

## Lonza Delivers Strong 2022 Performance with 15.1% CER Sales Growth and 32.1% CORE EBITDA Margin

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- In 2022, Lonza delivered CHF 6.2 billion sales and 15.1%<sup>1</sup> CER sales growth
  - CHF 2.0 billion CORE EBITDA resulted in a margin of 32.1%
  - Growth investment continues as 2022 CAPEX reached 30% of sales
  - Group Outlook 2023: high single-digit CER sales growth and CORE EBITDA margin of 30 to 31%
  - Mid-Term Guidance 2024 confirmed
  - Proposed dividend increase of 17% to CHF 3.50 per share
  - Share buyback program of up to CHF 2 billion announced, starting in 2023
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**Basel, Switzerland, 25 January 2023** – Lonza has reported sales of CHF 6.2 billion, sales growth of 15.0% AER<sup>2</sup> (15.1%<sup>1</sup> CER), and CHF 2.0 billion CORE EBITDA, resulting in a margin of 32.1%. These robust financial results are driven by strong underlying business performance and a COVID-related sales peak in 2022 which enhanced both sales and margin.

Lonza continued its accelerated investment program to support future growth, with CAPEX at CHF 1.9 billion (30% of sales). New CAPEX projects announced in 2022 included a ~CHF 500 million investment in a large-scale, commercial drug product facility in Stein (CH).

In 2022, Lonza continued to extend its broad and balanced portfolio of CDMO customer contracts, with approximately 115 new customers and approximately 375 new clinical and commercial programs. Lonza now serves more than 790 CDMO customers.

Lonza maintained momentum in its ESG ambitions in 2022. Year-on-year, the company achieved a 6%<sup>3</sup> reduction in energy intensity, a 13%<sup>3</sup> reduction in GHG emissions intensity, and a 10%<sup>3</sup> reduction in water intensity.

Lonza provided its Outlook 2023 at high single-digit CER sales growth, which reflects strong underlying business performance, balanced by a reduction in COVID-related sales following the

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

<sup>2</sup> Actual Exchange Rate

<sup>3</sup> Based on Q1-3 2022 data plus Q4 2022 estimates

peak in 2022. A CORE EBITDA margin of 30 to 31% is supported by strong productivity and pricing, offset by residual inflation and the ramp-up of new assets. In 2023, Lonza plans to maintain CAPEX at 30% of sales. Lonza also confirmed its Mid-Term Guidance 2024.

Lonza's Board of Directors is proposing a dividend of CHF 3.50 per share, representing a year-on-year increase of 17% or CHF 0.50. Subject to approval at the upcoming Annual General Meeting, 50% of the dividend of CHF 3.50 per share will be paid out of the capital contribution reserve and will therefore be free from Swiss withholding tax.

Lonza intends to initiate the return of excess capital to shareholders through a share buyback of up to CHF 2 billion, based on its strong balance sheet and positive outlook. The share buyback will not impact Lonza's capability to invest in organic growth and bolt-on M&A. Lonza remains committed to maintaining its strong investment grade rating. The buyback is expected to commence in H1 2023 and be completed in H1 2025. The program will be executed via a second trading line at the SIX Swiss Exchange and its implementation is subject to applicable regulatory requirements.

**Pierre-Alain Ruffieux, CEO, Lonza, commented:** "In 2022, we delivered a strong financial performance in line with Outlook. This reflects our resilient business model and sustained market demand, despite an uncertain macroeconomic environment. We have also maintained our ambitious approach to CAPEX investment to support our long-term growth.

"Looking to 2023, we will continue to grow the company while building our customer pipeline and driving operational excellence. We will remain focused on executing our growth plans and pursuing new projects. We are also pleased to confirm our Mid-Term Guidance 2024, supported by new capacity coming online and robust industry fundamentals. More widely, we will continue to build on our position as a leading CDMO player to capture value in the healthcare market."

### **Divisional Overview**

- The **Biologics** division reported strong sales growth of 21.7%<sup>4</sup>, compared to Full-Year 2021, supported by a robust underlying business and a COVID-related sales peak in 2022. The business delivered a CORE EBITDA margin of 37.5%.
- **Small Molecules** reported sales growth of 5.9%<sup>4</sup>, compared to Full-Year 2021, and a CORE EBITDA margin of 30.3%. This was supported by a solid base business and the ramp-up of new assets.
- **Cell & Gene** reported sales growth of 13.6%<sup>4</sup> compared to Full-Year 2021, and a CORE EBITDA margin of 16.7%. Bioscience delivered a strong performance, while Cell & Gene Technologies faced delays in clinical trials and customer product challenges.
- In **Capsules & Health Ingredients**, sales growth of 5.9%<sup>4</sup> compared to Full-Year 2021 was mainly driven by price increases and pharma demand. The division delivered a CORE EBITDA margin of 33.0%.

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<sup>4</sup> Sales growth figures, expressed as a percentage (%), are at Constant Exchange Rate (CER)

## Group Financial Summary

CHF million	FYR 2022	YoY change (in %)	FYR 2021
Sales in AER	6,223	15.0	5,409
EBITDA	2,139	56.7	1,365 <sup>5</sup>
Margin in %	34.4		25.2
CORE EBITDA	1,995	19.8	1,665
Margin in %	32.1		30.8

All financial information for financial year 2022 is unaudited. All financial information for financial year 2021 is based on “continuing operations”, i.e. exclusive of the Specialty Ingredients business (that was sold on 1 July 2021 and therefore reported as discontinued operations in 2021). For more detail on performance and financials, please refer to the [Full-Year 2022 Presentation](#), [Full-Year 2022 Report](#) and [Alternative Performance Measures \(APM\) 2022 Report](#).

## External Auditor

Lonza announced today that its Board of Directors intends to propose Deloitte AG as its external auditor, effective for the financial year 2024. The proposal is subject to shareholder approval at Lonza’s 2023 Annual General Meeting on 5 May 2023. KPMG has been Lonza’s external auditor since 1999 and Lonza’s Board of Directors would like to thank the firm and its employees for their contribution and dedication.

<sup>5</sup> Includes environmental remediation expenses of CHF 300 million, predominantly related to Gamsenried (see note 14 of Lonza Annual Report 2021)

### **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 approximately 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 6.2 billion with a CORE EBITDA of CHF 2.0 billion in Full-Year 2022. Find out more at [www.lonza.com](http://www.lonza.com)

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### **Additional Information and Disclaimer**

Lonza Group Ltd has its headquarters in Basel, Switzerland, and is listed on the SIX Swiss Exchange. It has a secondary listing on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Lonza Group Ltd is not subject to the SGX-ST's continuing listing requirements but remains subject to Rules 217 and 751 of the SGX-ST Listing Manual.

Certain matters discussed in this news release 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. Investors are cautioned that all forward-looking statements involve risks and uncertainty and are qualified in their entirety. The actual results may differ materially in the future from the forward-looking statements included in this news release due to various factors. Furthermore, except as otherwise required by law, Lonza Group Ltd disclaims any intention or obligation to update the statements contained in this news release.