

## Lonza Delivers 5.6% CER Sales Growth, With Underlying Growth at Around 10% CER and 30% CORE EBITDA Margin

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- In H1 2023, Lonza delivered CHF 3.1 billion sales and 5.6% CER<sup>1</sup> sales growth, corresponding to around 10% CER underlying sales growth<sup>2</sup>
  - CHF 922 million CORE EBITDA resulted in a margin of 30%
  - Good momentum in commercial CDMO business
  - Group Outlook 2023 update: mid-to-high single-digit CER sales growth and 28 to 29% CORE EBITDA margin, reflecting slower growth than expected in early-stage services and continued weak demand in the nutraceutical capsules market driving underutilization
  - Mid-Term Sales Guidance confirmed with updated margin range at 31 to 33%
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**Basel, Switzerland, 21 July 2023** – Lonza has reported sales of CHF 3.1 billion and sales growth of 3.2% AER<sup>3</sup> (5.6%<sup>1</sup> CER), corresponding to around 10% CER underlying sales growth. CHF 922 million CORE EBITDA resulted in a margin of 30% in H1 2023. Sales growth from sustained demand for commercial CDMO services more than offset post-pandemic mRNA sales, lower growth in early-stage services driven by biotech funding constraints, and a decline in demand for nutraceutical capsules.

Solid underlying growth in the Biologics division was driven by the Bioconjugates, Mammalian and Microbial business units. Strong performance in Small Molecules was supported by high asset utilization and a focus on more complex and high value offerings.

Business highlights in the First Half included the [acquisition](#) of Synaffix and its leading clinical-stage technology platform focusing on linker technology for antibody-drug conjugates (ADCs). Lonza also entered an [agreement](#) with Vertex to build a dedicated manufacturing facility for type 1 diabetes cell therapies at its Portsmouth (US) site.

Lonza updated its guidance to reflect current market dynamics impacting demand for early-stage services and nutraceutical capsules driving underutilization. Outlook 2023 was updated from high single-digit to mid-to-high single-digit CER sales growth, and from 30-31% to 28-29% CORE EBITDA margin. Mid-Term Sales Guidance was confirmed, with a margin range updated from 33-35% to 31-33%.

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<sup>1</sup> Sales growth figures, expressed as a percentage (%), are at Constant Exchange Rate (CER)

<sup>2</sup> H1 2023 sales growth against an elevated H1 2022 base set by high COVID-related sales and Allakos cancellation fee. It also includes other disclosed one-time effects in H1 2022 and H1 2023

<sup>3</sup> Actual Exchange Rate

**Pierre-Alain Ruffieux, CEO, Lonza, commented:** “Our CDMO business is underpinned by partnership models and long-term contracts for commercial supply that provide a solid foundation for long-term stability and success. We continue to see strong underlying growth momentum, despite lower growth in demand for early-stage services and nutraceutical capsules.

“As we look towards the Second Half, ramp-up of new commercial assets in Biologics will support sales growth. More widely, we will also continue to focus on delivering our growth projects and driving continuous improvement across our global network.”

As part of its emission reduction strategy, Lonza has submitted a letter of commitment to the [Science-Based Targets initiative \(SBTi\)](#) with plans to reduce absolute scope 1 and 2<sup>4</sup> greenhouse gas emissions by more than 40% by the end of 2030 (from a 2021 base). Lonza also [signed](#) a ten-year virtual power purchase agreement with renewable energy company [IGNIS](#) to generate more than 300 GWh of solar power annually, matching the company’s electricity needs across Switzerland and the European Union. Together, these agreements underline Lonza’s long-term commitment to sustainable business practice.

## Divisional Overview

- The **Biologics** division reported sales growth of 1.9%<sup>5</sup>. Strong performance in Bioconjugates, Mammalian and Microbial fully offset the loss of mRNA sales and the Allakos cancellation fee in H1 2022. The division delivered a CORE EBITDA margin of 31.5%.
- **Small Molecules** reported sales growth of 37.5%<sup>5</sup> and a CORE EBITDA margin of 34.9% driven by high asset utilization, favorable mix, and the division’s ongoing focus on higher value and more complex offerings. This strong performance built on a low base in H1 2022.
- **Cell & Gene** reported 10.8%<sup>5</sup> sales growth, and a CORE EBITDA margin of 19.6%. This was driven by strong momentum in Bioscience and the positive impact of the Codiak BioSciences termination following its bankruptcy filing. Weaker performance in Cell & Gene Technologies was due to the impact of lower early-stage biotech funding and some customer clinical-stage failures.
- **Capsules & Health Ingredients** reported flat sales of 0.3%<sup>5</sup> and a CORE EBITDA margin of 31.9%. Sales growth in pharma hard capsules was offset by lower demand for nutraceutical capsules. Margin was impacted by underutilization and higher raw materials costs, which were only partially offset by pricing adjustments and cost savings.

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<sup>4</sup> Definition of Scope 1 and 2 according to [Sustainability Report](#), pages 33-34

<sup>5</sup> Sales growth figures, expressed as a percentage (%), are at Constant Exchange Rate (CER)

## Group Financial Summary

CHF million	HYR 2023	YoY change (in %)	HYR 2022
Sales in AER	3,078	3.2	2,982
EBITDA	899	(3.7)	934
Margin in %	29.2		31.3
CORE EBITDA	922	(6.6)	987
Margin in %	30.0		33.1

For more detail on performance and financials, please refer to the [Half-Year 2023 Presentation](#), [Half-Year 2023 Report](#) and [Alternative Performance Measures \(APM\) 2023 Report](#).

### About Lonza

Lonza is a preferred global partner to the pharmaceutical, biotech and nutrition markets. We work to enable a healthier world by supporting our customers to deliver new and innovative medicines that help treat a wide range of diseases. We achieve this by combining technological insight with world-class manufacturing, scientific expertise and process excellence. Our business is structured to meet our customers' complex needs across four divisions: Biologics, Small Molecules, Cell & Gene and Capsules & Health Ingredients. Our unparalleled breadth of offerings across divisions enables our customers to commercialize their discoveries and innovations in the healthcare industry.

Founded in 1897 in the Swiss Alps, today, Lonza operates across five continents. With more than 17,500 full-time employees, we comprise high-performing teams and individual talent who make a meaningful difference to our own business, as well as to the communities in which we operate. The company generated sales of CHF 3.1 billion with a CORE EBITDA of CHF 922 million in Half-Year 2023. Find out more at [www.lonza.com](http://www.lonza.com)

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