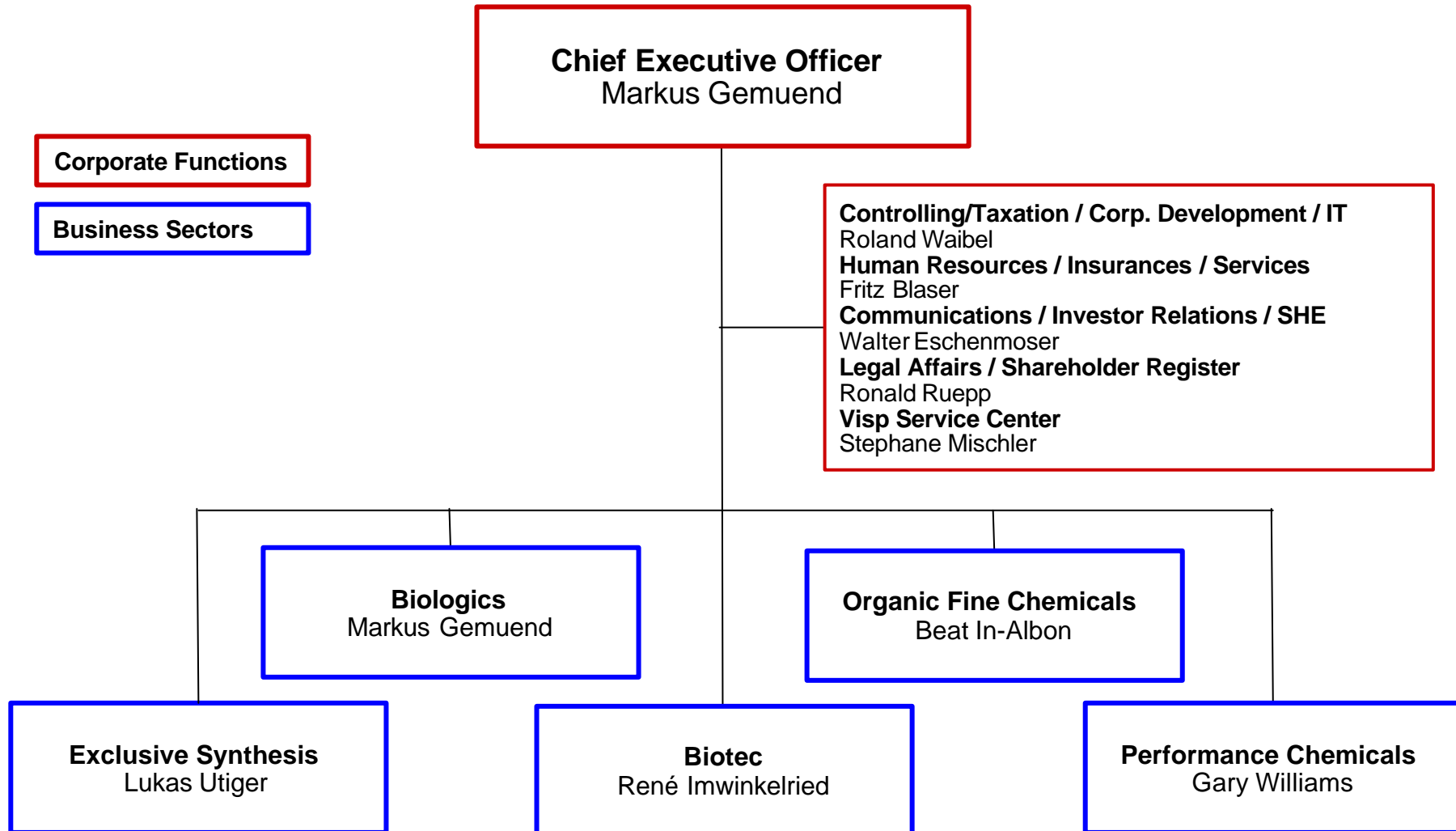
- Market generally impacted by economic weakness
- Curtailment of European production capacities
- Trimellitic anhydride and Special plasticizers
 - strenghtened market position and introduction of new formulations
- Phthalic anhydride and General purpose plasticizers
 - remaining at low levels
- Maleic anhydride
 - profitability improved due to good plant utilization, lower raw material prices and slightly better pricing
- Isophthalic acid
 - Good production volume at 40'000 tons
 - Pricing still unsatisfactory, but recovering

Discontinuing Operations - III

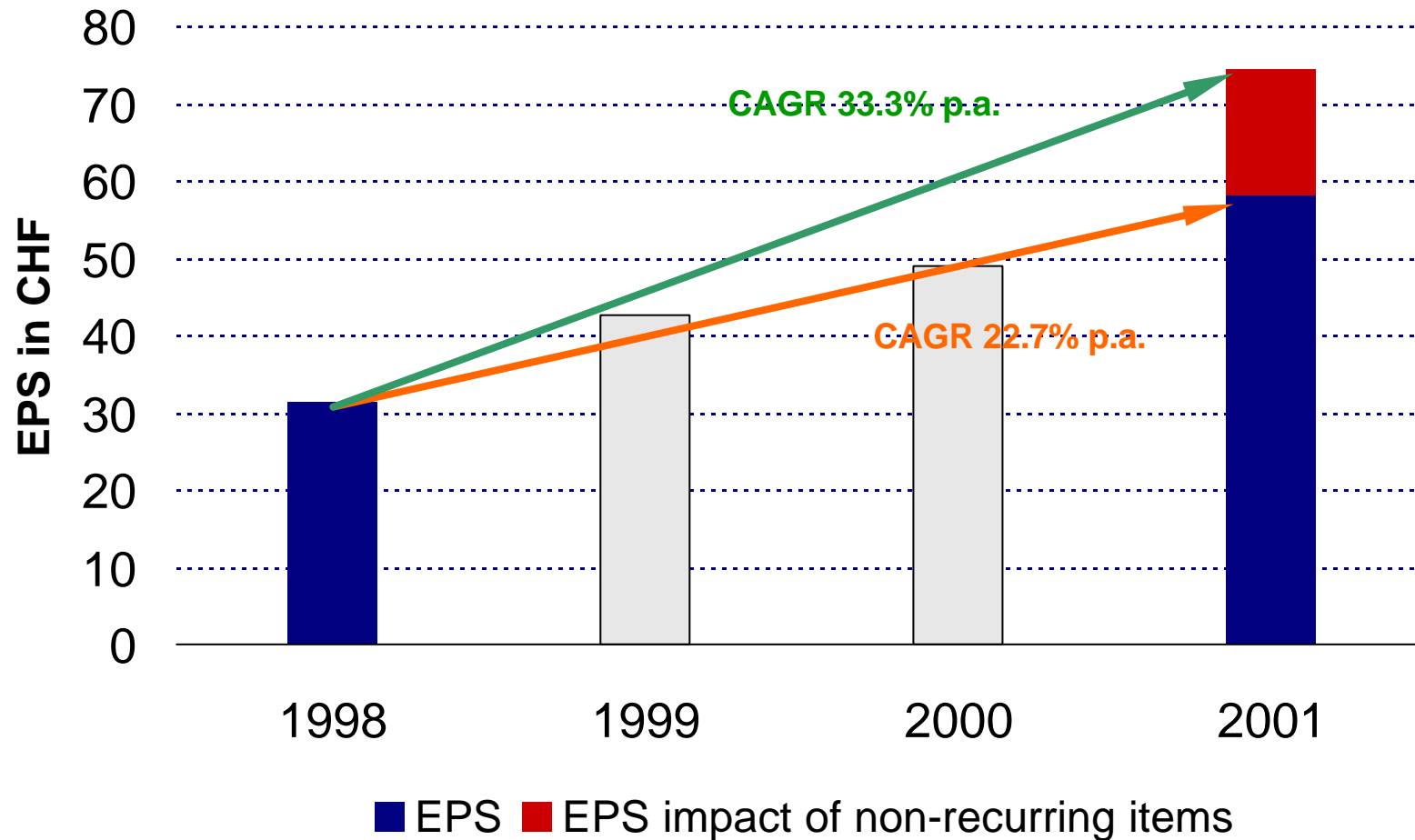
Energy

- Favorable weather conditions for hydrological power generation
 - production levels above average
- Profitability impacted positively by
 - somewhat higher energy prices
 - systematic cost management
- Business customer base broadened

Lonza Group Organization



1998 - 2001 EPS Development



Outlook 2002

- Overall operating results expected to exceed those of 2001
- Exclusive Synthesis
 - volatility of R&D pipeline continuing
 - efforts under way to expand width of product portfolio
 - ◆ small scale production plant in operation by Q4 2002
 - ◆ increased market focus with new hires and novel organizational structure
 - some restructuring in the US
- Biotechnology
 - fully booked
- Organic Fine and Performance Chemicals
 - US expected to recover in second half 2002
 - strong performance expected with the exception of diketene and engineering polymers
- One-off gain on sale of Polymer Intermediates (two tranches)