

Lonza Reports Strong 2020 Performance, Driven By Sales Growth in Pharma and Biotech Business

- Lonza delivers on guidance¹ with CHF 4.5 billion sales, 12.0%² sales growth, and CHF 1.4 billion CORE EBITDA, resulting in a 31.2% margin
- Lonza results mainly reflect Pharma Biotech & Nutrition (LPBN) performance, as Specialty Ingredients (LSI) is reported as a discontinued operation
- Strong LPBN performance: 12.2%² sales growth and 32.1% CORE EBITDA margin
- Production of the drug substance for Moderna COVID-19 Vaccine has commenced at Portsmouth (USA) and Visp (CH) sites
- Executive Committee expanded to ensure divisional representation, effective as of 1 April 2021
- 2021 Outlook: low double-digit CER sales growth, with a CORE EBITDA margin improvement aligned with the recently announced Mid-Term 2023 Guidance
- LSI³ delivered 3.4%² sales growth and 20.3%⁴ CORE EBITDA margin. LSI divestment deal announcement expected in Q1 2021

Quote from Pierre-Alain Ruffieux, CEO, Lonza Group:

“The full-year results reflect our commitment and focus to maintaining operations throughout the COVID-19 pandemic, while making an active and decisive contribution to controlling it. Double-digit sales growth for Lonza is a testament to the exceptional commitment of our employees in these extraordinary times. It also demonstrates the resilience of the business during a year of unprecedented change.

While 2020 delivered strong financial results, it was also a year of operational and strategic advances, including the decision to divest LSI and refocus our business as a leading partner dedicated to the healthcare industry. We have also changed our organizational structure to create clarity for customers while improving productivity and operational efficiency. These developments have set us up for a strong year ahead, while we continue to anticipate and manage the business impacts of the COVID-19 pandemic.

Looking to the longer term, we are maintaining our focus on strategic CAPEX investments to support our growth momentum, while redoubling our focus on sustainability.”

¹ 2020 Guidance relates to Lonza Group results without LSI reported as discontinued operations

² All sales growth figures, expressed in percentage (%), are at a constant exchange rate (CER)

³ Specialty Ingredients Business (excluding Corporate/carve-out and divestiture costs directly attributable to LSI)

⁴ CORE EBITDA margin at a constant exchange rate (CER)

Basel, Switzerland, 27 January 2021 – Lonza (with the Specialty Ingredients segment – LSI – reported as discontinued operations) today reported strong sales of CHF 4.5 billion, sales growth of 12.0%⁵, and CHF 1.4 billion CORE EBITDA, resulting in a margin of 31.2%. The results mainly reflect the Pharma Biotech & Nutrition segment (LPBN), which delivered 12.2%⁵ sales growth and a CORE EBITDA margin of 32.1%. The LSI segment⁶, reported as a discontinued operation, delivered a strong performance with 3.4%⁵ sales growth alongside an improved 20.3%⁷ CORE EBITDA margin.

Throughout 2020, Lonza maintained business continuity during the COVID-19 pandemic with minimal impacts to operations and supply. Lonza's sustained contribution to controlling the pandemic saw agreements signed with many customers to manufacture vaccine candidates, treatments and therapies related to COVID-19. Production of the drug substance for Moderna's COVID-19 Vaccine is underway at both Lonza Portsmouth (USA) and Lonza Visp (CH) sites.

Progress has been made in the divestment of the LSI segment. Following initial expressions of interest from potential buyers in 2020, a shortlist of bidders has been selected and a deal is expected to be signed in Q1 2021. The sale will allow Lonza to focus on its core healthcare business while delivering value to shareholders.

A new organizational design came into effect on 1 January 2021, in which Lonza's businesses are organized into four main divisions and five functions. Financial reporting will be updated to include divisional performance in the future. Alongside this, effective 1 April 2021, three new members (Claude Dartiguelongue, Gordon Bates and Jean-Christophe Hyvert) have been appointed to Lonza's Executive Committee to reflect the new structure of the business and ensure divisional representation.

Lonza's Guidance for Full-Year 2021 is low double-digit CER sales growth and improved CORE EBITDA margin, both in line with the 2023 Mid-Term Guidance trajectory. While the businesses have shown strong levels of resilience during the pandemic, all forecasts should continue to be treated with some caution at this time of global uncertainty arising from the COVID-19 pandemic.

Lonza Pharma Biotech & Nutrition (LPBN) Segment Overview

The LPBN segment demonstrated resilience to the impacts of COVID-19. Facilities remained open and supply chains were managed to ensure business continuity. The business worked diligently to expand service offerings to customers while investing in production capacity in response to continued demand.

- **Small Molecules** delivered high single-digit growth and improved margin, while winning new projects and launching new service offerings. Investment to increase capacity and support customers in early phase development is planned.

⁵ All sales growth figures, expressed in percentage (%), are at a constant exchange rate (CER)

⁶ Specialty Ingredients Business (excluding Corporate/carve-out and divestiture costs directly attributable to LSI)

⁷ CORE EBITDA margin at a constant exchange rate (CER)

- **Biologics** saw mid-teens sales growth driven by new customers and programs and lower operating margin for 2020, reflecting the impact of operational expenses behind the ramp up of growth projects. Further capacity expansion is planned across drug substance and drug product services.
- **Cell & Gene Therapy** expanded its service offerings, while working to grow its vein-to-vein supply network for cell and gene therapy customers. The business reported strong sales growth, well ahead of the market.
- **Bioscience** is focused on improving its customer experience and operational efficiency. In 2020 it achieved high single-digit sales growth and strong margin improvement, driven by efficiency gains.
- **Capsules & Health Ingredients** grew high single-digit, benefitting from increased demand for nutritional supplements caused by the pandemic. It has approved new capacity investments to meet sustained and high levels of customer demand in the future.

For more detail on performance and financials, please refer to the [Full-Year 2020 Report](#)

Group Financial Summary Continuing Business

CHF million	FYR 2020	YoY change	FYR 2019 ⁸
Sales	4,508	7.2% ⁹	4,207
EBITDA	1,378	9.0%	1,264
Margin in %	30.6	60bps	30.0
CORE EBITDA	1,406	5.4%	1,334
Margin in %	31.2	(50bps)	31.7
EBIT	901	9.2%	825
Margin in %	20.0	40bps	19.6
CORE EBIT	1,094	4.8%	1,044
Margin in %	24.3	(50bps)	24.8

Dividend Announced

Lonza's Board of Directors is proposing a dividend increase for shareholders of CHF 0.25 per share to CHF 3.00 per share. The proposal represents a pay-out of 25.8% of 2020 reported net profit. Subject to approval at the upcoming Annual General Meeting (AGM) on 6 May 2021, 50% of the dividend of CHF 3.00 per share will be paid out of the capital contribution reserve and will therefore be free from Swiss withholding tax.

⁸ Restated to reflect the classification of Specialty Ingredients as discontinued operations

⁹ Actual exchange rate (AER); in constant exchange rate (CER): +12.0%

About Lonza

Lonza is the preferred global partner to the pharmaceutical, biotech and nutrition markets. We work to prevent illness and 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. These enable our customers to commercialize their discoveries and innovations in the healthcare sector.

Founded in 1897 in the Swiss Alps, today Lonza operates across three continents. With approximately 14,000 full-time employees, we are built from high-performing teams and of 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 4.5 billion in 2020 with a CORE EBITDA of CHF 1.4 billion. Find out more at www.lonza.com

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Lonza Contact Details

Dirk Oehlers

Investor Relations

Lonza Group Ltd

Tel +41 61 851 4927

dirk.oehlers@lonza.com

Dr. Sanna Fowler

Head of External Communications

Lonza Group Ltd

Tel +41 61 316 8929

sanna.fowler@lonza.com

Victoria Morgan

Head of Corporate Communications

Lonza Group Ltd

Tel +41 79 599 6260

victoria.morgan@lonza.com

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

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