

2000 Results Presentation

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Analyst Meeting

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Agenda

- Group Financial Highlights
- Divisional Results
 - Exclusive Synthesis & Biotechnology
 - Organic Fine & Performance Chemicals
- The New Lonza Group
- Outlook 2001

Highlights

- Driven by strong second semester performance, net income advances to CHF 309 million
- EPS to CHF 48.9, 15% up on 1999
- Further improvement of Group operating margin from continuing ops increasing to 19.2% from 18.2%
- Tax rate stable year-on-year at slightly over 23%
- Strategic review concluded;
 - Focussing on the life sciences sector by fully utilizing and further developing Group's biotechnology and chemicals capabilities
- Strategic re-orientation requires divestment of both the polymer intermediates and the energy businesses expected to be finalized by end of 2001
- Dividend proposed to be CHF 15
- 2001 performance expected to exceed 2000

Financial Highlights

chf million	1999	2000	Change YoY
Net sales continuing ¹	1,575	1,703	8%
EBITDA continuing ¹	387	443	14%
<i>EBITDA Margin</i>	24.6%	26.0%	6%
Operating Income continuing ¹	286	327	14%
<i>Operating Margin</i>	18.2%	19.2%	6%
Operating Income discontinuing ¹	72	84	17%
<i>Operating Margin</i>	11.8%	11.1%	(6%)
Operating Income Group	358	411	15%
<i>Operating Margin Group</i>	16.4%	16.7%	2%
Net Income	273	309	13%
Cash Flow	433	503	16%
Investments	(278)	(190)	32%
Earnings per Share	42.5	48.9	15%
Employees continuing	4,442	4,444	0%

¹ Sales of discontinuing operations of CHF 756 million (1999: CHF 608 million) and operating income of CHF 84 million (1999: CHF 72 million) are excluded from Net Sales, Operating income and EBITDA. All other data, including Net income, include the impact of discontinuing operations

Consolidated Income Statement

CHF Millions	1999	2000	Change YoY
Net Sales continuing	1,575	1,703	8%
Operating Expenses continuing	(1,289)	(1,376)	7%
Operating Income continuing	286	327	14%
Operating Income discontinuing	72	84	17%
Operating Income Group	358	411	15%
Goodwill Amortization	(5)	(5)	0%
EBIT	353	406	15%
Financial Charges	2	(3)	n.m.
Income before Taxes	355	403	14%
Taxes	(84)	(94)	(12%)
Minorities	2	0	n.m.
Net Income	273	309	13%
EPS	43	49	15%

Consolidated Cash Flow Statement

CHF Millions	1999	2000	Change YoY
Net Income	273	309	13%
Depreciation	139	165	19%
Change in Long Term Provisions	22	31	n.m.
Expenses (Income) from Equity Method	(1)	(2)	100%
Cash Flow	433	503	16%
Investments	(278)	(190)	32%

Divisional Sales Development

CHF Millions	1999	2000	Change YoY	Change due to		
				Volume & Prices	Currency	Consolidation
Exclusive Synthesis & Biotechnology	659	685	4%	5	21	0
Organic Fine & Performance Chemicals	916	1,013	11%	45	52	0
Holding & Others	0	5	n.m.	5	0	0
Net Sales continuing	1,575	1,703	8%	55	73	0

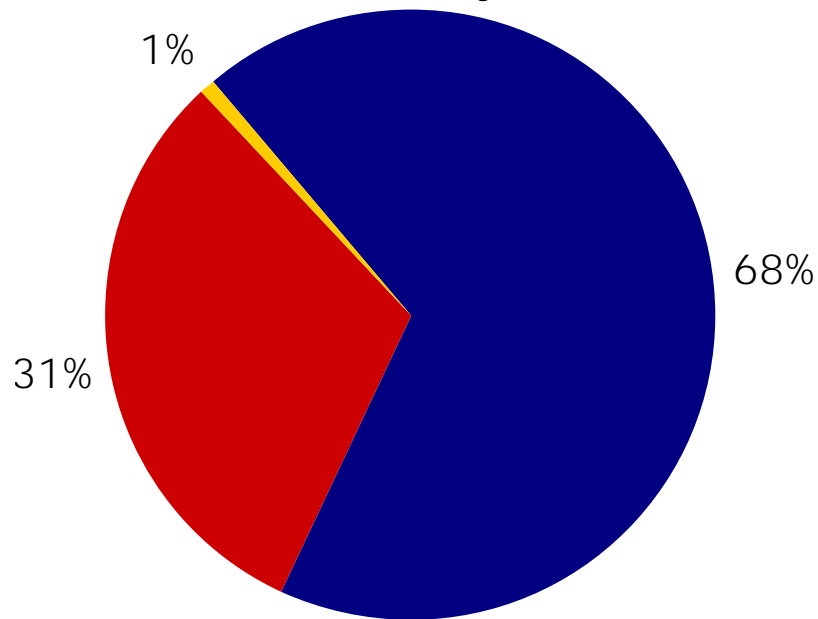
Divisional Operating Performance

CHF Millions	Operating Income			Margin	
	1999	2000	Change YoY	1999	2000
Exclusive Synthesis & Biotechnology	140	166	19%	21.2%	24.2%
Organic Fine & Performance Chemicals	153	167	9%	16.7%	16.5%
Holding and Others	(7)	(6)	14%		
Operating Income Continuing Operations	286	327	14%	18.2%	19.2%
Operating Income Discontinuing Operations	72	84	17%	11.8%	11.1%
Operating Income Group	358	411	15%	n.a.	n.a.

Capital Expenditures (continuing operations)

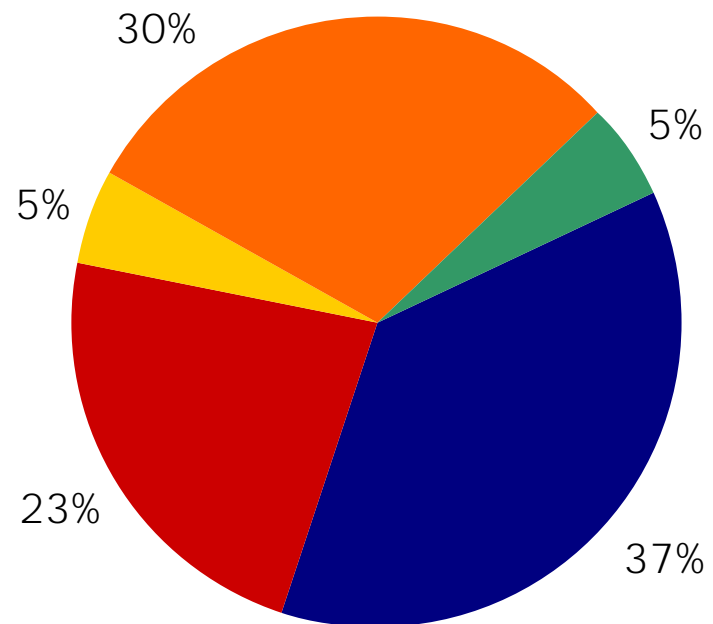
CHF 148 million

Distribution by Sector



- Exclusive Synthesis & Biotechnology
- Organic Fine & Performance Chemicals
- Holding & Others

Distribution by Geography

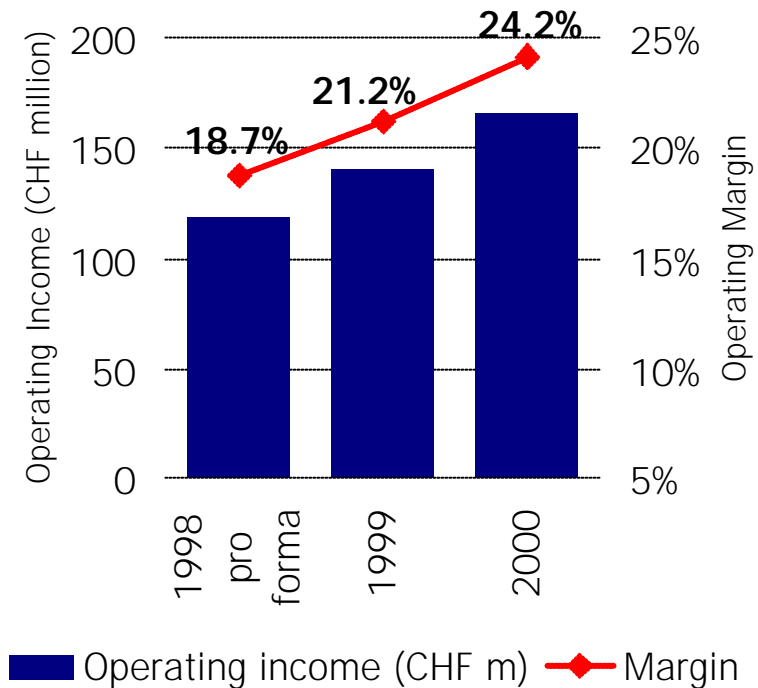


- Switzerland
- EU
- Other Europe
- North America
- Asia & Australia

Sector Results

Exclusive Synthesis & Biotechnology - I

CHF million	2000 Change YoY	
Sales	685	4%
Op. Income	166	19%
<i>Margin</i>	24.2%	
EBITDA	220	19%
<i>Margin</i>	32.1%	



- Operating performance in excess of expectations
 - Full year sales growth of 4% after slow start due to heavy customer call-off's for custom manufactured products in second half
- Operating margins of 24.2% versus 21.2% in 1999

Exclusive Synthesis & Biotechnology - II

Exclusive Synthesis

- Steady increase in plant loading levels throughout the year in line with the projected ordering pattern of major pharmaceutical customers
- Current key supplier positions with customer base was strengthened; expansion of project pipeline
- Agrochemicals business remained strong, especially for various herbicides
- Promising results obtained with customers in the animal health sector

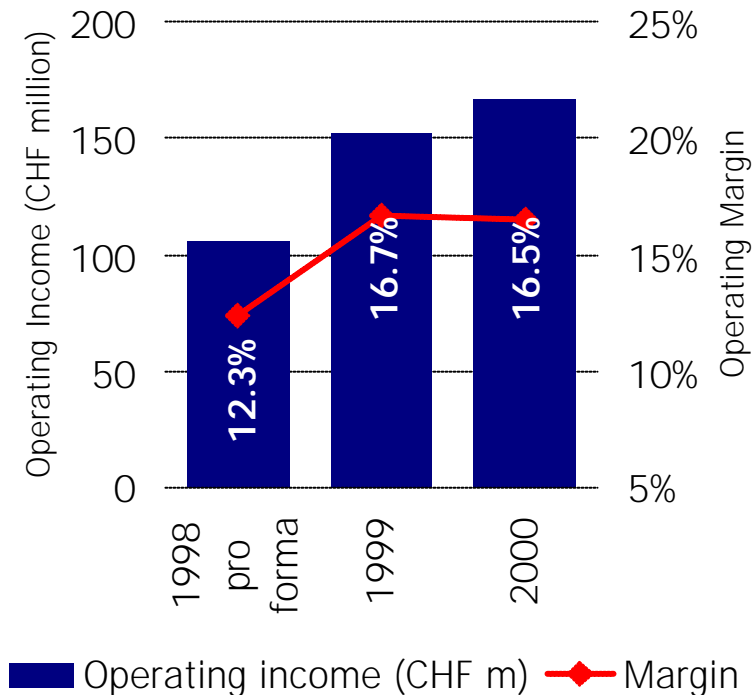
Exclusive Synthesis & Biotechnology - III

Biotechnology

- Fast growing market demand for mammalian cell derived therapeutic proteins results in full plant loading in Q4 2000
- Existing contracts are expected to provide full plant loadings of available capacities through 2001/2002
- Strong customer demand for additional R&D services; substantial expansions of UK and US laboratories for more than 100 scientists successfully concluded during 2000
- Microbial fermentation businesses experiences strong demand for custom manufacturing
- Completion of major investment and successful commissioning within Kourim (CZ)
- L-Carnitine product portfolio strengthened its position against emerging Asian competitors leveraging its quality, service levels and technology base

Organic Fine & Performance Chemicals - I

CHF million	2000 Change YoY	
Sales	1'013	11%
Op. Income	167	9%
<i>Margin</i>	16.5%	
EBITDA	228	9%
<i>Margin</i>	22.5%	



- Helped by strong US dollar and strong global economies
 - Sales increased 11%
- Operating income up CHF 15 million; 10% nominally and 5% on a currency equivalent basis

Organic Fine & Performance Chemicals - II

Organic Fine Chemicals

- Strong sales of Nicotinate (a vitamin of the B complex)
 - market share gains in both food and feed applications notwithstanding persisting price pressure
- Sales of intermediates and APIs to agrochemical producers remained stable
- Sales of Meta[®] - a molluscicide - reached all time high triggered by
 - inclement weather conditions in most markets
 - new product forms have been developed and introduced for applications in rice fields and fish ponds
- Cyanate esters serving the high end electronics and aerospace industry are developing well

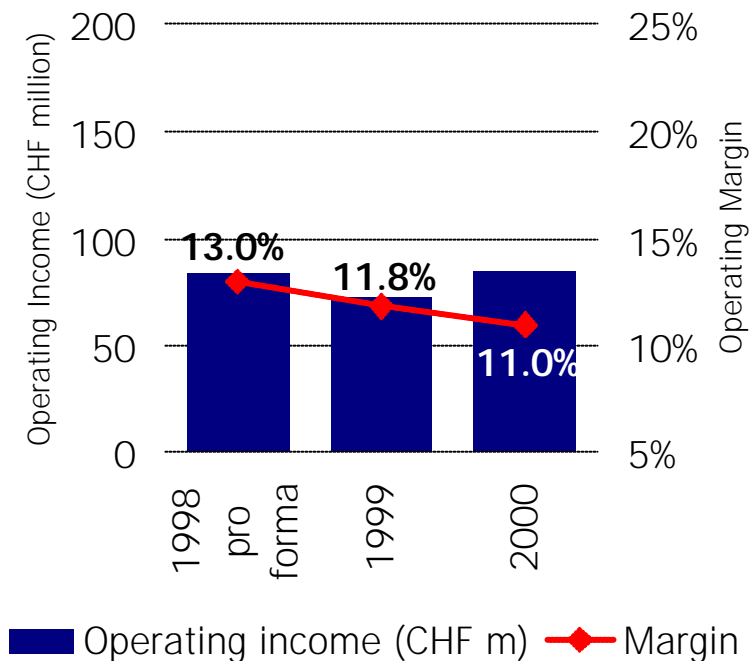
Organic Fine & Performance Chemicals - III

Performance Chemicals

- In biocides, sales gains in Asia, South America and Europe offset impact of flat US sales for household applications
- Sales start of halogenated hydantoin products in Europe
 - proven to be superior anti-bacterial slimicides
 - FDA and EPA approvals received in the US for food-contact paper applications
- Biocides for wood protection applications are beginning to displace heavy metal based products
- Strong performance in Oleochemicals with
 - increased competition from Asia.
 - food additives and personal care markets remain key target markets

Discontinuing Operations - I

CHF million	2000 Change YoY	
Sales	756	24%
Op. Income	84	17%
<i>Margin</i>	11.1%	
EBITDA	128	22%
<i>Margin</i>	16.9%	



- Recovery in polymer intermediates sales, in part due to market recovery as a result of sector rationalization
- Sales up 24%
 - Margins slightly lower at 11.1%
- Stable energy results

Discontinuing Operations - II

Polymer Intermediates

- Significant pricing improvements during second semester adversely impacted by raw material price increase and weaker European currency versus US Dollar
- Fairly good demand for phthalic anhydride and general purpose plasticizers but margins only recovered somewhat at year-end
- Maleic anhydride and derivatives experienced a recovery in margins during the second half of the year with prices almost doubling
- Good performance in trimellitic anhydrides
 - acquisition of a special plasticizers line in July further strengthened our market leadership.
- Sales of purified isophthalic (Singapore) reached 35'000 tons close to 10% of the worldwide demand margin pressure due to market imbalance persisted
 - Plant now at full capacity with all technology issues resolved

Discontinuing Operations - III

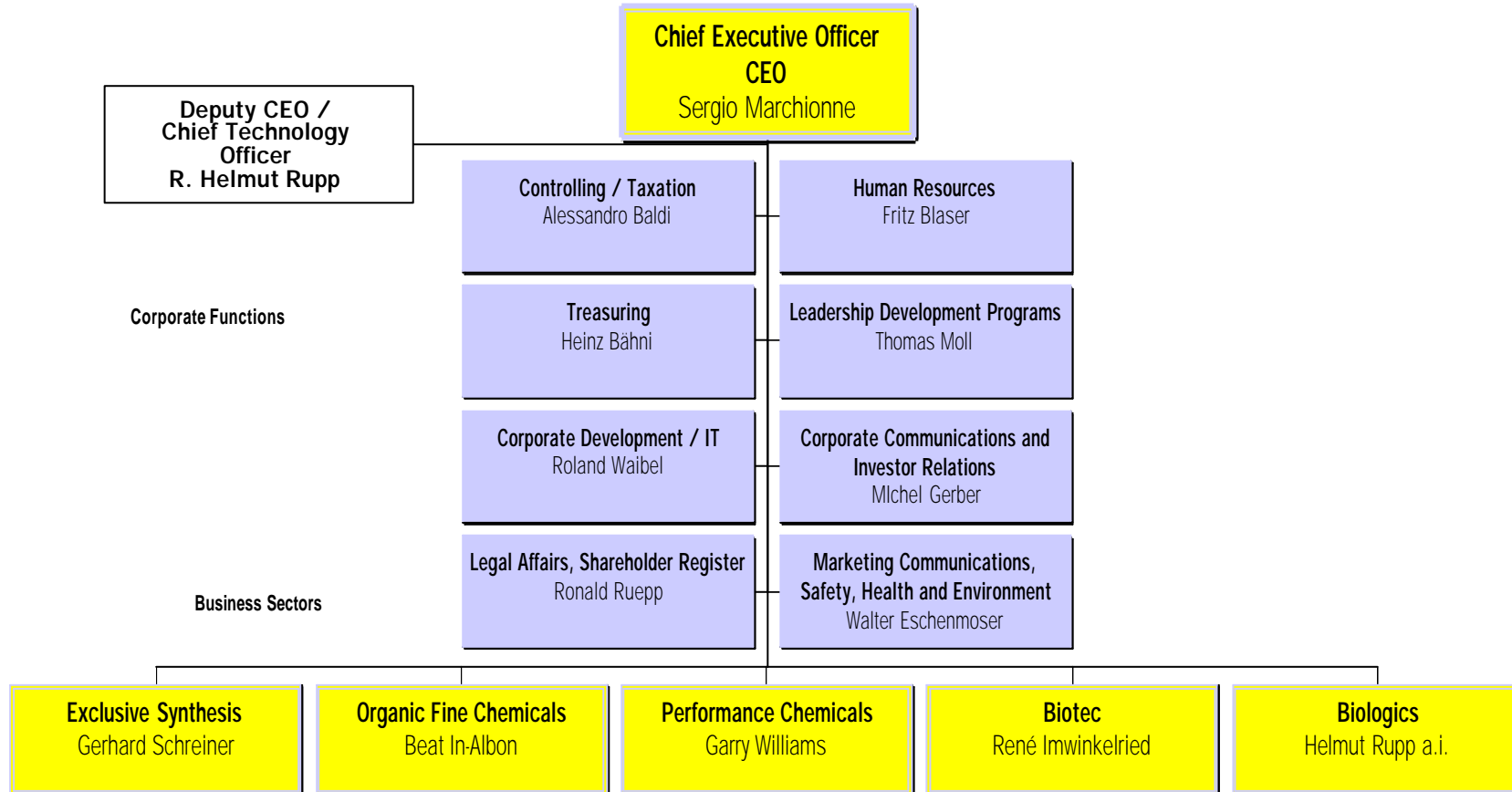
Energy

- Net sales in the energy activities increased by 5% to CHF 89 million.
- Above-average levels of energy production were achieved in the first half of the year
- Power generating suffered some setbacks in the second half due to the ravages of the weather and exceptional mudflows.
- Negotiations with key customers have already taken place in light of the liberalization of the energy market in Switzerland; medium term energy delivery at competitive prices secured

The New Lonza Group

- Focus on the Fine Chemicals Activities serving the Life Sciences Industry
 - by fully utilizing and further developing its biotechnology and chemical capabilities
- Polymer Intermediates and Energy businesses no longer considered core activities of Lonza and therefore identified as divestiture candidates
 - completion targeted in 2001
 - gross proceeds in excess of CHF 1 billion expected
- Aggressive investment program initiated aimed at quadrupling existing capacities in biotechnology by end of 2003
- Similar investments under review in exclusive synthesis
 - Out of area expansion
 - API installations

Organization Chart



The New Lonza Group - Financial Targets

	Target 2003
Expected Sales through Organic Growth	> CHF 2.3 bn
Average Annual EPS Growth	15%
Overall Operating Margin	> 22%
Overall EBITDA Margin	> 29%
Target Gearing Level	0.67 : 1
Dividend Payout Ratio	25 - 33%

Lonza Vision

- Our commitment is to be the preeminent supplier to the life sciences industry through chemicals and biotechnology platforms driven by an unrelenting passion
 - to unambiguously deliver value to our customers
 - to make our employees successful
 - to continuously improve performance and
 - to make Lonza a recognized contributor to its communities

Outlook 2001

Outlook 2001

- Global economies are expected to soften during 2001 but
 - *Exclusive synthesis*
 - ◆ Increasing demand from key customers both in development and manufacturing services, as pipeline projects are maturing
 - ◆ 2001 transition year as full R&D pipeline comes on stream
 - *Biotechnology*
 - ◆ Established pipeline will support full plant loading for the year
 - *Organic Fine Chemicals*
 - ◆ Stable performance expected
 - *Performance Chemicals*
 - ◆ Global expansion of predominantly US based position
- Overall results expected to exceed those of 2000