

**Our passion is to deliver
sustainable value to our customers**

Lonza

2007 Full-Year Results – 23 January 2008

Stefan Borgas
Chief Executive Officer

Disclaimer

- “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.”



2007 Full-Year Results – Financial Highlights

- Portfolio changes along with growth in Biopharmaceuticals and Life Science Ingredients led to strong results¹:
 - Sales up 25.6% to CHF 2 870 million
 - EBITDA up 40.9% to CHF 682 million
 - EBITDA margins rose by 2.6 percentage points to 23.8% of sales
 - EBIT increased by 35.5% to CHF 408 million
 - Net income grew by 51.3% to CHF 301 million on a slightly improved financial result and a reduced tax rate

- Gearing decreased from 92% at the end of the first quarter to 72% by year-end

- Net working capital in relation to sales declined from 26.4% in 2006 to 21.5% in 2007

- RONOA increased from 12.2% in 2006 to 14.1%

- The number of employees ex-acquisitions rose by 8.0%, in line with the long-term Human Resources strategy

¹ based upon continuing operations

2007 Full-Year Results – Key Financial Figures

CHF million

Continuing operations ¹	2006	2007	Change YoY
Sales	2 285	2 870	25.6%
EBITDA	484	682	40.9%
<i>EBITDA Margin</i>	21.2%	23.8%	
EBIT	301	408	35.5%
<i>EBIT Margin</i>	13.2%	14.2%	
Net financial income / expenses	(50)	(47)	
<i>Tax rate</i>	20.7%	16.5%	
Net Income	199	301	51.3%
EPS (CHF) basic	4.20	6.33	50.7%
EPS (CHF) diluted	3.88	5.88	51.5%
Group total			
Cash Flow before change in net working capital	429	562	31.0%
Change in net working capital	22	83	
Capital Expenditures (excluding customer financing)	(278)	(533)	
Net Debt	913	1 309	43.4%
Number of employees	6 146	7 711	25.5%

¹ The condensed consolidated income statement from the previous-year interim financial reporting has been restated to show the discontinued operation of Polymer Intermediates separately from continuing operations

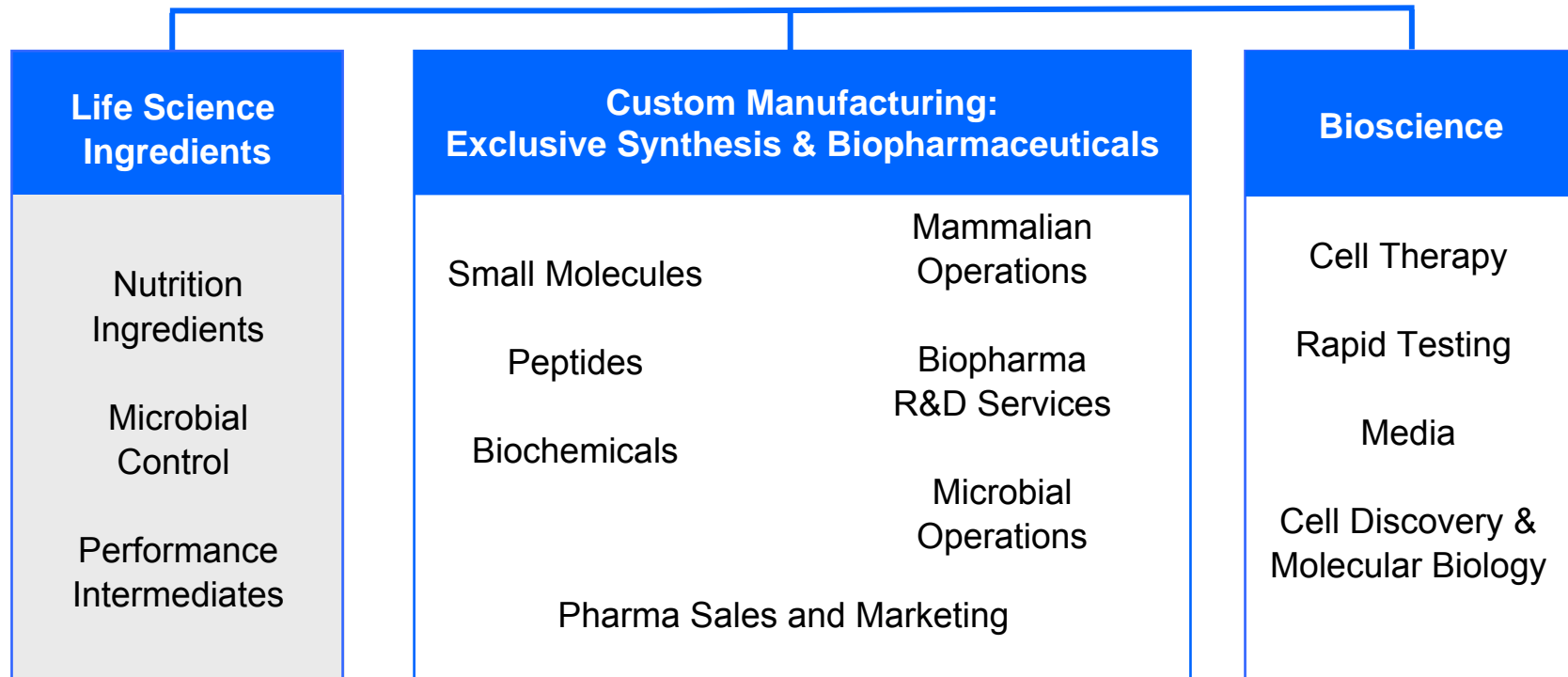
2007 Full-Year Results – Strategic Highlights

Successful implementation of key strategy elements supports long-term, sustainable, above-average, profitable growth

- Portfolio changes completed
 - Acquisition of Bioscience businesses from Cambrex
 - Singapore Isophthalic Acid Plant divested
 - Sale of majority of remaining stake in Polynt S.p.A. contractually secured
- Integration
 - Consolidation of the US microbial plants, backed by strong customer support, delivering results one year ahead of plan
 - Bioscience integration ahead of schedule and budget, delivering first synergies as expected
 - Successful integration of the mid-scale mammalian assets in Porriño (SP)
- Growth
 - Capital expenditure projects on or ahead of schedule and budget
 - Contracting for new plants according to plan
 - Growth strategies designed to deliver enhanced returns
- Structural operations
 - Turn-around programs for Riverside (USA), Hopkinton (USA) and Braine (BE) on track

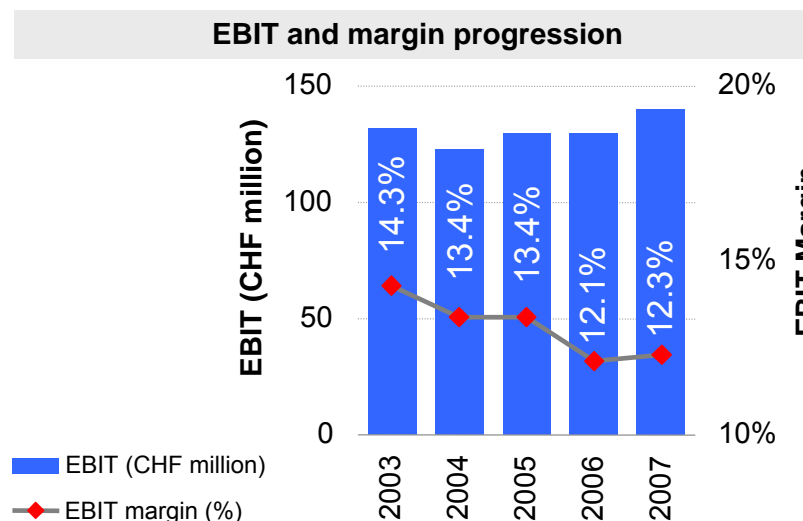
Lonza's Life-Science Platform

Lonza



Life Science Ingredients

Key figures		
CHF million	2007	Change YoY
Sales	1 135	5.6%
EBIT	140	7.7%
Margin	12.3%	
EBITDA	206	4.6%
Margin	18.1%	



- Sales up by 7.2% in local currencies, two thirds of which driven by volume growth
 - Diketene and Microbial Control most affected by raw material price increases and unfavorable currency conditions, especially in Q4
- Market shares in strategic market niches were kept at the desired high levels
 - Strong Meta and Nicotines sales
 - Agro active & CM portfolio continuous improvement in projects and returns
- Strategic review of Nutrition and Microbial Control finalized
- R&D re-alignment has increased activities
 - 13 Innovation projects to start delivering further growth after 2010

Life Science Ingredients Business Update (I)

Nutrition Ingredients

- Volume growth in nicotinates driven by new pharmaceutical and food & feed applications and stable feed business

- Demand for Carniking® (feed) at target level and Carnipure® (food) below target – unchanged price competition from China

- Vitamin K3 plant in Shawinigan operational
 - “Chromium” free, environmental friendly vitamin K3 synthesis

- Meta
 - Solid performance in 2007
 - By end of 2008 will resubmit filing for change from agrochemical intermediate to crop protection agent to provide for protection of the business in the mid-term

Life Science Ingredients – Business Update (II)

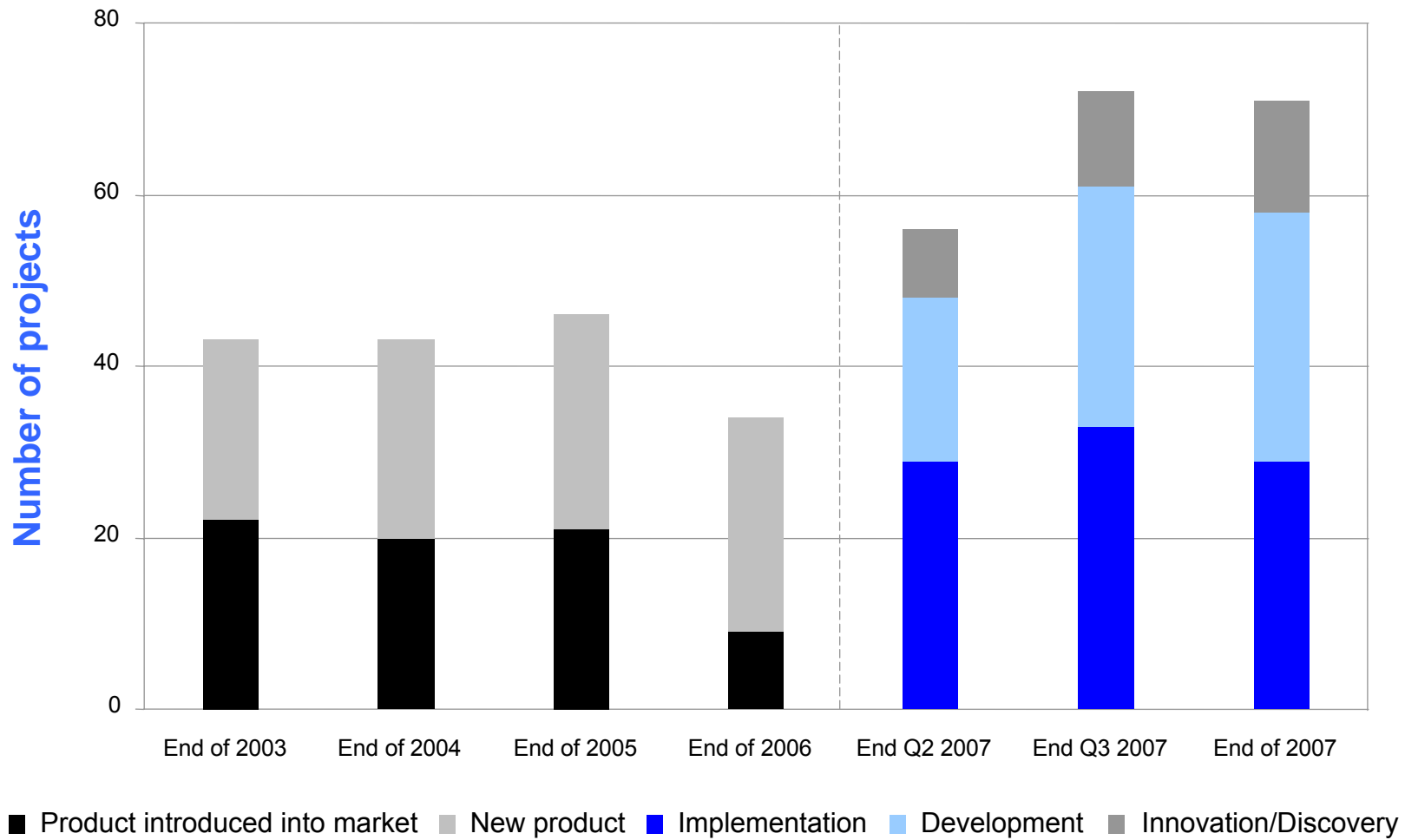
Microbial Control

- Hygiene business at target level, characterized by strong global demand counter-balanced by price competition in North America
- Carboquat® impacted in the second half by the slowdown of US construction market
- Strong raw material price increases were partially passed on to end customers. Situation to remain difficult during 2008 mainly due to bio-fuel incentives

Performance Intermediates

- Industrial Specialties enjoyed volume growth but suffered from increases in raw material prices and the decline in the US Dollar
- Continuous stepwise improvement in Agro intermediates
 - Strong production performance
 - Pipeline strengthening in Actives and non-regulated custom manufacturing
- Visp (CH) cracker shutdown limited sales growth

Life Science Ingredients – Project Pipeline (New Products)



Strategy Review – Nutrition Ingredients

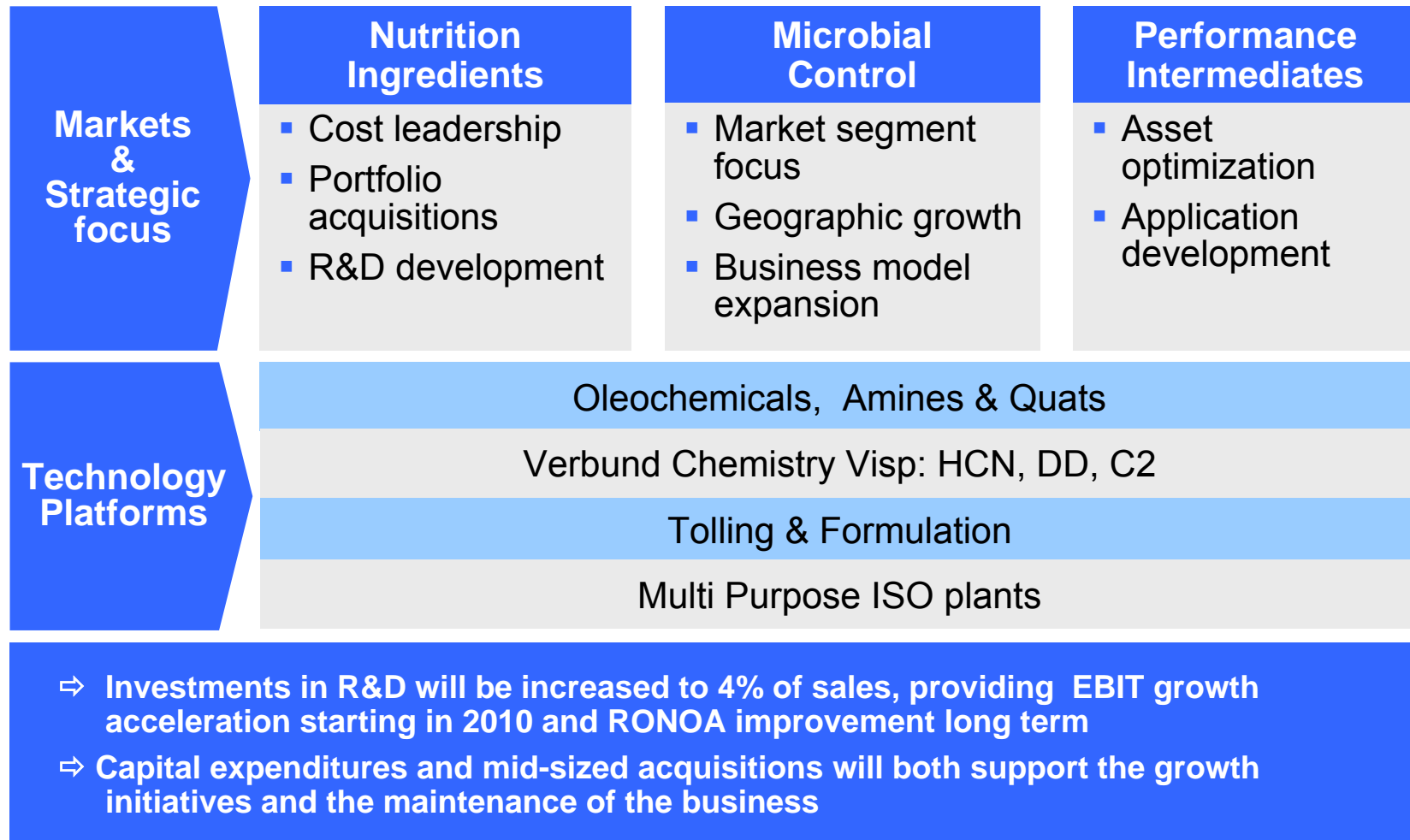
	Defend and grow existing business	Trigger growth in the short- to mid-term	Sustainable growth through innovation
Goals	<ul style="list-style-type: none"> Defend market share Secure cost leadership Expand markets through new applications 	<ul style="list-style-type: none"> Expand current product portfolio focusing on specific health ingredients niches Upgrade skills and competencies 	<ul style="list-style-type: none"> Build innovation pipeline to strengthen the portfolio in the long term Optimize existing and develop new processes Expand regulatory expertise
Activities	<ul style="list-style-type: none"> Expand Nicotinates and L-Carnitine production capacities with new cost efficient processes Develop Vitamin K3 and Arabinogalactan product lines Strengthen regulatory / registration profile 	<ul style="list-style-type: none"> Enter licensing deals Effect product-driven acquisitions Build up formulation know-how Increase the number of customer collaborations 	<ul style="list-style-type: none"> Develop new products or combination products internally, with 2012 as target for first launch Utilize partnerships with leaders in key technologies at universities and start-up companies

Sharper focus on technologies, applications and products

Strategy Review – Microbial Control

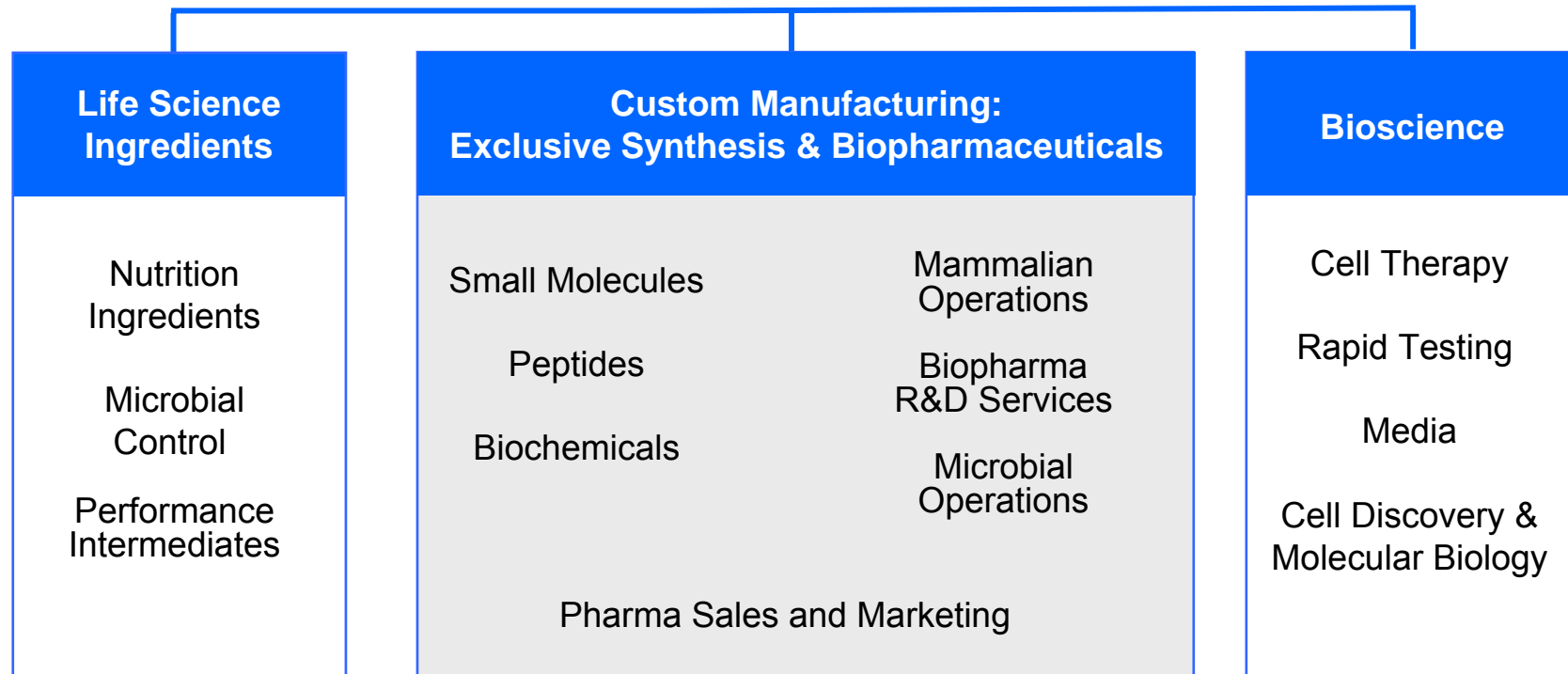
	Defend and grow existing business	Expand regional footprint	Sustainable growth through innovation
Goals	<ul style="list-style-type: none"> Focus business activities on fewer market segments Defend market shares in the US and in Europe Identify new applications 	<ul style="list-style-type: none"> Identify and enter into markets with conducive regulatory environments Expand business model to adapt to new markets 	<ul style="list-style-type: none"> Build new proprietary product innovation and services Build up global alliances Reduce raw material dependency
Activities	<ul style="list-style-type: none"> Focus on hygiene, construction materials, and water treatment Build up strong regional teams Strengthen the supply chain 	<ul style="list-style-type: none"> Build up production and development infrastructure in China Expand reach into new formulations Strengthen distribution 	<ul style="list-style-type: none"> Expand into new chemistries for actives Explore new market segments, e.g. water treatment or skin care Evaluate make or buy for key raw materials
Regional expansion and better value chain management			

Lonza Life Science Ingredients Strategy



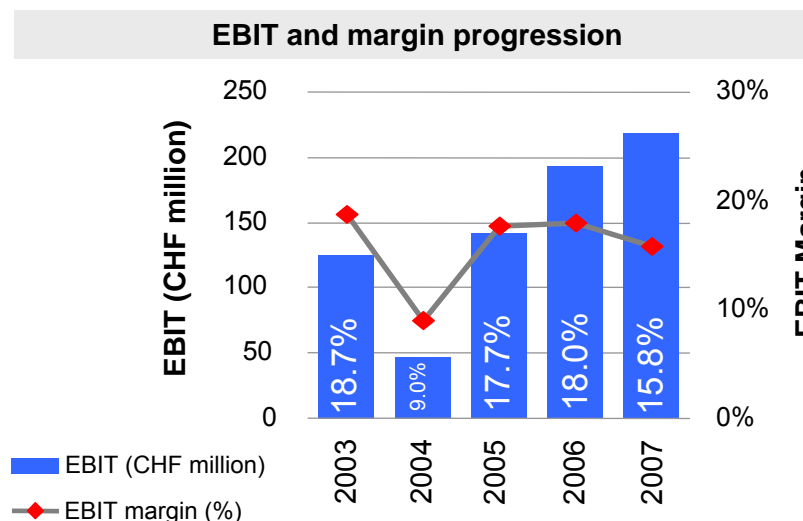
Lonza's Life-Science Platform

Lonza



Exclusive Synthesis & Biopharmaceuticals

Key figures		
CHF million	2007	Change YoY
Sales	1 388	29.4%
EBIT	219	13.5%
<i>Margin</i>	15.8%	
EBITDA	391	32.5%
<i>Margin</i>	28.2%	



- Outstanding operational performance in Biopharmaceuticals
- Exclusive Synthesis continued to feel the short-term burden of transformational activities
- Stable margins excluding restructuring charges
- Continuous, strong build-up of the project pipeline

Exclusive Synthesis & Biopharmaceuticals

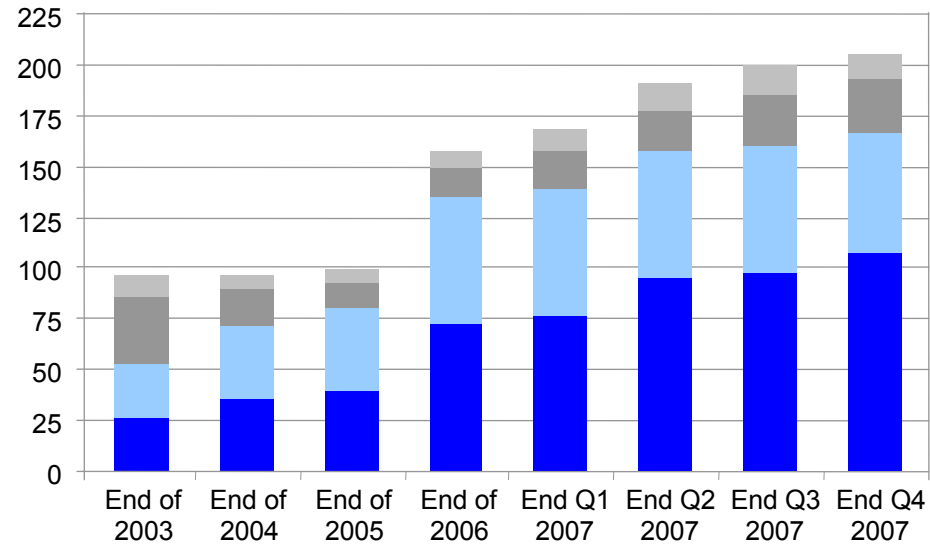
Exclusive Synthesis

- Market conditions characterized by overcapacity but also by increased interest in outsourcing on behalf of customers
- High asset utilization limits flexibility to react to customer requests
- Extension of the production capacity and technology base on track
 - Nansha Small Scale Plant went on steam
 - Nansha API phase I expansion project will be finished in Q4 2008 and is sold out
 - Small Scale capacity for conjugates production went online / Commercial Scale Plant is expected to be on line in 2008
 - HAPI-production plant started large scale synthesis
- Operations
 - Riverside turnaround on track and persistently profitable since October
 - Production ramp-up in Braine showed 20% productivity increase
 - Kouřim portfolio aging faster than expected triggering a business review
 - Performance in Visp at a satisfactory high level

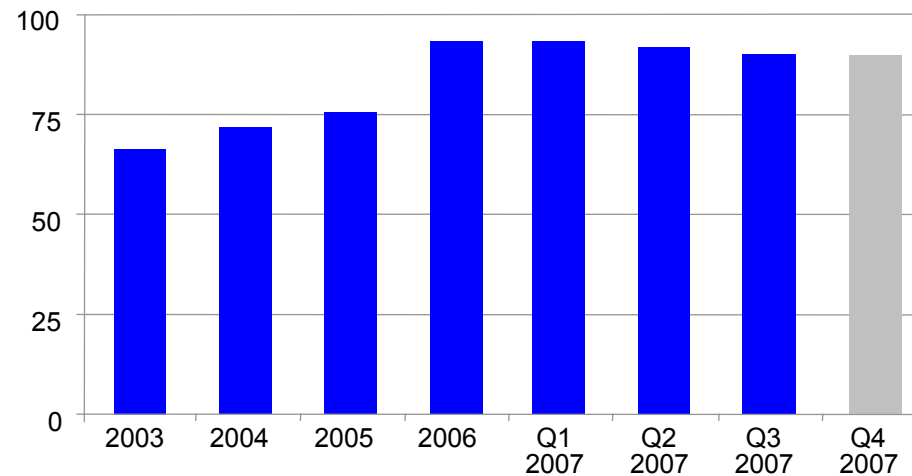
Exclusive Synthesis – Pipeline and Utilization

Project pipeline Number of projects

- preclinical
- phase I
- phase II + III
- launched



Capacity Utilization in %



Exclusive Synthesis & Biopharmaceuticals

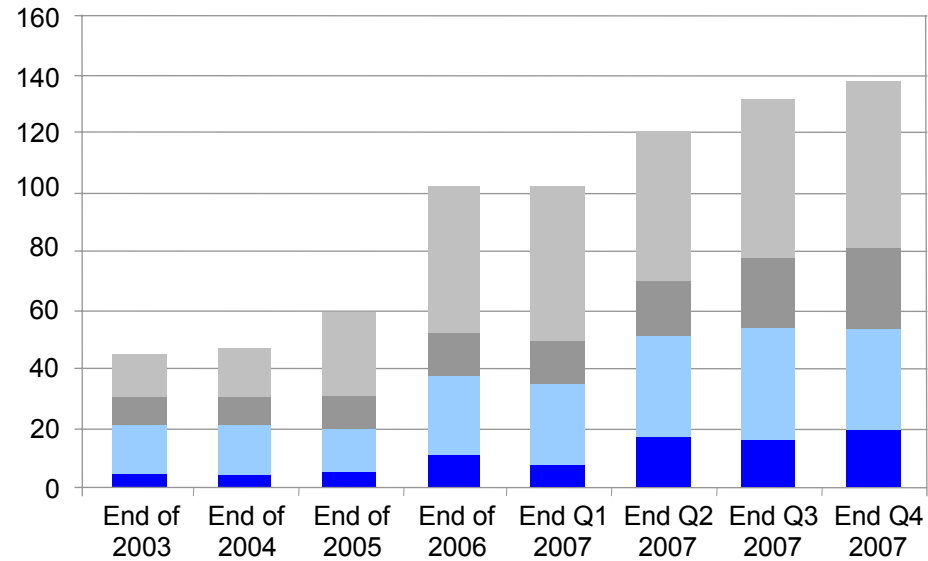
Biopharmaceuticals

- Continued strong interest and demand for Biopharma Services and Lonza's "Total product life cycle management" concept
- Contract status supports microbial and mammalian expansion projects
 - 15 clients with over 20 products contracted, under LOI, or in advanced negotiations
- Expansion projects
 - Successful start-up of the two large-scale microbial lines in Visp (CH).
 - Groundbreaking of the second large-scale mammalian facilities in Singapore and Portsmouth (USA). Construction on target.
 - Successful start-up of a new 500-liter bioreactor in Slough (UK)
 - Expansion of Biopharma Services and R&D in UK meeting aggressive timeline
- Operations
 - Restructuring of the acquired microbial biopharmaceutical assets ahead of plan with expected break-even pulled forward to 2008
 - Overall success rate above 90%
 - All 7 regulatory inspections in 2007 were successful

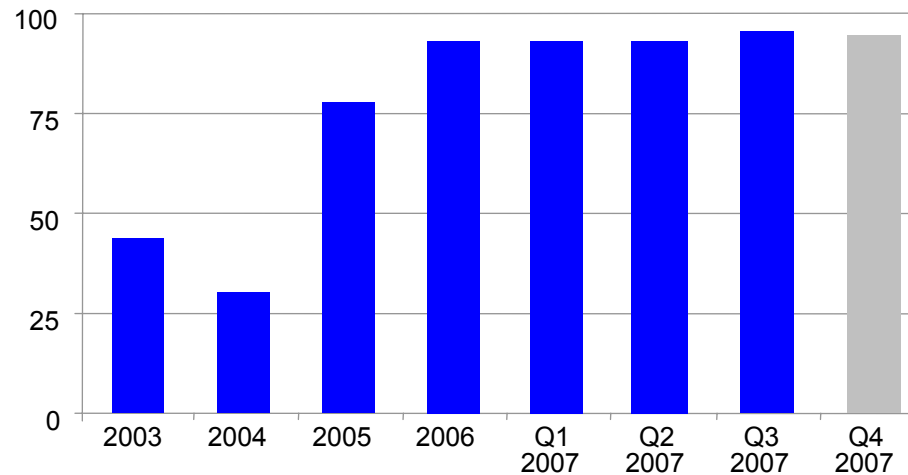
Biopharmaceuticals – Pipeline and Utilization

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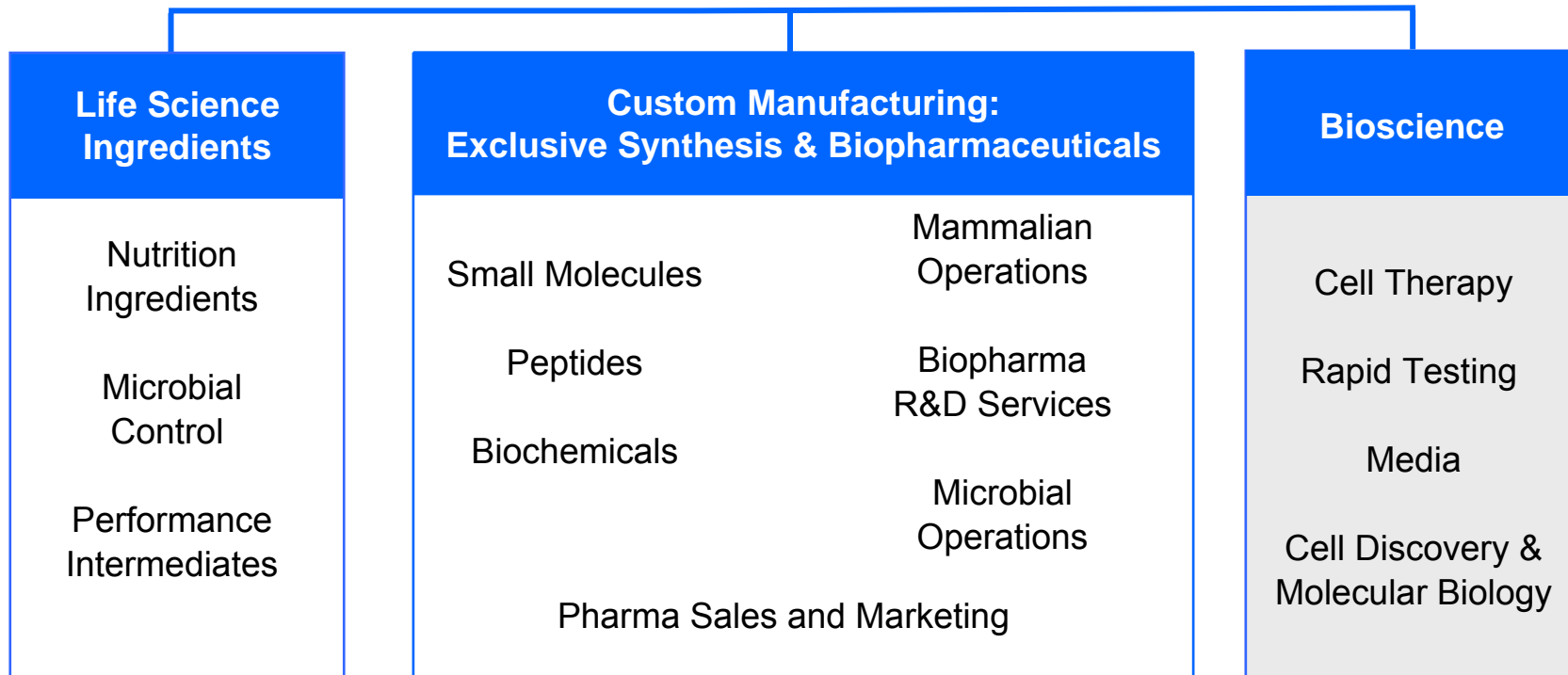


Capacity Utilization in %



Lonza's Life-Science Platform

Lonza



Bioscience

Key figures		
CHF million	2007*	Change YoY
Sales	189	n.a.
EBIT	28	n.a.
Margin	14.8%	
EBITDA	43	n.a.
Margin	22.8%	

* Consolidated as of February 6, 2007

- Results on track according to the business plan, with strong margin delivery (excluding short-term integration costs)
- Integration and synergy delivery ahead of schedule
- Strategic initiatives in implementation phase
 - Organization restructured as per communicated timeline
 - Newly formed leadership team operational
 - Operational Excellence and Portfolio Management projects underway

Bioscience – Business Update

Cell Therapy

- Continued high capacity utilization with high yields
- Two new validated cell therapy suites fully booked
- Product delivered for the treatment of first patients in two autologous cancer trials

Rapid Testing

- Capacity expansion fully FDA-approved
- Recombinant endotoxin detection product Pyrogene™ accepted by customers
- New product launches on track: microCompass™, PyroSense®

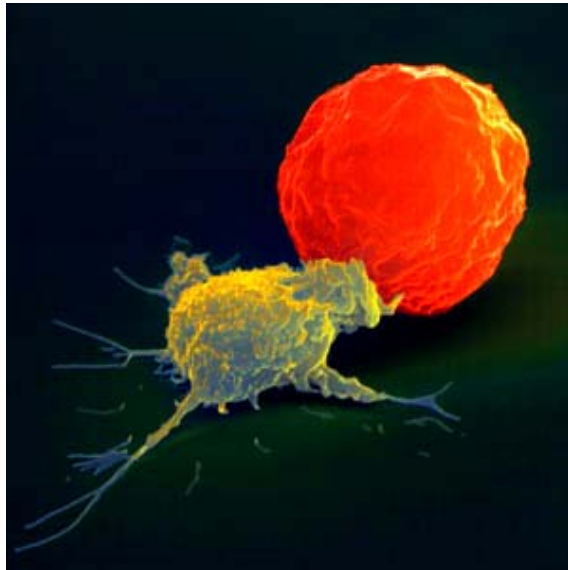
Media

- Non-animal origin powder media facility (USA) fully operational
- Increased demand from Cell Therapy customers

Cell Discovery & Microbial Biology

- Sales volumes slightly below target
- New product launches accelerated in the second half

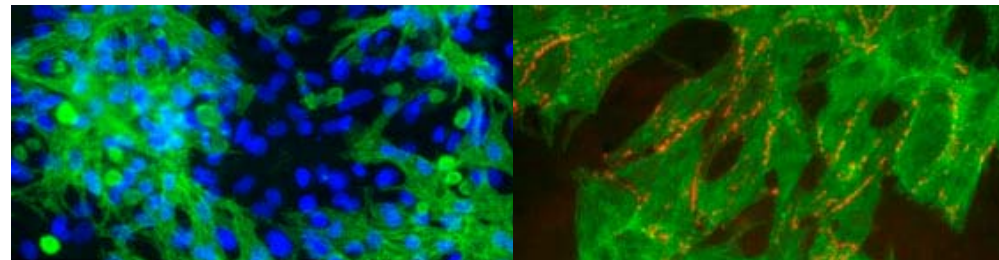
Bioscience – New Product Launches (Examples)



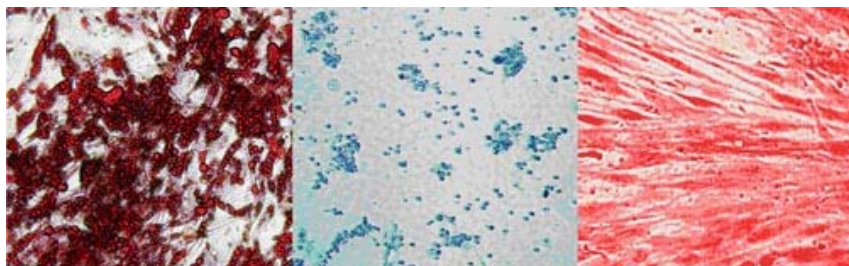
Poietics® Human Natural Killer Cells



microCompass™ System



Clonetics® Rat Cardiac Myocytes

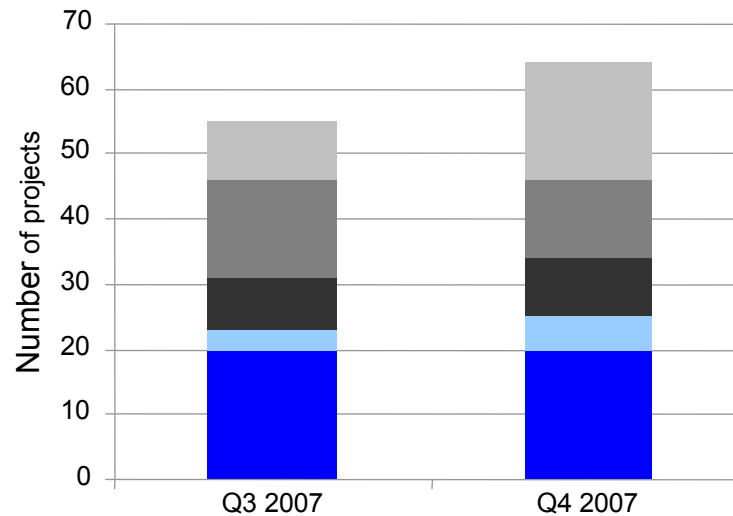


Poietics® Adipose Derived Stem Cells, differentiated into:
- ADSC-derived Adipocytes (fat cells)
- ADSC-derived Chondrocytes (cartilage cells)
- ADSC-derived Osteoblasts (cells that grow bone)

Bioscience Project Pipeline – New Products and Therapeutic Clients

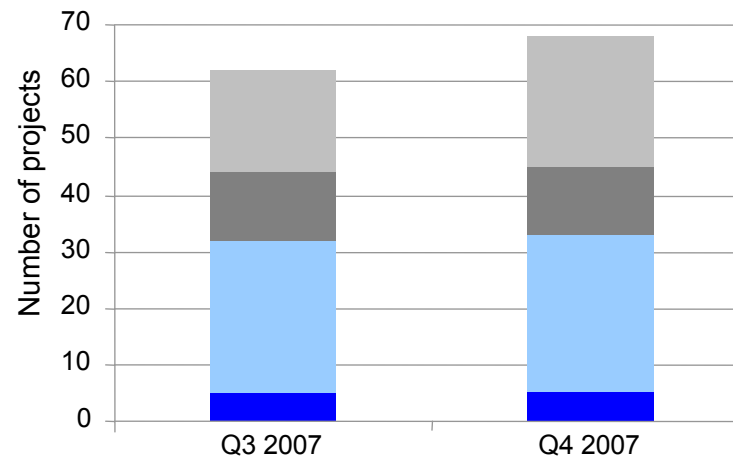
New Products

- Proof of Principle
- Early Development
- Late Development
- Transfer to Manufacturing
- Launch



Therapeutic Clients

- Preclinical
- Phase I
- Phase II + III
- Commercial



Integration Update

- Bioscience – Integration project below budget and nearing completion, with Lonza's SAP system to replace the legacy one during the second quarter of 2008

- Bioscience – Reaping of synergies ahead of targets
 - Customer awareness programs transition product brands to the Lonza name
 - New product lines developed to better service the Biotech and Pharma markets
 - Sourcing synergies systematically delivered
 - Cross selling underway (media, rapid testing and testing services)
 - Tax savings delivered
 - New administrative costs below expectations

- Microbial Biopharmaceuticals – Restructuring of the acquired microbial biopharmaceutical assets ahead of plan with expected break-even to 2008

- Mammalian Biopharmaceuticals – Successful integration of the mid-scale mammalian assets in Porriño (SP)

**Excellent cultural fit, spirit and collaboration significantly facilitated integrations
Integration costs at the lower end of initial expectations**

Sale of the former Polymer Intermediates division nearing completion

Date	Event	Stake	Price	Gross proceeds
7 November 2006	Polynt S.p.A IPO	69%	EUR 1.80	CHF 202 million
26 December 2007	Agreement signed	28%	EUR 3.67	CHF 175 million
26 December 2007	Value of remaining stake	3%	EUR 3.67	<u>CHF 23 million</u>
Total value of the Polynt S.p.A disposal for Lonza:				CHF 400 million
11 December 2007	Sale of the Purified Isophthalic Acid Plant			CHF 154 million

⇒ **Gross proceeds for Polymer Intermediates: CHF 554 million**

2008 Priorities

■ Operational Priorities

- Operational excellence
 - Businesses
 - Services
- Expand the Asian platform

■ Strategic Priorities

- Position Lonza as an employer of choice
- Strengthen the innovation platform
- Explore new strategic opportunities

Summary, Achievements and Outlook

■ 2007 Achievements

- Strong operating and financial performance establishes a solid platform for future growth
- Successful focus on integration with lower costs and faster delivery than initially anticipated
- Reviewed growth strategies show promise for more attractive mid and long term returns
- All milestones on track or ahead of schedule to deliver accelerated sustainable profitable growth

■ Strategy

- 90% of sales relating directly to the life sciences, an extensive range of technologies and reactor scales built up to meet customer needs
- Lonza Bioscience provides new technology and business platform
- Successful integration of newly acquired assets extends Lonza's offering to customers

■ Outlook – Lonza extends its guidance

- EBIT growth mid to high teens until 2013
- Project pipeline fully aligned to support growth expectations – 80% of capacity expansions committed today

Initiatives will deliver accelerated sustainable profitable growth

Calendar of Events and Contacts

Important Lonza Group Dates

- 26 March 2008 Annual General Meeting
- 23 April 2008 First Quarter 2008 Business Update
- 23 July 2008 Half-Year Report 2008
- 24 / 25 September 2008 Investor Event (Portsmouth / Hopkinton (USA))
- 29 October 2008 Third Quarter 2008 Business Update

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Lonza

2007 Full-Year Results – 23 January 2008

Stefan Borgas
Chief Executive Officer

Additional information – Adjusted EBIT for continuing businesses

Published EBIT	CHF 408 million
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Adjustments for:

EBIT from purified isophthalic acid (PIA) plant	- CHF 32 million
Book gain from sale of the PIA plant	- CHF 29 million
Restructuring provision Microbial Biopharma.	+ CHF 14 million
Bioscience integration costs	+ CHF 8 million
Goodwill impairment Lonza Braine SA	+ CHF 9 million
Asset impairment Lonza Inc. Riverside	+ CHF 7 million
DHA write-off	+ CHF 10 million

Adjusted EBIT for continuing businesses	CHF 395 million
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