

## Disclaimer

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- “Certain matters discussed in this presentation may constitute forward-looking statements. These statements are based on current expectations and estimates of Lonza Group Ltd, although Lonza Group Ltd can give no assurance that these expectations and estimates will be achieved. The actual results may differ materially in the future from the forward-looking statements included in this presentation due to various factors. Furthermore, Lonza Group Ltd has no obligation to update the statements contained in this presentation.”

Investor Relations Presentation

April 12, 2005

**Lonza**

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**Business Update First Quarter 2005**

Stefan Borgas, Chief Executive Officer

# Exclusive Synthesis

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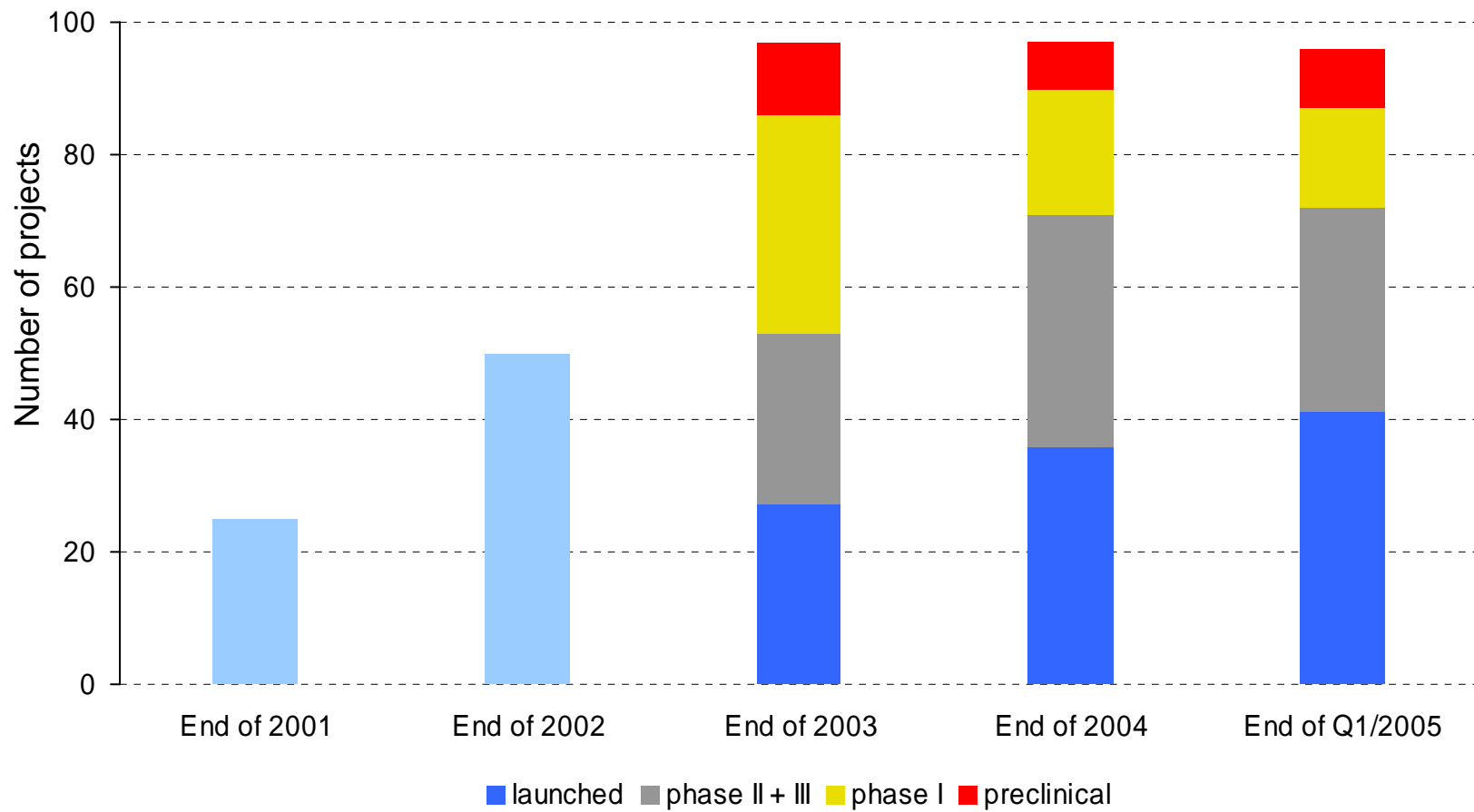
## Exclusive Synthesis (Small Molecules)

- Continuous positive development of the structure of the project pipeline in Q1/2005
- R&D activities remain on high level
- Due to de-bottlenecking measures capacity utilization percentage lower than 2004 despite comparable absolute production volumes
- Expansion of R&D centre in Guangzhou initiated

# Exclusive Synthesis – Project Pipeline

## Chemical Synthesis and Biotransformation

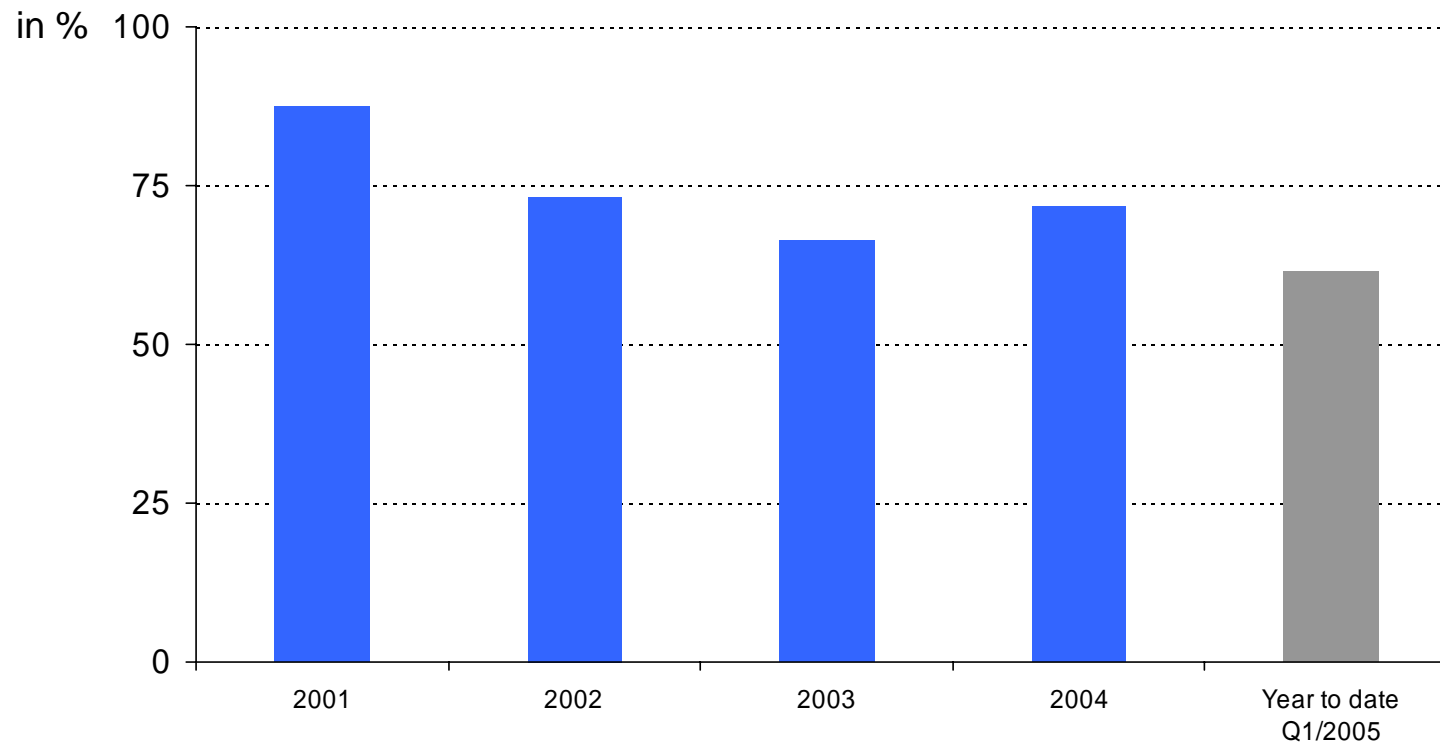
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# Exclusive Synthesis – Capacity Utilization

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- Exclusive chemical synthesis (GMP qualified assets)

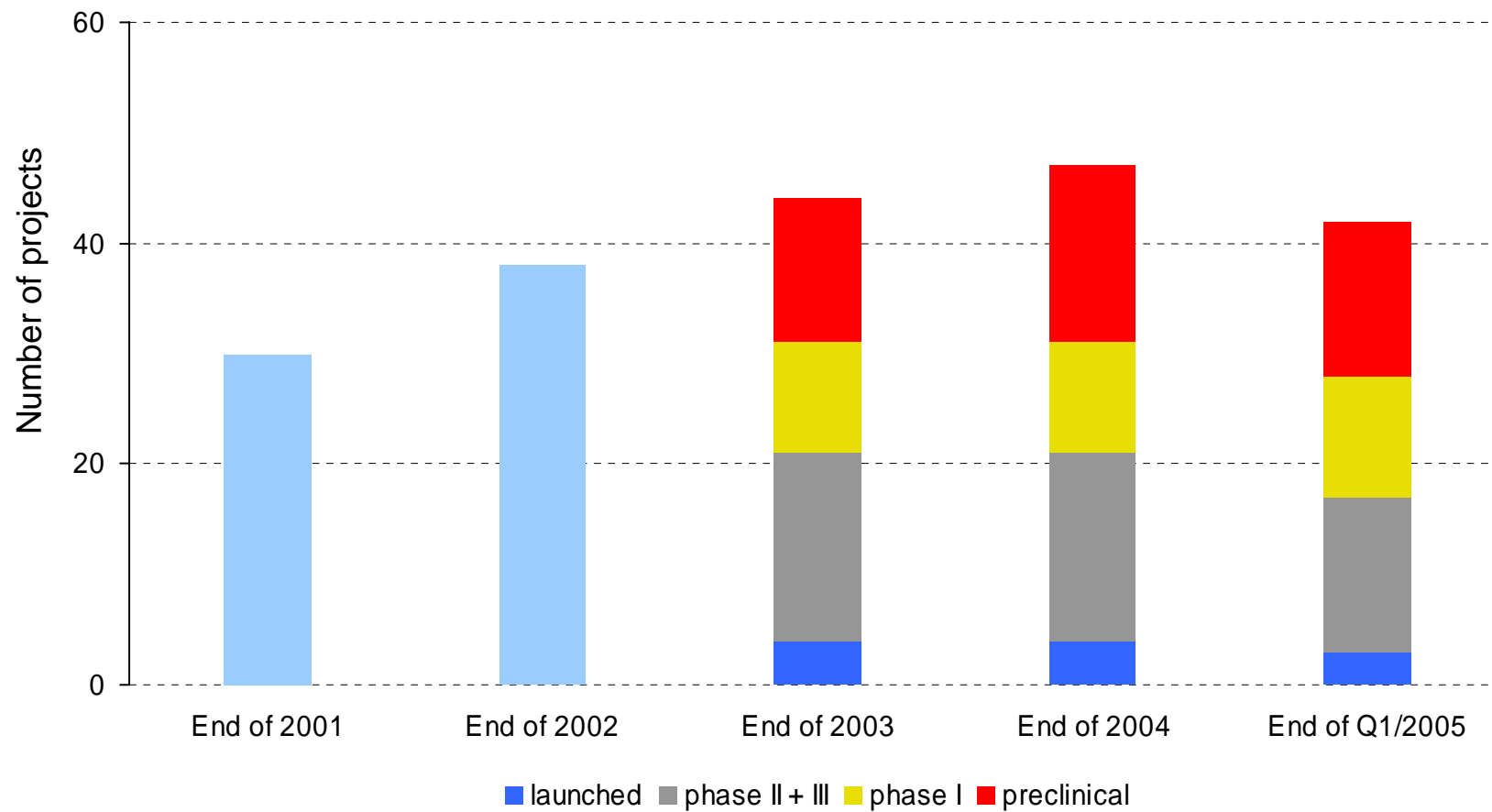


## Biopharmaceuticals

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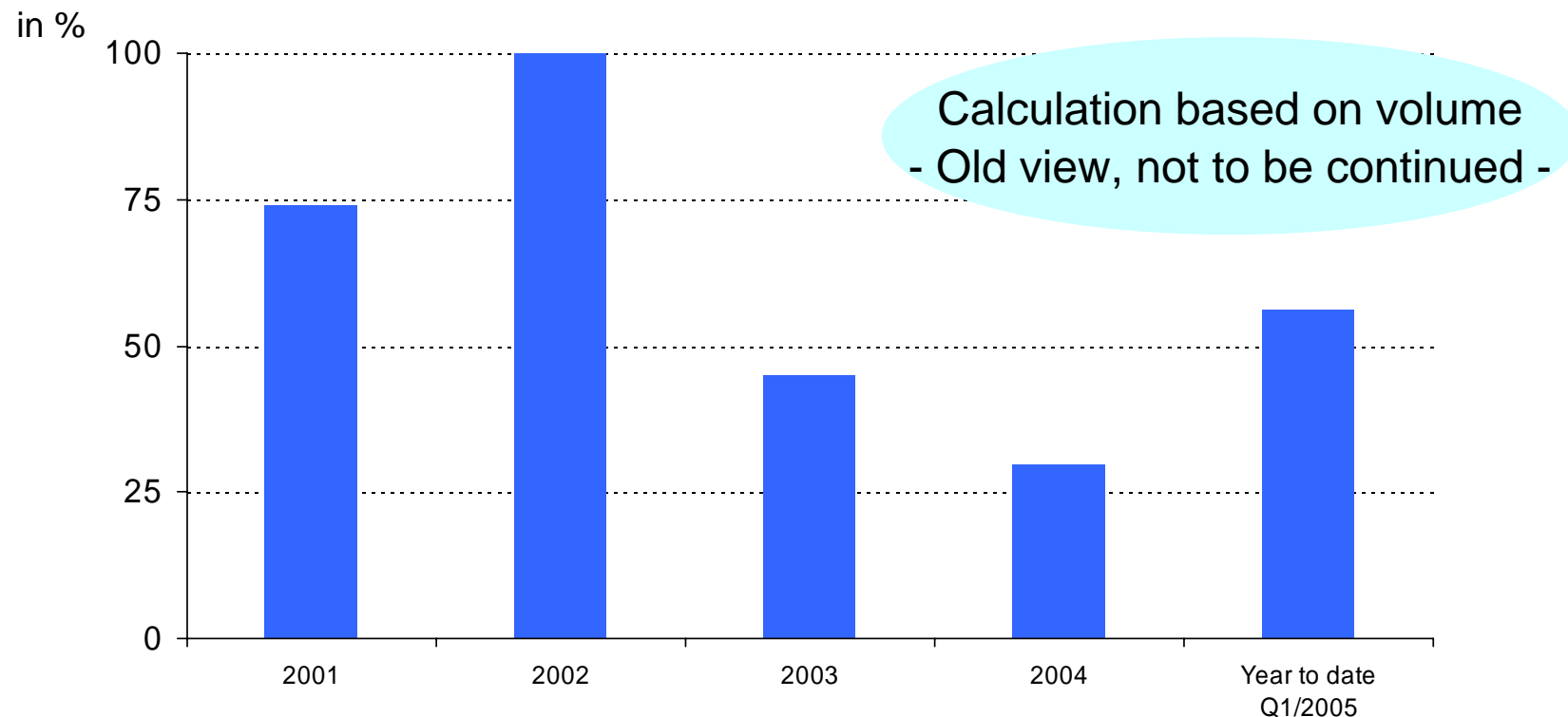
- Improvement of capacity utilization at mid size bioreactors on track
- Large scale bioreactors in Portsmouth, NH fully operating; P&L effect starts in Q2/2005
- Contract for Sanofi Pasteur's vaccine project
  - Scale-up contribution work of large volumes
  - Engineering design for large scale manufacturing
- Biopharma Services strengthened
  - Novel high throughput screening process successfully piloted on a commercial process; patents have been applied for
  - High lab scale titers successfully transferred to first customer process

# Biopharmaceuticals – Project Pipeline



## Biopharmaceuticals – Capacity Utilization

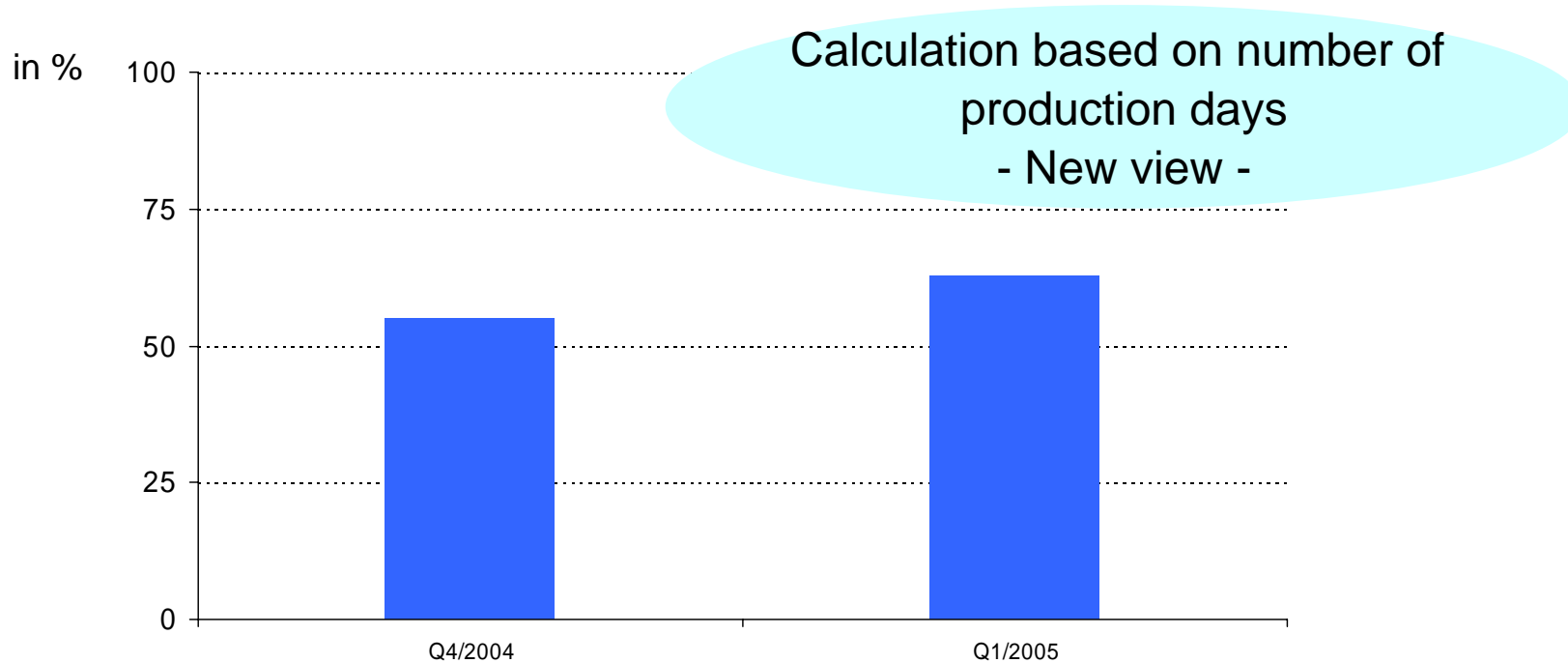
- 3 x 2000L and 2 x 5000L bioreactors



- 2 x 1500 L bioreactors are 100% under long-term contract and not reflected above

# Biopharmaceuticals – Capacity Utilization

- Utilization rate based on fermenter time – number of actual days in relation to available days (3 x 2000L, 2 x 5000L + 3 x 20,000L)



- 2 x 1500 L bioreactors are 100% under long-term contract and not reflected above

## Organic Fine & Performance Chemicals

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- Impact of currency and raw material prices according to expectations
  
- Nutrition
  - Vitamin intermediates on solid demand
  - Nicotines
    - Good demand for feed- and USP grade
    - Market price increase starts to compensate for high raw material and energy prices
  
- Cosmetics/Personal Care
  - Products performed above expectation levels with a particularly strong result in Europe

## Organic Fine & Performance Chemicals

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- Hygiene/Disinfection/Preservation
  - Continuously strong demand for Carboquat in the US had a positive impact
- Selected Industrials
  - Good sales of cyanate esters into the electronics- and aerospace application. Some delayed sales of orthoalkylated anilines
  - Diketene derivatives
    - Market still short for specific diketene derivatives due to high demand and partially shut down of production facilities as a consequence of high raw material and energy prices

## Polymer Intermediates

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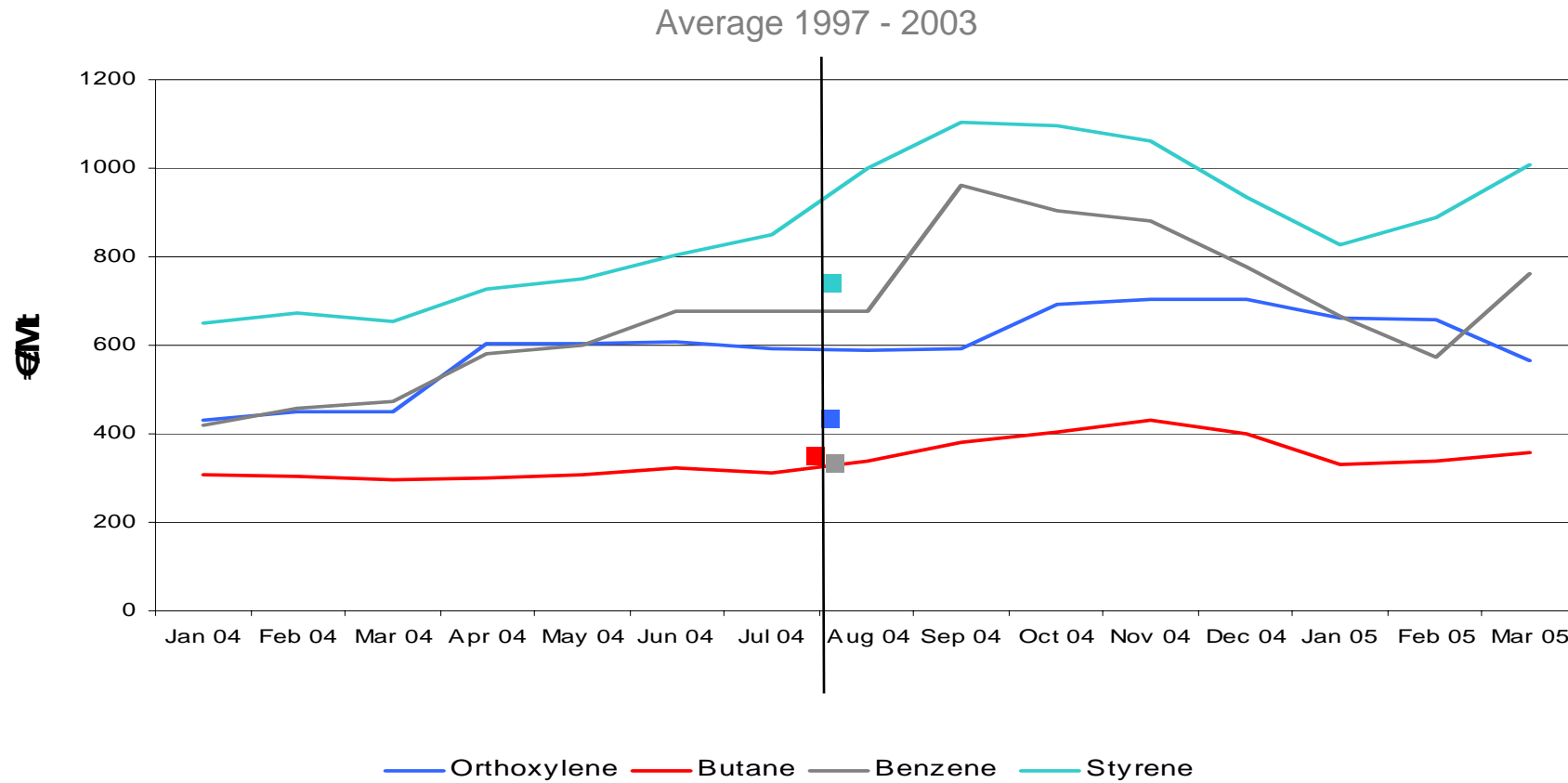
- Good start in 2005 thanks to buoyant demand for specialty products on the back of stable raw material cost
- Margin pressure due to weak USD was offset by higher margins
- Limited global availability of selected petrochemicals and continuous hike of crude oil price will lead to further increase of raw material cost and selling price
- Capacity utilization above 90% level

## Polymer Intermediates

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- Phthalic anhydrides and plasticizer
  - Lower sales due to reduced exports to Asia
- Maleic anhydride and derivatives
  - Volumes and margins above expectations due to good demand of derivatives and temporary benzene cost reduction
- Purified isophthalic acid (Singapore)
  - Margin increase still unsatisfactory based on high raw material and energy prices
- Compounds and Resins
  - Resins volumes and margins recovered due to lower styrene cost and stable selling prices
  - Compounds negatively impacted by low order entry in Germany from automotive sector

# Polymer Intermediates Raw Material Trends 04/05



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Confirmation of Business Outlook

## Confirmation of Business Outlook\*

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- Expected sales growth and solid earnings improvement in 2005
- Short-term (next two years) operating income targets of CHF 300-400 million
  - Good level of utilization of 20,000L bioreactors delivering 60 to 70% benefit of maximum capacity in 2005
  - Improved utilization of mid-size bioreactors compared to H2/2004
  - Resilience despite ongoing tough market conditions in Exclusive Synthesis
  - Remaining high competition in many product lines in Organic Fine Chemicals and continued strong contribution of Performance Chemicals
  - Satisfying demand of Polymer Intermediates with unchanged raw material prices improving operating margins

\* communicated together with 2004 Full Year Results and Growth Strategy on 26 Jan 2005

## Lonza's Vision, Culture and Goals\*

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- Expand Lonza's leading brand image in the life science industries
- Culture of trust and entrepreneurialism
  - Develop, Decide, Drive and Deliver
- Realize ambitious medium term (4-6 years) financial targets:
  - Sales in excess of CHF3bn (~10% p.a. growth)
  - Operating income in excess of CHF500m (average growth of >15% p.a.)
  - Net debt around current levels
- Manage risks
  - Adapt timing to market needs
  - React to competitive environment

\* communicated together with 2004 Full Year Results and Growth Strategy on 26 Jan 2005

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Lonza 2005 Investor Relations Events

## Calendar of Events/Contacts

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- Important Lonza Group Dates

- |                          |                              |
|--------------------------|------------------------------|
| ■ 15 April 2005          | Dividend Ex-Date and Payment |
| ■ 27 July 2005           | 2005 Half Year Results       |
| ■ 13 / 14 September 2005 | Analyst Event in Visp        |
| ■ 18 October 2005        | Q3 / 05 Business Update      |
| ■ 25 January 2006        | 2005 Full Year Results       |

- Investor Contacts

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**Business Update First Quarter 2005**