

Lonza Reports Solid Q1 2020 Performance, with Segments Continuing to Deliver Essential Services for Pharma and Disinfection

Due to COVID-19, Lonza provides the following update outside of the regular reporting cycle:

- Group net sales reached CHF1.6 billion in Q1, up 7.4% quarter-on-quarter in constant exchange rate (CER).
- LPBN net sales increased by 8.3% quarter-on-quarter CER, reaching CHF1.2 billion.
- LSI net sales increased by 3.8% quarter-on-quarter CER, reaching CHF409 million.
- As an essential supplier of products, services and solutions, Lonza's facilities largely remain operational, with a small number of minor disruptions caused by the COVID-19 pandemic.
- The business retains a strong level of liquidity and continues as planned with key strategic growth projects and long-term investments; the carve-out of LSI remains on track.

Quote from Albert M. Baehny, Chairman and CEO *ad interim*, Lonza Group:

"We are pleased to report that we have maintained a positive performance in Q1 2020, despite the challenging economic environment and operating conditions.

Our LPBN segment continues to deliver medical treatments, so that our customers can support their vulnerable patients at a time when their need has never been greater. Meanwhile, our LSI segment continues to develop disinfection solutions, many of which have proved to be effective in controlling the coronavirus.

Our work to control the spread of COVID-19 is not only a commercial imperative; it is also an ethical and moral duty for our business and our industry. We remain fully committed to doing everything possible to maintain the supply of our current solutions, as well as supporting and accelerating the development of any medical treatments to contain the infection.

We have been fortunate not to suffer from any major disruptions to business continuity caused by challenges to supply. Moreover, our business is supported by a strong level of liquidity. This means that we are currently able to continue as planned with our key strategic projects and long-term investments, all of which contribute to support our future success."

Basel, Switzerland, 17 April 2020 – Today Lonza Group reported Q1 net sales of CHF1.6 billion. This represents an increase of 7.4% compared to the previous year at a constant exchange rate (CER). Group performance was supported by the Lonza Pharma Biotech & Nutrition (LPBN) segment, which reported net sales of CHF1.2 billion, (representing a sales increase of 8.3% quarter-on-quarter at a constant exchange rate). The Lonza Specialty Ingredients (LSI) segment also contributed to Group performance, with sales of CHF409 million, (up 3.8% quarter-on-quarter at a constant exchange rate).

Financial Summary Q1 2020

Sales CHF million	Q1 2020	% YoY Constant exchange rate (CER)
Lonza Group	1,635	7.4
LPBN	1,208	8.3
LSI	409	3.8

LPBN performance overview

All LPBN sites globally have run to target in Q1 with very few exceptions. **Small Molecules** as well as **Mammalian and Microbial** achieved strong momentum and experienced only minimal impacts from COVID-19, with no delays or cancellations to existing clinical programs. **Cell and Gene Therapy** delivered strong sales growth supported by solid continuing demand, especially in viral vector. All signed projects remained on track in Q1, and COVID-19 has already offered some new and important opportunities, which are currently under review. **Biosciences** also reported a positive performance, supported by strong sales. However, there was mixed performance within the **Capsules** business with the pharma business behind the previous year. This was partially offset by an improved level of performance in the Nutrition business, which benefitted from strong demand in the US and in Europe.

LSI performance overview

LSI has started the year with a strong first quarter, mainly driven by strong sales in **Microbial Control Solutions**. The majority of businesses saw solid performance and positive sales growth, including Professional Hygiene, Home and Personal Care, Material Protection, Paints and Coatings, and Crop Protection. However, there was a softer level of demand for Wood Protection in all regions. The **Specialty Chemical Services** division was negatively impacted by challenges in some end markets. The Composites business saw weaker levels of demand for consumer electronics. Customer manufacturing was negatively impacted by soft demand in Chemical CDMO, although Fermentation CDMO was slightly ahead of the same quarter last year. Performance Chemicals and Intermediates were impacted by lower prices, which was only partially offset by solid Vitamin B3 demand.

COVID-19 impact

The essential nature of its products, services and solutions means that Lonza has been able to maintain operations in most markets, with a small number of minor disruptions. Operations in Wood Protection sites in Malaysia, South Africa and Oceania were suspended for a few weeks,

and one capsule production site in Colmar (France), experienced a temporary slowdown for a few days. A small number of bulk raw material supplies have been disrupted, and there have been some inbound and outbound logistics delays. However, these disruptions have been minor and the business has currently been able to manage all supply challenges without any negative business impacts.

The LPBN segment has currently received in excess of 40 clinical and commercial enquiries regarding projects relating to COVID-19. While the business cannot participate in every initiative, it is focusing on a small number of key development projects relating to both vaccines and therapeutic treatments, which may help to contain the spread of the pandemic.

Because there have been no disruptions to business continuity caused by the challenges arising from COVID-19, the Group is currently able to continue as planned with key strategic growth projects and long-term investments. The carve-out of the LSI segment also currently remains on track for completion by mid-2020.

Lonza Group has achieved a strong level of liquidity by working to protect cash flows over the last year. It has already refinanced and extended its [syndicated Terms and Revolving Bank Facilities](#) in 2019. Lonza is in the final stages of refinancing its debt maturities by having launched a [three-year 300 million Swiss Franc Bond](#), and a [seven-year 500 million Eurobond](#) in April 2020, which are currently being finalized.

Lonza is hosting a conference call with Albert M. Baehny, Chairman of the Board of Directors CEO ad interim on Friday, 17 April 2020, 1:00PM - 2:00PM CEST. Please find here [registration details and dial-in](#).

The Lonza Investor Relations and Media teams will be available for further questions only after the call.

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About Lonza

At Lonza, we combine technological innovation with world class manufacturing and process excellence. Together, these enable our customers to deliver their discoveries in the healthcare, preservation, and protection sectors.

We are a preferred global partner to the pharmaceutical, biotech and specialty ingredients markets. We work to prevent illness and promote a healthier world by enabling our customers to deliver innovative medicines that help treat or even cure a wide range of diseases. We also offer a broad range of microbial control solutions, which help to create and maintain a healthy environment.

Founded in 1897 in the Swiss Alps, Lonza today operates in 120 sites and offices in more than 35 countries. With approximately 15,500 full-time employees, we are built from high-performing teams and of individual employees who make a meaningful difference to our own business, as well as the communities in which we operate. The company generated sales of CHF 5.9 billion in 2019 with a CORE EBITDA of CHF 1.6 billion.

Find out more at www.lonza.com and follow us on Twitter @LonzaGroup, LinkedIn @Lonza, or Facebook @LonzaGroupAG.

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