

News Release

Lonza and Chr. Hansen in Joint Venture to Accelerate Momentum in Microbiome

- Two global leaders create a strategic joint venture to become the partner of choice for developing and manufacturing live biotherapeutic products for pharma and biotech customers
- Phased investment of approximately EUR 90 million to be shared equally between the partners over three years
- Headquarters and pharma-grade drug production facility to be established in Switzerland

Copenhagen (DK) and Basel (CH), 2 April 2019 – Chr. Hansen Holding A/S, a leading global bioscience company, and Lonza AG, a leading pharma contract manufacturing company, have signed an agreement to establish a 50/50 joint venture to pioneer the live biotherapeutic products (LBPs) industry and position themselves as the leading contract development and manufacturing partner (CDMO) for biotech and pharma customers. The joint venture will be a 50/50 controlled legal entity that will operate from its headquarters in Basel (CH) and have production facilities in Denmark and Switzerland.

Unrivalled and unique

The joint venture brings together best-in-class, complementary capabilities and will be the first CDMO globally to provide a full supply chain that offers manufacturing of bacteria strains for therapeutic use. While Chr. Hansen contributes its extensive know-how in developing, upscaling and manufacturing bacteria strains, Lonza brings strong capabilities in pharma contract manufacturing and outstanding formulation and drug delivery technologies, including the unique enTRinsic™ capsules.

Furthermore, the joint venture will possess leading competences in handling, characterizing, formulating, manufacturing and encapsulating strict anaerobe bacteria. These competences under one roof, with seamless exchanges between drug substance and drug product activities, will decrease development timelines and increase chance of “right-first-time.”

“We need to think differently about how we develop solutions for manufacturing in the microbiome space as we see the potential of this therapeutic area develop,” said Marc Funk, CEO, Lonza Group. “By teaming up with Chr. Hansen, one of the world’s largest producers of bacteria, we are combining expertise that perfectly fits the very specific needs of aspirational companies in the microbiome space. Our customers will be able to draw on the unrivalled skillset of two world experts that master the exacting processes required for production of strict anaerobic microbes through to formulation and dosage forms. We understand the complexities of bringing pharmaceuticals to market, including the evolving regulatory environment and will offer unique development and pharma-grade manufacturing that addresses an unmet need in the industry, enabling customers to deliver therapies for patients.”

“The joint venture is a quantum leap for Chr. Hansen’s human microbiome lighthouse. It’s a great opportunity to utilize our microbial capabilities in the highly attractive LBP industry whilst sticking to our strategy of not becoming a fully-fledged pharma company. Chr. Hansen has more than 145 years of experience in strain development and manufacturing and we are really thrilled to join forces with a leading global company in the pharma CDMO market to become the partner of choice for end-to-end biotherapeutic solutions. The clinical trial supply industry is a rapidly emerging field, not to speak of the very large potential when the first bacteria-based medical products enter the commercial market,” said Mauricio Graber, CEO of Chr. Hansen.

Clinical and commercial demands for LBP offer highly attractive growth prospects

The joint venture targets the emerging pre-clinical and clinical supply industry for LBP with a large upside to serve the ensuing commercial demand, once the first live biotherapeutic products are approved and available for treatment. Given the current number of ongoing pre-clinical to phase III drug trials, the clinical supply industry globally is estimated to reach EUR 150-200 million by 2025. By 2035, the combined clinical and commercial supply industry is estimated to exceed EUR 1 billion.¹

Pharma-grade production set-up to be established

The phased investment of approximately EUR 90 million will be shared equally between the parties over a period of three years and will be deployed to build cGMP-compliant pharma production capabilities. The joint venture will upgrade existing facilities in Hørsholm (DK) and equip new facilities in Basel (CH) to serve pre-clinical to phase II projects. Further facilities for phase III and commercial manufacturing will be developed as the pipeline matures. Investments follow a stage-gate-process with clearly defined targets. EUR 45 million will be spent initially and additional EUR 45 million once customer demand for clinical phase III and commercial supply is confirmed. The joint venture is expected to be largely self-funding after the production set-up has been established.

¹Lonza and Chr. Hansen market intelligence, Citeline

About Lonza

Lonza is an integrated solutions provider that creates value along the Healthcare Continuum®. Through our Pharma Biotech & Nutrition segment and our Specialty Ingredients segment businesses, we harness science and technology to serve markets along this continuum. We focus on creating a healthy environment, promoting a healthier lifestyle and preventing illness through consumers' preventive healthcare, as well as improving patient healthcare by supporting our customers to deliver innovative medicines that help treat or even cure severe diseases.

Patients and consumers benefit from our ability to transfer our pharma know-how to the healthcare, hygiene and fast-moving consumer goods environment and to the preservation and protection of the world where we live.

Founded in 1897 in the Swiss Alps, Lonza today is a well-respected global company with more than 100 sites and offices and approximately 15,500 full-time employees worldwide at the end of 2018. The company generated sales of CHF 5.5 billion in 2018 with a CORE EBITDA of CHF 1.5 billion. Further information can be found at www.lonza.com.

About Chr. Hansen

Chr. Hansen is a leading global bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical and agricultural industries. We develop and produce cultures, enzymes, probiotics and natural colors for a rich variety of foods, confectionery, beverages, dietary supplements and even animal feed and plant protection.

Our product innovation is based on more than 30,000 microbial strains – we like to refer to them as “good bacteria.” Our solutions enable food manufacturers to produce more with less – while also reducing the use of chemicals and other synthetic additives – which makes our products highly relevant in today’s world.

Sustainability is an integral part of Chr. Hansen’s vision to improve food and health. In 2019 Chr. Hansen was ranked as the world’s most sustainable company by Corporate Knights thanks to our strong sustainability efforts and our many collaborative partnerships with our customers. We have been delivering value

to our partners – and, ultimately, end consumers worldwide – for over 140 years. We are proud that more than one billion people consume products containing our natural ingredients every day. Revenue in the 2017/18 financial year was EUR 1,097 million. Chr. Hansen was founded in 1874 and is listed on Nasdaq Copenhagen.

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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.