

## Lonza Delivers Solid 2023 Performance with 10.9% CER Sales Growth and 29.8% CORE EBITDA Margin

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- Robust sales of CHF 6.7 billion, delivering 10.9%<sup>1</sup> CER sales growth
  - CORE EBITDA of CHF 2 billion, resulting in a margin of 29.8%
  - Continued growth investment with 2023 CAPEX at 25% of sales
  - Solid free cash flow at CHF 329 million
  - Proposed 14% dividend increase from CHF 3.50 to CHF 4.00 per share
  - Return of excess capital continues with ongoing share buyback up to CHF 2 billion
  - Outlook 2024: flat CER sales growth and CORE EBITDA margin in the high twenties
  - Mid-Term Guidance 2024 – 2028 confirmed
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**Basel, Switzerland, 26 January 2024** – Lonza has reported sales of CHF 6.7 billion, sales growth of 7.9% AER<sup>2</sup> (10.9%<sup>1</sup> CER), and CHF 2 billion CORE EBITDA, resulting in a margin of 29.8%. The solid financial results were driven by the Biologics and Small Molecules divisions, with a softer performance in Cell & Gene and Capsules & Health Ingredients.

**Albert M. Baehny, Chairman of the Board of Directors and CEO *ad interim*, Lonza, commented:** “In 2023, we delivered a robust financial performance. This is testament to our strong business fundamentals, and our capability to capture value in the CDMO market, alongside the skill and dedication of our colleague community. Despite macroeconomic challenges, we continue to see high levels of demand for our offerings, which are designed to meet our customers’ complex needs. We continued to pursue our ambitious growth program in areas of sustained market growth, while maintaining a healthy balance sheet, supported by solid free cash flow. These positive indicators confirm our long-term strategic direction.”

Lonza continued to extend its broad and diverse customer portfolio in 2023, providing a strong foundation to support its continued growth momentum. Approximately 130 new CDMO customers were secured in 2023, and approximately 350 new programs were signed.

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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

Lonza continued to execute its investment strategy to support future growth, with CAPEX at CHF 1.7 billion (25% of sales). New CAPEX projects announced in 2023 included an antibody-drug conjugate (ADC) commercial filling line at its facility in Stein (CH) for a dedicated customer, and a growth project to facilitate a significant capacity increase for Bioconjugates at its Visp (CH) site.

Lonza continued to make progress on its ESG commitments in 2023, with a comprehensive climate plan to cut Scope 1 and 2 emissions<sup>3</sup> by more than 40% by the end of 2030. Lonza signed two major Power Purchase Agreements (PPAs) to support its ambition to source all electricity from renewable sources by 2025, where available. Collectively, the agreements will decarbonize Lonza's Scope 2 electricity emissions across Switzerland, the European Union, and China.

In the context of current market dynamics, the business confirmed plans to optimize its global Biologics network by decommissioning its small-scale manufacturing facilities in Guangzhou (CN) and Hayward (US). The phased closures are expected to begin in Q1 2024 and complete in Q1 2025. The Biologics division will retain a commercial sales organization in China. Lonza reported related impairment losses of CHF 183 million, combined with restructuring-related costs of CHF 50 million.

Lonza provided its Outlook 2024 at flat CER sales growth and a CORE EBITDA margin in the high twenties. This reflects continued strong underlying CDMO business performance, offset by the growth headwind from around CHF 500 million in Moderna sales and related termination impacts in 2023. In 2024, Lonza plans to maintain CAPEX at 25% of sales. Lonza also confirmed its Mid-Term Guidance 2024 - 2028.

Lonza's Board of Directors is proposing a 14% dividend increase from CHF 3.50 to CHF 4.00 per share. Subject to approval at the upcoming Annual General Meeting, 50% of the dividend will be paid out of the capital contribution reserve and will therefore be free from Swiss withholding tax.

Based on its strong balance sheet and positive outlook, Lonza continues to return excess capital to shareholders through a share buyback of up to CHF 2 billion. As of 31 December 2023, approximately CHF 1 billion of shares have been acquired. It is anticipated that the full buyback program will be completed in H1 2025.

### **Divisional Overview**

- The **Biologics** division reported continued solid sales growth of 17.6%<sup>4</sup> compared to Full-Year 2022, and a softer CORE EBITDA margin of 34.8% influenced by lower early-stage demand, new project ramp up and portfolio mix.
- **Small Molecules** reported strong sales growth of 11.2%<sup>5</sup> and a CORE EBITDA margin of 31.4%, driven by the division's continued portfolio shift towards complex and high value small molecules, alongside strong operational execution and product mix.
- **Cell & Gene** reported sales growth of 6.6%<sup>5</sup>, due to early-stage funding constraints. The division reported a CORE EBITDA margin of 9.2%, impacted by adverse market conditions, delays in clinical trials and operational challenges.

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<sup>3</sup> Scope 1 includes direct GHG emissions from sources owned or controlled by Lonza. Scope 2 encompasses GHG emissions from purchased electricity and steam.

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

- **Capsules & Health Ingredients** reported sales of -2.4%<sup>5</sup>, as a result of post-pandemic nutraceutical demand reduction and customer inventory destocking. The division reported a CORE EBITDA margin of 28.2%, with softer performance due to higher raw materials costs and exchange rates.

## Group Financial Summary

CHF million	FYR 2023	YoY change (in %)	FYR 2022
Sales in AER	6,717	7.9	6,223
EBITDA	1,940	(9.3)	2,139
Margin in %	28.9		34.4
CORE EBITDA	1,999	0.2	1,995
Margin in %	29.8		32.1

All financial information for financial year 2023 is unaudited. For more detail on performance and financials, please refer to the [Full-Year 2023 Presentation](#) and [Full-Year 2023 Report](#) and [Alternative Performance Measures \(APM\) 2023 Report](#).

## About Lonza

Lonza is one of the world's largest healthcare manufacturing organizations. Working across five continents, our global community of around 18,000 colleagues helps pharmaceutical, biotech and nutrition companies to bring their treatments to market. United by our vision to bring any therapy to life, we support our customers with a combination of technological insight, world-class manufacturing, scientific expertise, process excellence and innovation. Our work enables our customers to develop and commercialize their therapeutic discoveries, allowing their patients to benefit from life-saving and life-enhancing treatments.

Our business is structured to meet our customers' complex needs across four divisions: Biologics, Small Molecules, Cell & Gene, and Capsules & Health Ingredients. Our company generated sales of CHF 6.7 billion with a CORE EBITDA of CHF 2.0 billion in Full-Year 2023. Find out more at [www.lonza.com](http://www.lonza.com)

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## Lonza Contact Details

Media Inquiries:  
[media@lonza.com](mailto:media@lonza.com)

Investor Inquiries:  
[investor.relations@lonza.com](mailto:investor.relations@lonza.com)

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

**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.

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