



LONZA FINANCE INTERNATIONAL NV

(incorporated in Belgium as a société anonyme/naamloze vennootschap)

€500,000,000 1.625 per cent. Guaranteed Bonds due 2027 guaranteed by

Lonza Group AG

(a stock corporation organised under Swiss law)

Issue Price: 99.424 per cent.

The €500,000,000 1.625 per cent. Guaranteed Bonds due 2027 (the “**Bonds**”) will be issued by Lonza Finance International NV (the “**Issuer**”) and guaranteed by Lonza Group AG (the “**Guarantor**”). Interest on the Bonds will be payable annually in arrear on 21 April in each year, commencing on 21 April 2021. Payments on the Bonds will be made without deduction for or on account of taxes of the Kingdom of Belgium or Switzerland to the extent described under “*Terms and Conditions of the Bonds – Taxation*”.

The Bonds will mature on 21 April 2027 (the “**Maturity Date**”). The Bonds will be subject to redemption in whole, but not in part at their principal amount, together with accrued interest, at the option of the Issuer (a) during the period between 90 days prior to the Maturity Date (the “**Early Call Date**”) and the Maturity Date; (b) at any time if 80 per cent. or more in principal amount of the Bonds originally issued have been redeemed (other than where 80 per cent. or more in principal amount of the Bonds originally issued have been redeemed pursuant to the Issuer Make Whole Call Option) or purchased; and (c) at any time in the event of certain changes affecting taxation in the Kingdom of Belgium or Switzerland. The Bonds will also be subject to redemption in whole or in part at the higher of (a) their principal amount or (b) the sum of the then present values of the remaining scheduled payments of principal and interest discounted to the Make Whole Optional Redemption Date (as defined herein) on an annual basis and assuming, for this purpose, that the Bonds are to be redeemed on the date falling 90 days prior to the Maturity Date, in each case together with accrued interest, at the option of the Issuer at any time. In addition, upon the occurrence of a Change of Control Put Event (as defined herein), the Bonds may be redeemed at the option of the relevant holder at their principal amount together with accrued interest. See “*Terms and Conditions of the Bonds – Redemption and Purchase*”.

Application has been made to the Luxembourg Stock Exchange for the Bonds to be admitted to trading on the Luxembourg Stock Exchange’s Regulated Market (the “**Market**”) and to be listed on the official list of the Luxembourg Stock Exchange (the “**Official List**”). References in this Prospectus to the Bonds being “**listed**” (and all related references) shall mean that the Bonds have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended (“**MiFID II**”).

This Prospectus has been approved by the Commission de Surveillance du Secteur Financier (the “**CSSF**”), as competent authority under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer, the Guarantor or the quality of the Bonds that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Bonds. In accordance with Article 6 (4) of the Luxembourg Law of 16 July 2019 on prospectuses for securities, by approving a prospectus, in accordance with Article 20 of the Prospectus Regulation, the CSSF does not engage in respect of the economic or financial opportunity of the operation or the quality and solvency of the issuer.

The Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, retail clients, as defined in MiFID II, or in Belgium to “consumers” (consumenten/consommateurs) within the meaning of the Belgian Code of Economic Law (Wetboek van economisch recht/Code de droit économique) dated 28 February 2013, as amended from time to time (the “Belgian Code of Economic Law”).

The Bonds will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Bonds will be issued in dematerialised form in accordance with the Belgian companies and associations code (*Code des sociétés et des associations / Wetboek van vennootschappen en verenigingen*) dated 23 March 2019, as amended from time to time (the “**Code**”) and cannot be physically delivered. The Bonds will be represented exclusively by a book-entry in the records of the settlement system operated by the National Bank of Belgium (the “**NBB**”) or any successor thereto (the “**NBB-SSS**”). Access to the NBB-SSS is available through those of its NBB-SSS participants whose membership extends to securities such as the Bonds. NBB-SSS participants include certain banks, stockbrokers (*sociétés de bourse/beursvennootschappen*), Euroclear Bank SA/NV (“**Euroclear**”), Clearstream Banking Frankfurt (“**Clearstream**”), SIX SIS AG (“**SIX SIS**”), Monte Titoli S.p.A. (“**Monte Titoli**”) and Interbolsa S.A. (“**Interbolsa**”). Accordingly, the Bonds will be eligible for clearance through, and will therefore be accepted by, Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa. Investors who are not NBB-SSS participants can hold their Bonds within securities accounts in Euroclear, Clearstream, SIX SIS, Monte Titoli, Interbolsa or the other direct or indirect participants of the NBB-SSS. The Bonds will only be placed with and may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of 26 May 1994, holding their securities in an exempt securities account (“**X-Account**”) that has been opened with a financial institution that is a direct or indirect participant in the NBB-SSS. The Bonds, and any non-contractual obligations arising therefrom or in connection therewith, shall be governed by, and construed in accordance with, English law (except for Condition 1 and Condition 10(a) and any non-contractual obligations arising therefrom or in connection therewith, which shall be governed by Belgian law).

The Bonds and the Guarantee have not been, and will not be, registered under the United States Securities Act 1933, as amended (the “**Securities Act**”). The Bonds are being offered outside the United States by Managers (as defined in “*Subscription and Sale*” below) in accordance with Regulation S under the Securities Act (“**Regulation S**”), and may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act.

The Bonds are expected to be rated BBB+ by S&P Global Ratings Europe Limited (“**S&P**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency. S&P is established in the EU and registered under Regulation (EC) No 1060/2009 as amended (the “**CRA Regulation**”).

This Prospectus will be valid for a year from 17 April 2020. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid. For this purpose, “**valid**” means valid for making offers to the public or admissions to trading on a regulated market by or with the consent of the Issuer and the obligation to supplement the Prospectus is only required within its period of validity between the time when the Prospectus is approved and the closing of the offer period for the Bonds or the time when trading on a regulated market begins, whichever occurs later.

Prospective investors should have regard to the factors described under the section headed “*Risk Factors*” in this Prospectus.

		Joint Bookrunners			
BofA Securities	Citigroup	Credit Suisse	HSBC	ING	
		Joint Lead Managers			
BNP PARIBAS	Commerzbank	Mizuho Securities	UBS Investment Bank		

The date of this Prospectus is 17 April 2020.

IMPORTANT NOTICES

This Prospectus comprises a prospectus within the meaning of Article 6.3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the “**Prospectus Regulation**”). The Issuer and the Guarantor (the “**Responsible Persons**”) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of each of the Issuer and the Guarantor, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”).

To the fullest extent permitted by law, the Principal Paying Agent and the Paying Agents (together the “**Agents**” and each an “**Agent**”), The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”) and Managers, accept no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by a Manager, the Trustee or an Agent or on its behalf in connection with the Issuer, the Guarantor or the issue and offering of the Bonds. Each Manager, the Trustee and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor, the Managers, the Trustee or the Agents. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus or any applicable supplement; (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio; (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor’s currency; (d) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

OFFER RESTRICTIONS

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Managers to subscribe or purchase, any of the Bonds. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Managers to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of Bonds and distribution of this Prospectus, see “*Subscription and Sale*” below.

MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; and (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**IDD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

The Bonds may only be held by, and may only be transferred to, Eligible Investors referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 holding their Bonds in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant in the NBB-SSS operated by the NBB.

PROHIBITION OF SALES TO CONSUMERS IN BELGIUM – The Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any consumer (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*).

NOTICE TO INVESTORS IN SWITZERLAND – The Bonds may not be publicly offered, sold or advertised, directly or indirectly, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading venue in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Bonds constitutes (i) a prospectus as such term is understood pursuant to Article 652a or Article 1156 of the Swiss Federal Code of Obligations (as such articles were in effect immediately prior to the entry into effect of the Swiss Federal Act on Financial Services (“**FinSA**”)) or pursuant to the relevant provisions of the FinSA or (ii) a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other exchange or regulated trading venue in Switzerland, and neither this Prospectus nor any other marketing material relating to the Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering and marketing material relating to the offering, the Issuer, the Guarantor or the Bonds have been or will be filed with or approved by any Swiss regulatory authority. The Bonds are not subject to the approval of, or supervision by, any Swiss regulatory authority, e.g. the Swiss Financial Market Supervisory Authority FINMA (“**FINMA**”), and investors in the Bonds will not benefit from protection or supervision by such authority.

STABILISATION

In connection with the issue of the Bonds, Credit Suisse Securities (Europe) Limited (the “**Stabilisation Manager**”) (or any person acting on behalf of the Stabilisation Manager) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or any person acting on behalf of the Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public

disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or any person acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

GENERAL

Unless otherwise specified or the context requires, references to “Swiss Francs” and “CHF” are to the lawful currency of Switzerland, references to “euro”, “EUR” and “€” are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community.

Unless otherwise specified or the context requires, references herein to “Lonza”, the “Group” and the “Lonza Group” are to the Guarantor and its subsidiaries.

FORWARD-LOOKING STATEMENTS

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, statements regarding the intentions of the Issuer and/or the Guarantor, beliefs or current expectations concerning, among other things, the business, results of operations, financial position and/or prospects of the Issuer and/or the Guarantor.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the financial position and results of operations of the Group, and the development of the markets and the industries in which members of the Group operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Prospectus. In addition, even if the Group’s results of operations and financial position, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements. See “*Risk Factors*” below.

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RISK FACTORS

In purchasing the Bonds, investors assume the risk that the Issuer and/or the Guarantor may become insolvent or otherwise be unable to make all payments due in respect of the Bonds and the Guarantee. There is a wide range of factors which individually or together could result in the Issuer and/or the Guarantor becoming unable to make all payments due in respect of the Bonds and the Guarantee.

The following is a description of risk factors which are specific to the Issuer, the Guarantor, the Bonds and/or the Guarantee and which are material in respect of the Bonds and the financial situation of the Issuer and the Guarantor, and which may affect the Issuer's or the Guarantor's ability to fulfil its obligations under the Bonds and/or the Guarantee.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

1. FACTORS THAT MAY AFFECT THE ISSUER'S AND GUARANTOR'S ABILITY TO SATISFY THEIR OBLIGATIONS UNDER THE BONDS AND THE GUARANTEE, AS APPLICABLE

The Group is subject to many risks and uncertainties that may materially adversely affect its financial performance. The business, results of operation or financial condition of the Group could be materially adversely affected by the following risks:

The Group plans to continue to make investments in additional production capacity as part of its overall strategy and there can be no assurance that it will achieve the return it expects in connection with these investments.

Production facilities in the industry in which the Group operates require significant capital expenditure and continuous investment in modernisation, maintenance and expansion measures. The Group expects to complete several major investment projects in different regions throughout the world in the near future and is planning to make additional investments in order to expand its existing production facilities in its businesses related to its Pharma Biotech & Nutrition segment. These investment projects include the Group's first biologics foothold in China with the construction of a site in Guangzhou; the acquisition of a parenteral drug product plant in Stein, Switzerland; the expansion of the Group's bioconjugates facility in Visp, Switzerland; and, also in Visp, Switzerland, the development of Ibex™ Solutions – three offerings (Ibex™ Design, Ibex™ Develop and Ibex™ Dedicate) that span the complete product lifecycle of a pharmaceutical.

The challenges and risks the Group will face may become even more significant as the Group endeavours to invest in production facilities in less familiar markets. For example, the rules and business practices in China differ from those in Switzerland or the United States and Lonza may, to an extent, not have the local expertise and management to develop this market successfully.

The Group may require additional financial resources to fund its planned investments in the medium to long term, which may be difficult to obtain, or may result in higher costs. Furthermore, it takes time for newly constructed facilities or the expansion of existing facilities to become fully operational, as supply chains need to be established, logistics need to be built up, potential customers need to audit production quality and customer relationships need to be established. New capacities have to pass regulatory authorities to receive approval. In addition, the Group may face delays and/or increased costs in making such newly constructed facilities or expanded existing facilities fully operational (for example, there may be delays in the construction of the Group's new site in Guangzhou, China, as a result of the outbreak of Covid-19 (coronavirus)). Any new facilities or expansions of existing facilities may add significant fixed costs to the Group's cost base and may reduce the Group's margins and profitability over the longer term to the extent such facilities are unable to reach and maintain a sufficiently high rate of utilisation.

The Group's dependency on the availability of various precursors and raw materials as well as certain disposables and any shortages or price increases may lead to production interruptions and/or increases in production costs.

The Group's production processes are dependent on the availability of various precursors and raw materials (including flawless supply chain planning) as well as certain disposables. The Group needs over 5,000 raw materials to conduct its business, with the top ten raw materials (as at 31 December 2019, by Group expenditure) needed by the Group being gelatin, liquid petroleum gas, hydroxypropylmethylcellulose (“**HPMC**”), acetone, 3-picoline, decyl alcohol, acetic acid, chromic acid, basic copper carbonate and 1,2-benzisothiazolin-3-one (“**BIT**”). The Group relies on a number of third-party suppliers and other business partners to provide it with these and other required raw materials and this will continue to be the case in relation to the Group. Although the Group sources most of its raw materials and equipment from multiple suppliers, some of its raw materials and pieces of equipment are sourced from either very few suppliers or single suppliers. Supply problems with, or consolidation by, one or more of these suppliers (such as the proposed acquisition by Danaher Corporation of the biopharma section of the GE Healthcare business) may lead to specific raw materials or equipment becoming unavailable for some time or becoming more expensive and could jeopardise the Group's business. For example, the LSI segment was affected by supply shortages from China in early 2019, and further supply shortages from China or from elsewhere could arise as a result of restrictions imposed following the outbreak of Covid-19 (coronavirus) or the spread of another contagious illness.

Furthermore, the Group may not be able to successfully manage price fluctuations for certain components and materials, and increases in the cost of raw materials and semi-finished products that cannot be passed on to customers through corresponding price increases or otherwise compensated for may result in reduced margins for the Group. Even if cost increases are passed on to customers, the Group may face decreased demand and lower sales volumes if customers seek substitutes for the Group's products, services or technologies or if demand for those products is impacted by any price increases that are passed on to end users.

In addition, certain of the Group's customers supply health and nutrition product ingredients to the Group which are required for completion of such customers' products.

Any temporary or permanent shortage of raw materials used by the Group, including for the reasons set out above, may, among other things, lead to interruptions to the Group's production of its products or increases in the Group's production costs, which could have material adverse effects on the Group's business, results of operations, financial condition and prospects.

The Group has implemented reorganisations of businesses and/or entities within the Group in the past, and the Group may implement such reorganisations in the future, and there can be no assurance that such reorganisations will yield the desired results.

In the past, the Group has implemented reorganisations of businesses and/or entities within the Group. For example, Lonza announced on 3 June 2019 its intention to proceed with a carve-out of its LSI segment which, although the segment would remain fully owned by Lonza, would see the LSI business under independent management and with increased control over its operations and costs (the “**LSI Reorganisation**”).

The LSI Reorganisation, and any other reorganisation undertaken by the Group, is likely to involve significant investments and risks including, but not limited to, requiring a significant amount of management time (which may affect or impair the management's ability to run the entity or business effectively during the period of implementation) and not being able to have, or losing, key personnel with the appropriate skills as part of implementing the reorganisation. There is a possibility that if the LSI Reorganisation, and any other reorganisation undertaken by the Group, is not successfully implemented, key customers will be lost, or that anticipated cost savings, synergies or other benefits will not be realised in time or at all.

The occurrence of any of these risks may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group has engaged in acquisitions and divestitures of businesses, companies and equity interests in companies in the past, and the Group may engage in acquisition activities or divestitures in the future, and there can be no assurance that such acquisitions or divestitures will yield the desired results.

In the past, the Group has engaged in acquisitions and divestitures of businesses, companies and equity interests in companies. For example, Lonza announced on 6 July 2017 that it had completed the acquisition of Capsugel S.A. (the “**Capsugel Acquisition**”) and announced on 1 March 2019 that it had completed the divestment of its former Water Care business and operations (the “**Water Care Disposal**”). The Group continually evaluates possible acquisitions and divestitures, and therefore considers it probable that acquisition activities or divestitures will occur in future.

Acquisitions such as the Capsugel Acquisition take up management attention and resources, and may expose the Group to potential risks and liabilities, both in relation to undertaking the acquisition process (for example, as the Group may be required to obtain financing or competition approval) but also by potentially bringing into the Group historical risks and liabilities of the target (including but not limited to regulatory compliance and environmental liabilities, which are notable in the industry in which the Group operates). The Group may also be more likely to be exposed to risks and liabilities in the context of acquisitions because it seeks to expand its operations into new jurisdictions, where the Group may be less familiar with relevant conditions. Any failure to successfully integrate acquisitions into the Group may also result in the loss of key customers, or the failure to realise anticipated financial benefits.

Divestitures such as the Water Care Disposal also take up management attention and resources. In addition, proposed divestitures that fail to complete may result in a negative impact on customer relationships and the continued presence in the Group of loss-making or under-performing divisions. Completed divestitures, such as the Water Care Disposal, may expose the Group to potential liabilities such as in connection with completion adjustments, warranty claims and potential litigation.

Given that it is probable that the Group will undertake an acquisition or divestiture in future, it is likely that the Group will be exposed to the risks noted above. To the extent these risks materialise, or liabilities arise, this could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's markets, in particular those with higher profit margins, may become more intensely competitive, and may be characterised by significant pricing and margin pressure.

The Group faces, and will face, significant competition in each of its market segments. Competition is driven by proprietary technologies and know-how, as well as quality and performance, consistency, reliability, regulatory track-record, price and conditions, ability to develop and scale-up manufacturing, commercial manufacturing (once a product has been approved by regulatory authorities) and customer support, impact of regulatory approvals, new product development and marketing.

The healthcare industry in which the Group operates, particularly its LPBN businesses, is characterised by extensive research and development, and the requirement for capital-intensive production facilities. As a result, a participant in the industry which develops a new or innovative product service offering, markets technological advances with increased efficiencies and output, establishes a stronger presence in a key growth market (e.g. the US or China), enters new platforms (e.g. complex biologic molecules such as bispecifics or bispecific T-cell engagers, microbiome or bioconjugation), attracts highly-skilled scientists and operators, offers capacity which is demanded within a short timeframe, or which has more capacity to offer a service for which there is large demand, may for a period of time benefit from limited competition with respect to that particular offering (and therefore less price competition and higher profit margins), as its competitors invest to seek to develop substitutes and undertake the necessary steps to catch up.

The Specialty Chemicals industry in which the LSI businesses of the Group operates is characterised by an exposure to a cyclical and volatile market environment, extensive global competition, dependency on high amount of raw materials and an increasing focus from the public domain, resulting also in increased regulation. As a result, a participant in the industry, who offers new innovative products including a lower concentration of chemicals/substituting chemicals, having a more stable supply chain, more efficient production and cost structure, may for a period of time similarly benefit from limited competition, with potential resultant lesser price competition and higher profit margins.

The factors influencing competitive pressure on the Group in its markets include existing competitors' ability to innovate, implement and improve production processes and technologies, their capability to deploy research and development expenditures effectively (and the results of their efforts to do so), the effects of a range of regional factors on production costs, and also the entry of new competitors to the relevant market (for example, as has occurred recently in the cell and gene market). In either case, a competitor may seek to offer its products, services and technologies at lower prices to defend or gain market share, leverage different business models (such as combining consumables and services businesses), may benefit from lower input costs or greater financial resources, or may be able to expand its production capacity to more effectively compete with the Group.

As a result, the Group's markets, and in particular those with higher profit margins, might become more intensely competitive, which could lead to pricing and margin pressure.

Any of the foregoing could have material adverse effects on the Group's business, results of operations, financial condition and prospects.

The major sources of the Group's revenues are concentrated among a limited number of products groups and customers. If the market for these products groups changes, or if customers benefit from increased negotiating power, the Group's revenues may decline.

The Group's LSI segment relies on a limited number of product groups for a large percentage of its revenues. If there is any disruption in the demand for these products, whether as a result of changes in its customer base, alternative products being developed, the entry of significant competitors to the marketplace or otherwise, the revenues of the Group's LSI segment could decline, which could materially and adversely affect the Group's business, financial condition and results of operations.

Similarly, certain markets in which the Group's LPBN segment offers its products, services and technologies are characterised by a small number of major customers, and that segment depends on contracts with a relatively small number of customers for a large percentage of its revenues. For example, for the twelve months ended 31 December 2019, the Group's largest customer accounted for 5.3 per cent. and the second, third, fourth and fifth largest customers accounted for 4.9 per cent., 3.4 per cent., 3.4 per cent. and 2.0 per cent. of total Group sales, respectively. No other customer accounted for 2.0 per cent. or more of the Group's total sales. Four of the Group's five largest customers relate to the Group's LPBN segment, and the fourth-largest customer relates to the Group's LSI segment.

Any customer concentration which results in customers using their power to exert pressure on the Group's prices may, particularly in relation to the Group's LPBN segment, adversely affect profitability, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Demand for the Group's products, patents, services and technologies within its Pharma Biotech & Nutrition segment depends, and demand for the Group's products, services and technologies will depend, significantly on their customers' research and development activities and the market success of their products, as well as out-and-dual-sourcing trends in the pharmaceuticals, biotechnology and nutrition industries.

The level of research and development spending of the Group's customers within the Pharma Biotech & Nutrition segment may influence the Group's results of operations. Customer spending on research and development is dependent on, among other things, available resources, including relative levels of demand for customers' existing

products and the relevant customer's need and ability (including the availability of funding) to develop new products, which is driven by factors such as competitors' research and development initiatives and the anticipated market uptake for specific products. The Group faces risks that:

- the Group's customers may not develop new commercial products incorporating the Group's products, services or technologies, and
- the Group may not be able to successfully develop new products, services or technologies that would be attractive to its existing or future customers.

Consolidation in the Group's customers' industries (such as the merger of Bristol-Meyers-Squibb Company and Celgene Corporation; or the acquisition of Shire plc by Takeda Pharmaceutical Company Limited) may reduce customer spending due to integration of research and development operations and budgets, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's success will also depend in part on the discovery and the successful commercialisation of products by its customers that can utilise the Group's products, services or technologies. If a customer fails to successfully commercialise a product which uses an input from the Group, the Group's revenues will be adversely affected. Even if products using the Group's products, patents, services or technologies appear promising during various stages of development, there may not be successful commercial applications developed for them for a number of reasons. For example, the Food and Drug Administration ("FDA"), the European Medicines Agency ("EMA"), the Chinese Food and Drug Administration ("CFDA"), the Pharmaceuticals and Medical Devices Agency of Japan ("PMDA"), another regulatory body or an institutional review board, or the Group's pharmaceutical company customers may delay or halt clinical trials.

Furthermore, the business models and sales of the Group's Pharma Biotech & Nutrition segment depend on dual-sourcing and outsourcing trends in their respective industries. If the current industry trend towards dual-sourcing and outsourcing certain drug development, manufacturing and delivery technologies were to slow or reverse, this could adversely affect the sales of the Group's Pharma Biotech & Nutrition, which could in turn have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group invests in research and development in order to develop new products, services and technologies. A lack of customer acceptance or any failure to successfully develop products, services and technologies in a timely manner could adversely affect the Group's business, results of operations, financial condition and prospects.

The Group depends on its continued ability to develop new products, services and technologies and to then successfully commercialise and market such products, services and technologies to their customers. Given the industry in which the Group operates, such development requires significant resources, and frequently takes significant time. There is the risk to the Group that investments that it makes do not produce the desired returns, and also the risk that the Group's spending is, in comparison to its competitors, not in sufficient amounts to enable the Group to maintain its market position.

If the Group's new products, services and technologies do not gain acceptance among its customers or are not commercially viable (for example, because as a consequence of the rapidly changing regulatory environment in which the Group operates the market for a newly developed product, service or technology may cease to exist; because competitors are able to offer products, services and technologies at lower prices or on a faster timetable than the Group; or because customers may also fail to obtain marketing authorisation for products), the Group may fail to realise the desired financial performance from the investments made in research and development, and the opportunity to otherwise deploy those resources to expand or improve the Group's portfolio of products, services and technologies may have been forgone. Conversely, if the Group's investments are not sufficiently large, the Group may not be able to develop new products, services and technologies at the rate required to maintain its market position. Any failure of a new product, service or technology may result in the Group being unable to maintain close

and cooperative relationships with its customers at a level that would enable the Group to effectively identify customer needs and to develop customised solutions, which are a feature of the Group's product offering.

Any of the foregoing could have material adverse effects on the Group's business, results of operations, financial condition and prospects.

The products, services and technologies the Group provides are highly exacting and complex, and if the Group encounters problems providing them or any support that is required, its business could suffer.

The products, services and technologies the Group provides are highly exacting and complex. From time to time, problems may arise in connection with facility operations or during preparation or provision of a product, service or technology, in each case for a variety of reasons including, but not limited to, equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials or environmental factors, contamination of facilities and damage to, or loss of, manufacturing operations. Such problems could affect production of a particular batch or series of batches, requiring the destruction of products, or could halt facility production altogether. These failures could, among other things, lead to increased costs, lost revenue and earnings, damage to customer relations, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before a product is released to the market, recall and product liability costs may also be incurred. In addition, such risks may be greater at facilities that are new or going through significant expansion or renovation.

The Group may face capacity constraints, driven by strong demand, disruptions at its production facilities or other factors, which could compromise its ability to meet customer demand for its products, services and technologies.

The Group may face capacity constraints to the extent that it is unable to anticipate customer demand for its products, services and technologies. The Group may also experience disruptions at its production facilities, which could result in shortfalls in production or an increase in the Group's costs. In the case of equipment malfunctions, sterility variances or failures, failure to follow specific protocols and procedures, problems with raw materials, microbial or viral contamination, environmental factors and damage to, or loss of, manufacturing operations due to fire, flood, or other catastrophic events, the Group may be required to halt production of certain batches of products, entire products or shut down the affected production facilities. This has in the past led to, and in the future could lead, among other things, to damage to customer relations, lost revenue and earnings, increased costs, reimbursements to customers for lost profits, additional time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. Disruption to the Group's production may also occur as a result of the outbreak of Covid-19 (coronavirus) or the spread of another contagious illness and any associated travel restrictions, quarantines or other measures. For example, employees based at the Group's site in Monteggio, Switzerland who commute from Italy may be unable to travel to work, should any restrictions be imposed on movement across the Swiss-Italian border, and any resulting staff shortages could impact production at the site.

Any of the foregoing could cause the Group to lose market share, which could have material adverse effects on the Group's business, results of operations, financial condition and prospects.

Failure to provide quality offerings to customers could have an adverse effect on the Group's business and could subject it to regulatory actions, product recalls, and costly litigation.

The Group depends on its ability to execute and improve when necessary its quality management strategies and systems, and effectively train and maintain its employee bases with respect to quality management. Quality management plays an essential role in determining and meeting customer requirements, preventing defects, compliance with current Good Manufacturing Practices ("cGMP") and improving product offerings. While the Group has a network of quality systems applicable across its business units and facilities, quality and safety issues may occur and have in the past occurred with respect to their offerings (for example, on 24 April 2017 Lonza received a warning letter from the FDA relating to quality issues related to the production of certain biotherapeutic liquid

media products, manufactured in one particular area of its Walkersville, Maryland facility in the United States). Given the highly regulated industry in which the Group operates, any failure in quality or safety could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group will be subject to risks, including reputational, financial and legal risks associated with joint ventures and joint venture partners.

The Group has entered, and may continue to enter, into arrangements subject to joint control, such as joint ventures. The Group is regularly in discussions with a number of pharmaceutical companies for the purpose of exploring new business models and concepts, including but not limited to strategic joint ventures and other joint arrangements by which it may share control with another entity (collectively for the purposes of this risk factor, "joint ventures"). For example, Lonza announced that it had entered into a strategic partnership in the form of a joint venture with Hansen Holding A/S on 2 April 2019 and with Sanofi on 27 February 2017.

Various entities within the Group depend on various counterparties to joint ventures entered into by the Group for capital, product distribution, local market knowledge, product know-how or other resources. The Group's joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Group; (ii) take actions contrary to the Group's instructions or requests or contrary to its policies or objectives; (iii) be unable or unwilling to fulfil their obligations under the relevant joint venture agreement, including providing the necessary resources to the joint venture; or (iv) have financial difficulties.

If a serious dispute arises with one of the Group's joint venture partners, or a serious problem arises in one of its joint ventures, including due to the factors set out above, the Group may suffer the loss of business opportunities or disruption to or termination of the relevant joint venture (or the project carried out by such joint venture). A dispute may also give rise to litigation or other legal proceedings, which would divert the Group's management's attention and other resources. Any of the above may have a material and adverse effect on the Group's reputation, business, results of operations, financial condition and prospects.

The Group depends on its ability to secure and maintain profitable long-term commercial relationships and contracts with customers.

The Group depends on its continued ability to secure and maintain profitable long-term commercial relationships and contracts with customers. Unfavourable industry trends, market conditions or regulatory regimes may impede the Group's ability to secure profitable long-term contracts with existing and new customers, to maintain profitable commercial relationships or to renew existing contracts as they expire. Any difficulties in securing or renewing such contracts or maintaining such strong customer relationships on favourable terms or at all could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group is dependent upon its key personnel for its growth.

The Group's economic success depends in part on its ability to retain or employ highly qualified executives and technical experts, in particular in the area of research and development. The competition for qualified employees in the life sciences industry is intense and the Group will compete for employees with companies both in and outside the life sciences industry. Accordingly, the termination of the employment or the loss of the services of any key personnel without a timely and suitable replacement or the inability to attract and retain qualified personnel may have a material and adverse effect on the Group's business, results of operations, financial condition and prospects.

Changes in foreign exchange rates may have a material adverse effect on the Group's results of operations and may affect demand for its products and services.

The Group is exposed to foreign exchange risk because the amount of local currency paid or received for transactions denominated in foreign currencies may vary due to changes in exchange rates (transaction exposures) and because the foreign currency denominated financial statements of the Group's foreign subsidiaries may vary upon

consolidation into the Swiss-franc-denominated Group financial statements (translation exposures). In relation to the Group, foreign exchange risks arise primarily in connection with transactions that are denominated in United States dollars, euro and British pounds sterling.

As a general matter, the effect of foreign exchange fluctuations is minimised through the natural hedge the Group enjoys as a result of its matching of currencies in relation to sales and costs in the jurisdictions in which it operates. In managing its exposure regarding the fluctuation in foreign currency exchange rates, the Group has entered into a variety of currency swaps and forward contracts.

The Group will continue to be exposed to the risk of foreign exchange rate fluctuations, and if it is unable to manage this risk effectively, through hedging or otherwise, its business, results of operations, financial condition and prospects could be materially adversely affected.

Adverse developments in worldwide economic conditions.

Worldwide economic conditions impact the industries in which the Group's direct and indirect customers are active, including the biotech and pharmaceuticals, agrochemicals, health, wellness, beauty, nutrition, hygiene and materials protection industries. For example, the potential impact of Brexit and the continued uncertainty on the terms of Brexit, and the rising trade tensions between the United States and the People's Republic of China and the adoption and expansion of trade restrictions, could adversely affect such industries. In addition, any imposition of tariffs as a result of such tensions may affect the cost to the Group of obtaining raw materials necessary to its business (particular in relation to the Group's LSI segment), of which approximately 16 per cent. are sourced from the People's Republic of China. The industries in which the Group and its direct and indirect customers operate may also be adversely impacted by the outbreak of Covid-19 (coronavirus), which has caused and continues to cause global economic uncertainty and volatility. A weak economic climate in the relevant customer industries may result in lower sales volumes and price decreases for the products, services and technologies supplied by the Group, which in turn may adversely affect the Group's business, results of operations, financial condition and prospects.

In addition, if economic conditions in the markets in which the Group sells its products deteriorate, its customers may experience deterioration of their businesses, reduced demand for their products, cash flow shortages and difficulty obtaining financing. As a result, existing or potential customers might delay or cancel plans to purchase products, services or technologies and may not be able to make payments to the Group in a timely fashion or at all. A weakening in the global economy or a substantial part of it could negatively impact the Group's business, results of operations, financial condition and prospects.

The Group's leverage and debt service obligations could adversely affect its business.

As at 31 December 2019, the Group had Net Debt of CHF 2.96 billion. The Group had Adjusted EBITDA of CHF 1.53 billion and CORE Adjusted EBITDA of CHF 1.62 billion during the financial year ended 31 December 2019, resulting in a Net Leverage ratio of 1.83 times. The degree to which the Group remains leveraged could have important consequences for its business.

See "*Alternative Performance Measures*" for an explanation of Lonza's CORE results and other financial metrics used by the Group.

The Group's balance sheet includes significant goodwill and intangible assets, which could become impaired.

The Group has significant goodwill and intangible assets on its balance sheet. The intangible assets include trademarks acquired through business combinations, which have an indefinite useful life and are not systematically amortised. Goodwill and intangible assets with indefinite useful lives are reviewed annually for impairment. Impairment charges could become necessary in the future if, for example, the Group's future prospects deteriorate such that the carrying values of its goodwill or intangible assets are no longer sustainable under applicable accounting

rules. A significant impairment of the Group's goodwill or intangible assets could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group may be exposed to pension risk in relation to its defined benefit pension plans.

The Group operates defined benefit pension plans in various countries, with the major plans being in Switzerland, Great Britain, the United States, the Kingdom of Belgium, and there being further plans in Japan and Mexico. Pension risk arises if the net present value of future cash outflows is greater than the current value of the asset pool set aside to cover those payments.

The primary sources of pension risk include a mismatch in the duration of the assets relative to the liabilities of the pension schemes, market-driven asset price volatility and increased life expectancy of individuals leading to increased liabilities.

As a result of these factors, the Group faces the risk that the funding position of its defined benefit pension schemes will deteriorate to such an extent that it would be required to make additional contributions above what is already planned to cover its pension obligations. Any failure by the Group to manage its pension deficit could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group is subject to risks arising from legal disputes, including contractual claims and product liability claims relating to product defects.

The chemicals and pharmaceuticals industries in which the Group operate are particularly subject to the risk of lawsuits and legal disputes and investigations by government agencies. Given the nature of its business, the Group is notably exposed to risks in the areas of competition and antitrust law, pharmaceutical law, patent law, tax law, and environmental protection, and class actions, alleging negligence, product liability, violations of warranty obligations and other contractual or statutory claims relating to product defects.

Lawsuits may include claims based on personal injury or death alleged to be caused by a product, service or technology of the Group, in particular pharmaceuticals products, or by products incorporating the Group's products, services or technologies which are marketed or distributed by customers of the Group. These lawsuits often involve claims for substantial amounts of damages, including compensation for consequential damage and substantial costs for legal representation. In addition, chemical, pharmaceutical and other healthcare products may be the subject of recalls or patent infringement suits. Extensive claims may be asserted against the Group in the future, or large scale product recall measures may become necessary. The Group may not have sufficient insurance to mitigate for such a contingency, and the risks inherent to any potential product liability claim or product recall may not be mitigated in all circumstances.

Certain countries in which the Group operates or may operate in the future have a special legal framework for pharmaceutical products that could increase the risk of product liability claims being asserted and/or the ultimate costs of defending against such claims. In addition, the Group could incur significant expenses based on product liability claims, other violations of duties of care or contractual provisions, recall measures or penalties imposed for these reasons by public authorities. These events could also adversely affect the Group's reputation and therefore reduce market acceptance of its products, services or technologies.

Certain of the Group's products contain or contained substances that are generally toxic or otherwise hazardous to health. The health of persons, including the Group's employees, who come into contact with such substances or with the Group's products directly or through products of the Group's customers may be impaired, especially as a result of exposure to such hazardous substances, the incorrect use of such products or because of product characteristics that are as yet unknown, and such health impairments may even be life-threatening. These factors, either individually or in aggregate, have resulted and may result in actions being brought against the Group and may have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group may not be able to adequately protect its intellectual property, proprietary manufacturing technology and know-how.

Given the industry in which the Group operates, its intellectual property is key to its products, services and technologies. The Group owns a large number of patents and other intellectual property rights which may be invalidated, circumvented or challenged. Non-patentable or non-patented business secrets and non-confidential and confidential know-how are also crucial to the success of the Group's business, in particular in areas with technically sophisticated products and production processes.

The Group may fail to adequately protect its intellectual property rights, technology and know-how, which could permit competitors to use them to offer similar products or services, adversely affecting the Group's competitive position and results of operations and limiting the Group's ability to profit from its research and development. The Group may also be unsuccessful in applications for patents in each of the countries in which it seeks protection, and patents generally expire after a certain period. Either of these eventualities would permit competitors to freely use the technology which would otherwise be the subject of the relevant patent.

Even if the validity and enforceability of the Group's intellectual property is upheld, a court might construe the Group's intellectual property not to cover the alleged infringement. In addition, intellectual property enforcement may be limited or unavailable in some countries.

Any of the above could affect the Group's competitive position, and any resulting decrease in sales could have a material adverse effect on its business, results of operations, financial condition and prospects.

Tax legislation initiatives or challenges to the Group's tax positions could adversely affect its business, results of operations, financial condition and prospects.

The Group has operations in EMEA and North America, as well as South America and the Asia Pacific region. As such, it will be subject to the tax laws and regulations of the European and United States federal, state and local governments and of many other jurisdictions. United States federal, state and local, as well as international tax laws and regulations are extremely complex and subject to varying interpretations. From time to time, various legislative initiatives may be proposed that could adversely affect the Group's tax position. There can be no assurance that the Group's effective tax rate or tax payments will not be adversely affected by these initiatives.

On 1 January 2020, the Swiss Federal Act on Tax Reform and AHV Financing ("STAF") entered into force. The STAF provides, *inter alia*, for the abolition of the cantonal tax privileges for holding companies, mixed companies and domicile companies, and for the implementation of substitute measures such as a patent box and a surplus research and development allowance. In connection therewith, in the canton of Basel-Stadt, certain substitute measures were introduced as from 1 January 2019, including a reduction of the pre-tax statutory corporate income tax rate to 13.04 per cent. The overall Swiss tax effect per annum for the Group might be slightly negative compared to the current tax burden.

There can be no assurance that the Group's tax position will not be challenged by relevant tax authorities or that it would be successful in any such challenge. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group may infringe the intellectual property rights of third parties and, as a result, may have to pay fees for the use of third-party intellectual property, may be exposed to claims for damages, may be prevented from selling its products, or may be forced to stop its production.

The Group cannot guarantee that the Group will not infringe on, or be alleged to have infringed on, third-party patents or other third-party intellectual property rights, since its competitors also apply for, and obtain, numerous patents to protect their inventions. In the event that the Group identifies third-party patent rights that conflict with its business processes, it will generally attempt to either challenge the patentability or the validity of the patent or to look for

technical alternatives. Nevertheless, patent holders may approach the Group from time to time to allege that it has infringed their intellectual property rights. Regardless of the merit or resolution of these claims, the Group may be prevented from making or marketing products, and it may be forced to acquire licences or modify or even stop its production, even though it may have already been using these technologies in a lawful manner in these or other jurisdictions. This may be the case, for example, if the Group has chosen not to file a patent on a particular technology in order to keep it confidential. In addition, the Group could be exposed to liability for damages.

The Group may have to obtain third-party licences to gain access to technology, which could entail considerable costs. It may be unable to acquire licences that it will need for its future business with the appropriate scope, under acceptable conditions or at all. In addition, licences that the Group holds may expire or otherwise not continue to be effective, and the Group may be prevented from making or marketing products.

Any restrictions or disruptions in supply and production that result from actual or alleged patent infringements, whether as a result of a reorganisation of production processes or for other reasons, or the subsequent acquisition of any relevant licences, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Legal and regulatory changes in the jurisdictions in which it operates and trades may have an adverse effect on the Group.

Due to the international nature of the Group and its operations, it must comply with, and is affected by, a large number of different legal and regulatory frameworks, including tax laws. There is a risk that changes in these frameworks, including changes to the statutes, rules, regulations or guidance of the agencies that oversee or regulate the industries in which the Group operates, and in which the Group will operate, may materially adversely affect the Group's legal and regulatory environment.

The regulatory environments for the chemical, biologics and healthcare industries and the specialty chemical and pharmaceuticals industries, all of which are connected to the Group, are particularly stringent and could require increased capital expenditure and operating costs for compliance.

The Group is subject to various local, state, federal, foreign and transnational laws and regulations, which include, as applicable, the operating and security standards of the FDA, the DEA, various U.S. state boards of pharmacy, state health departments, the EU member states and other comparable agencies. The Group's manufacturing facilities are subject to inspection by the foregoing entities. In particular, the Group is and will be subject to, laws and regulations concerning good manufacturing practices and drug safety, including cGMP mandated by the FDA and EU standards for quality assurance and manufacturing process control.

Failure by the Group or by its customers to comply with the requirements of these regulatory authorities could result in warning letters, supervision by regulators, product recalls or seizures, monetary sanctions, injunctions to halt manufacture and distribution, restrictions on their operations, civil or criminal sanctions, or withdrawal of existing or denial of pending approvals, including those relating to products or facilities. In addition, such a failure could expose the Group to significant contractual or product liability claims and related reputational damage.

Part of the Group's business involves helping pharmaceutical and biotechnology companies navigate the regulatory drug approval process. Changes in regulation, such as a relaxation in regulatory requirements or the introduction of simplified drug approval procedures, or an increase in regulatory requirements that the Group has difficulty satisfying or that make its services less competitive, could eliminate or substantially reduce the demand for the Group's products, services or technologies.

In its LSI segment, the Group and its suppliers are required to adhere to a multitude of regulatory specifications regarding the manufacture, testing and marketing of many of its products. In particular, in the EU, the Group is subject to the European Regulation (EC) No. 1907/2006 on the Registration, Evaluation, Authorisation and Restriction of Chemicals (“REACH”) and to the European Regulation (EU) 528/2012 on making available on the

market and use of biocidal products (“BPR”), which both are designed to ensure a high level of protection for people and the environment and demands comprehensive tests for chemical products and biocides. Test procedures required by REACH and the BPR can be costly and time-intensive, and may lead to a rise in production costs. Moreover, the use of chemicals in production could be restricted, which would make it impossible to continue manufacturing certain products. While the Group constantly pursues research and development in substance characterisation and in the possible substitution of critical substances, the inability to use certain chemicals under REACH and certain biocidal products under the BPR could have a negative impact on the Group's business, financial condition, results of operations and prospects.

Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group requires various licences and permits to operate its business.

The Group requires various licences and permits in the jurisdictions in which it operates. These licences and permits are generally subject to conditions stipulated in the licences and permits and/or relevant laws or regulations under which such licences and permits are issued. Any actual or alleged failure to comply with the stipulated conditions could result in the revocation or non-renewal of the relevant licence or permit.

The Group constantly monitors and ensures its compliance with such conditions. Should there be any revocation of any of the Group's licences and permits, or any failure to obtain or procure any necessary licences and permits, the Group may not be able to carry out its operations in the relevant jurisdiction. In such an event, the business, results of operations, financial condition and prospects of the Group could be materially and adversely affected.

The Group is subject to environmental, health and safety laws and regulations and could therefore be exposed to heightened compliance costs and the risk of liability due to non-compliance.

The Group is subject to a variety of environmental, health and safety laws and regulations in each of the jurisdictions in which it operates. In particular, the Group will be subject to a number of continually changing and increasingly stringent local, state, and international environmental and health protection requirements with regard to, among other things, air emissions, wastewater discharges and the use, handling and disposal of chemicals and hazardous substances. Compliance with such regulations can require significant expenditures (including for remediation and containment work) and a breach may result in the limitation or suspension of production or subject the Group to material monetary fines and penalties, civil or criminal sanctions, or other liabilities. Furthermore, environmental laws may expose the Group to liability for the conduct of or conditions caused by others, and some environmental laws provide for joint and several strict liability for releases of hazardous substances into the environment, which could result in liability for environmental damage without regard to negligence or fault. Environmental legislation is evolving in a manner that is expected to result in stricter standards and enforcement, larger fines and increased liability, and potentially increased capital expenditures and operating costs for compliance. Environmental laws and regulations may result in an increase in the costs of the operations of the Group.

In particular, the Group has a landfill in Gamsenried, Switzerland, in respect of which the Group is required to carry out remediation and/or containment work, which may give rise to further environmental liabilities and risks for the Group. The Group makes provisions for non-recurring remediation costs when there is a legal or constructive obligation and the costs can be reliably estimated. It is difficult to estimate any future action required by the Group to correct the effects on the environment of prior disposal or release of chemical substances by the Group or other parties, and the associated costs, pursuant to environmental laws and regulations. The material components of the environmental provisions consist of costs to clean and refurbish contaminated sites, including the treatment of contaminated material if necessary, and/or to contain contamination at sites. The Group's future remediation expenses are affected by a number of uncertainties that include, but are not limited to, the method and extent of remediation and the responsibility attributable to the Group at the remediation sites, relative to that attributable to other parties. It is possible that the expenses and liabilities incurred by the Group in connection with remediation

and/or containment work in relation to the landfill in Gamsenried, Switzerland may be material, and may be in excess of the provisions for environmental liabilities shown in the 2019 Financial Statements (as defined on page 25).

Additionally, soil and groundwater contamination has for example occurred in the past at certain sites, and might occur or be discovered at those or other sites in the future. In particular, the Group's Visp, Switzerland, facility used large amounts of mercury as a catalyst in chemical processes, and the facility discharged industrial wastewater with mercury-containing effluent into a wastewater discharge canal between 1930 and the mid-1970s. The Group has investigated the mercury contamination in areas around the canal and has initiated remediation activities. According to the currently available data, this mercury contamination has not had adverse health effects on humans or animals in the region. Nonetheless, the discharge of chemical substances or other pollutants into the air or water (either at the Visp, Switzerland, facility or elsewhere, and whether occurring in the past or in the future) may give rise to liability to governments and third parties and may require the Group to incur costs to remedy such discharge. Such costs would include costs to fully clean and refurbish contaminated sites and to treat and contain contamination at such sites. In addition, the Group may incur costs to reduce or avoid the discharge of chemical substances beyond the requirements of law or regulation to ensure that it is sustainably managing its sites (for example, following the discovery of emissions of nitrous oxide, a greenhouse gas, at the Group's Visp, Switzerland, facility, the Group committed to install a combined catalyser with the aim to reduce such emissions by at least 98 per cent. at a cost of approximately CHF 12 million, notwithstanding that there are no legal or regulatory limits regarding handling nitrous oxide and that it presents no risk to health for humans or animals).

The costs of the remediation and/or containment of pollution for which the Group is held liable, or the reputational damage associated with any such pollution, could materially adversely affect its business, results of operations, financial condition and prospects.

Regulatory developments with respect to use of personal data and public records could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's databases and the databases of third party service providers that it works with include certain non-public personal or commercial information concerning its employees, vendors and customers. As a result, the Group is subject to government regulation concerning the storage, transmission and use of this data. Failure to comply with these laws by the Group could result in substantial regulatory penalties, litigation expense, adverse publicity and loss of revenue.

Any additional regulatory restrictions with respect to the dissemination and commercial use of personal information in the public and private sectors may increase compliance burdens on the Group and reduce the Group's ability to market its products, services and technologies, which could have a material adverse effect on its business, financial condition and results of operations.

Violation of anti-corruption laws and anti-boycott regulations could materially and adversely affect the Group's reputation, business, results of operations, financial condition and prospects.

The Group's international operations are subject to anti-corruption laws and anti-boycott regulations. In certain countries in which the Group does business, the Group is exposed to a heightened risk of violating anti-corruption laws and regulations. Violations of anti-corruption laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licences, as well as criminal fines and imprisonment. There can be no assurance that the Group's policies and procedures will effectively prevent it from violating these laws and regulations in every transaction in which it may engage, and such a violation could materially and adversely affect the Group's reputation, business, results of operations, financial condition and prospects.

The Group is subject to labour and employment laws and regulations, which could increase their costs and restrict the Group's operations in the future.

Certain of the Group's employees are represented by labour organisations. National works councils and/or labour organisations are active at certain of its European facilities consistent with labour environments/laws in European countries. Similar relationships with labour organisations or national works councils exist at all of the Group's facilities in India, Mexico, Japan, China, Indonesia, the Kingdom of Belgium and France. The Group's management believes that its employee relations are satisfactory. However, further organising activities or collective bargaining may increase its employment-related costs and the Group may be subject to work stoppages and other labour disruptions. Moreover, as employers are subject to various employment-related claims, such as individual and class actions relating to alleged employment discrimination, wage-hour and labour standards issues, such actions, if brought against the Group and successful in whole or in part, may affect its ability to compete or have a material adverse effect on its business, financial condition and results of operations.

The Group relies on the proper functioning of its computer and data processing systems, and a large scale malfunction or potential unauthorised access to critical and sensitive information could result in disruptions to the Group's business.

The Group's ability to keep its businesses operating depends on the functional and efficient operation of its computer and data processing and telecommunications systems around the world. Computer and data processing systems are susceptible to malfunctions and interruptions (including due to equipment damage, power outages, fire, natural disasters, breakdowns, malicious attacks, computer viruses, and a range of other hardware, software and network problems), and the Group may be unable to prevent malfunctions or interruptions. A significant or large scale malfunction or interruption of its computer or data processing systems could disrupt the Group's operations, for example by causing delays or the cancellation of customer orders, impeding the manufacture or shipment of products, the processing of transactions and the reporting of financial results, or could damage the Group's reputation.

In addition, the Group faces the risk of potential unauthorised access to, and the loss of, critical and sensitive information, for example as a result of industrial espionage activities or hacking attacks. A leak of confidential information or the loss of critical and sensitive information could reveal trade secrets or know-how of the Group or its customers to competitors and harm the Group's business, competitive position and reputation. The Group's insurance may not adequately compensate it for all losses or failures that may occur. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Chemicals manufacturing, storage, and transportation are inherently hazardous and may lead to personal injury, damage to property or other damage and any hazardous incidents that the Group may face could result in disruptions to its production facilities, claims for damages and fines.

Given its activities and the industries in which it operates, the Group faces risks associated with chemicals manufacturing and the related storage and transportation of raw materials, products and wastes. These risks include, but are not limited to, accidents, explosions, fires, lightning, transport risks, terrorist attacks, natural disasters, mechanical or other operational failure, pipeline leaks and ruptures, storage tank leaks, chemical spills, and other discharges or releases of toxic or hazardous substances or gases. These events could lead to personal injury, loss of life, environmental or property damage, or a material interruption or suspension of operations, and may result in increased mitigation expenses, a reduction in profitability, and the imposition of civil or criminal penalties, including governmental fines, expenses for remediation and claims brought by governmental entities, employees or other third parties. In many jurisdictions, such as in the United States, these risks are amplified by the frequency of class actions and high damages awards.

In addition, the occurrence of any such event could be seriously detrimental to the Group's reputation and could harm its ability to obtain or maintain its existing licences or its key commercial, regulatory, and governmental relationships. Disruptions at one or more production facilities may also interrupt production further down the production chain and lead to lower volumes and sales, and potentially the loss of market share. The costs associated with any of these events may be substantial and could exceed or otherwise not be covered by the Group's insurance coverage.

Furthermore, improper handling of hazardous substances by the Group or its customers may lead to the release of toxic or hazardous substances, which may in turn result in stricter regulation or a prohibition of the use of such substances. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Local conditions, events, adverse weather conditions, natural disasters and other disruptions could adversely affect the Group's business.

The Group has manufacturing sites around the world. Its manufacturing operations may be subject to disruptions within or beyond their control, including: adverse local conditions, climate change, adverse weather conditions, floods, fire, natural disaster, civil unrest, labour stoppages and terrorist activity. Several of the countries in which the Group operates, such as India and Indonesia, are subject to border or internal civil conflicts or unrest, which could also affect the Group's operations. Any disruption of the Group's operations resulting from any of these events or factors could limit its ability to quickly shift production to other sites. For example, capacity constraints or regulatory requirements could cause significant delays in manufacturing and the loss of sales and customers. In addition, the Group could suffer a loss of sales or other negative impact on its business as a result of its customers or suppliers being affected by any of these events.

2. RISKS RELATING TO THE ISSUER OR THE GUARANTOR

The Issuer relies on the credit of the Guarantor.

The Issuer is a finance entity and relies on the credit of the Guarantor. The assets of the Issuer should not be primarily relied upon by prospective investors in making an investment decision to purchase the Bonds. Rather, any investment decision to purchase the Bonds should be based primarily on the financial strength of the Guarantor.

The Issuer's and Guarantor's financial performance and other factors could adversely impact the Issuer's and the Guarantor's ability to make payments on the Bonds or perform under the Guarantee, as applicable.

The Issuer's ability to make scheduled payments with respect to the Bonds, and the Guarantor's ability to perform under the Guarantee, will depend on the Issuer's and the Guarantor's, as applicable, financial and operating performance, which, in turn, are subject to prevailing economic conditions and to financial, business and other factors beyond the Issuer's and Guarantor's control.

The Bonds do not restrict the Issuer's or the Guarantor's ability to incur additional debt or prohibit the Issuer or the Guarantor from taking other action that could negatively impact the holders of the Bonds.

Neither the Issuer nor the Guarantor is restricted under the terms and conditions of the Bonds from incurring additional indebtedness, and there is no guarantee that the Issuer or the Guarantor will not create, incur, assume or guarantee additional indebtedness and that such debt may not be privileged, either by virtue of securities granted by the Issuer or the Guarantor or by way of structural subordination of the Bonds. In addition, the Bonds do not require the Issuer or the Guarantor to achieve or maintain any minimum financial results relating to their respective financial positions or results of operations. The Issuer's and/or the Guarantor's ability to recapitalise, incur additional debt, secure existing or future debt, or take a number of other actions that are not limited by the terms of the Bonds, including repurchasing indebtedness or common shares or preferred shares, if any, or paying dividends, could have the effect of diminishing the Issuer's and/or the Guarantor's ability to make payments on the Bonds when due.

The right to receive payments under the Guarantee of the Guarantor may be adversely affected by Swiss bankruptcy laws.

The Guarantor is incorporated under the laws of Switzerland. Accordingly, bankruptcy proceedings with respect to the Guarantor are likely to proceed under, and to be governed primarily by, Swiss bankruptcy law. These provisions afford debtors and unsecured creditors only limited protection from the claims of secured creditors and it may not be

possible for other unsecured creditors to prevent or delay the secured creditors from enforcing their security to repay the debts due to them under the terms that such security was granted.

Enforcement claims or court judgments against the Guarantor must be converted into Swiss francs.

Enforcement claims, including for court judgments, against the Guarantor under Swiss debt collection or bankruptcy proceedings may only be made in Swiss francs and any foreign currency amounts must accordingly be converted into Swiss francs. With respect to enforcing creditors, any such foreign currency amounts will be converted at the exchange rate prevailing on (i) the date of instituting the enforcement proceedings (*Betreibungsbegehren*), (ii) the date of the filing for the continuation of the bankruptcy procedure (*Fortsetzungsbegehren*) or (iii) the date on which any amounts claimed first became due and payable (*Fälligkeit*), whichever date is more favourable for the creditors. With respect to non-enforcing creditors, foreign currency amounts will be converted at the exchange rate prevailing at the time of the adjudication of bankruptcy (*Konkurseröffnung*).

3. FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE BONDS

Set out below is a brief description of certain risks relating to the Bonds, of the principal market risks (including liquidity risk and exchange rate risk) and of certain tax risks relating to the Bonds:

Risks associated with redemption of the Bonds.

The Bonds contain optional redemption features. An optional redemption feature is likely to limit the market value of the Bonds. During any period when the Issuer may elect to redeem Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Bonds are subject to a fixed rate of interest.

The Bonds are subject to a fixed rate of interest. An investment in the Bonds involves the risk that if market interest rates subsequently increase above the rate paid on the Bonds, this will adversely affect the value of the Bonds.

Modification, waivers and substitution.

The Trustee may, without the consent of Bondholders and subject to certain conditions, agree (i) to any modification of (subject to certain exceptions), or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Bonds or the Trust Deed and the other transaction documents relating to the Bonds provided that such modification, waiver or authorisation would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders, and (ii) subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, to the substitution of certain other entities in place of (a) the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds, or (b) the Guarantor, or any previous substituted company, as guarantor of all sums expressed to be payable under the Trust Deed and the Bonds provided, in either case, that such a substitution would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds, the Guarantee and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

Changes in law

The terms and conditions of the Bonds are governed by, and construed in accordance with, English law, save that Condition 1 and Condition 10(a) (and any non-contractual obligations arising therefrom or in connection therewith) shall be governed by, and construed in accordance with, Belgian law. No assurance can be given as to the impact of any possible judicial decision or change to English law or Belgian law or administrative practice after the date of this Prospectus and any such change could materially adversely affect the value of any Bonds affected by it.

The transfer of the Bonds, any payments made in respect of the Bonds and all communications with the Issuer will occur through the NBB-SSS and its participants.

A Bondholder must rely on the rules and operating procedures of the NBB-SSS and its participants to receive payment under the Bonds or communications from the Issuer. The Issuer and the Paying Agent will have no responsibility or liability for the records relating to, or payments made in respect of, the Bonds within, or any other improper functioning of, the NBB-SSS and its participants. In such case, Bondholders should make a claim against the participants in the NBB-SSS, who may make claims against the NBB-SSS. Any such risk may adversely affect the rights and/or return on investment of a Bondholder.

Payments of additional amounts are subject to exceptions and may not be enforceable.

Although the Conditions provide, in certain circumstances, for the payment of additional amounts by the Issuer or the Guarantor, as the case may be, if it becomes obligated by law to make any withholding or tax deduction in respect of any interest payable by it in respect of the Bonds or the Guarantee, as applicable, the obligation to pay such additional amounts is subject to certain exceptions. Under Swiss law, an agreement to pay additional amounts for the deduction of Swiss withholding tax may not be valid and, thus, may prejudice the validity and enforceability of anything to the contrary contained in the Bonds, the Guarantee or any other document or agreement.

There is no active trading for the Bonds.

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon factors such as the prevailing interest rates, the market for similar securities, the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds, the redemption features of the Bonds, general economic conditions and the financial condition of the Issuer. Although application has been made for the Bonds to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (Bourse de Luxembourg) and to be listed on the official list of the Luxembourg Stock Exchange (Bourse de Luxembourg), there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds.

Such factors also will affect the market value of the Bonds. Investors may not be able to sell Bonds readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Bonds unless the investor understands and is able to bear the risk that the Bonds may not be readily sellable, that the value of Bonds will fluctuate over time and that such fluctuations might be significant.

The market prices of the Bonds may be volatile.

The market prices of the Bonds will depend on many factors that may vary over time and some of which are beyond the Issuer's control, including the Issuer's and Guarantor's financial performance, the amount of indebtedness the Guarantor and its subsidiaries on a consolidated basis have outstanding, market interest rates, the market for similar securities, competition and general economic conditions. As a result of these factors, investors may only be able to sell their Bonds at prices below those investors believe to be appropriate, including prices below the price the investors have paid for them.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Bonds and the Guarantor will make any payments under the Guarantee in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make payments in respect of the Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal. Any of the foregoing events could adversely affect the value of the Bonds.

Limited tax gross-up protection for Eligible Investors.

Potential investors should be aware that if the Issuer, the Guarantor, the NBB, any Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Bonds, then the Issuer, Guarantor, the NBB, any Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

The Issuer will pay such additional amounts as may be necessary in order that the net payment received by each holder of the Bonds, after withholding for any taxes imposed by tax authorities in the Kingdom of Belgium or Switzerland upon payments made by or on behalf of the Issuer in respect of the Bonds, will equal the amount which would have been received in the absence of any such withholding taxes, except that no such additional amounts shall be payable in respect of any Bonds in the circumstances described in Conditions 7(a) to (e) (inclusive).

Taxation.

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. In addition, payments of interest on the Bonds (if any), or profits realised by a Bondholder upon the sale or repayment of its Bonds, may be subject to taxation in the home jurisdiction of the potential investor or in other jurisdictions in which it is required to pay taxes.

Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

EU financial transactions tax ("FTT") proposals may give rise to tax liabilities.

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in the Kingdom of Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, although Estonia has since stated that it will not participate (the "**FTT Participating Member States**"). The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the FTT Participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a FTT Participating Member State. A financial institution may be, or be deemed to be, "established" in a FTT Participating Member State in a broad range

of circumstances, including: (a) by transacting with a person established in a FTT Participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a FTT Participating Member State.

The FTT proposal remains subject to negotiation between the FTT Participating Member States and the scope of any such tax is uncertain. Additional EU member states may decide to participate. Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

The tax treatment of the Bonds with respect to Swiss withholding tax.

The Swiss withholding taxation laws impose a 35 per cent. withholding tax on interest payments on bonds issued (i) by an issuer resident in Switzerland for Swiss withholding taxation purposes, or (ii) by a non-Swiss member of a group with the parental guarantee of a Swiss member of the group if the aggregate amount of proceeds from the issuance of all outstanding debt instruments issued by a non-Swiss member of the group with the parental guarantee of a Swiss member of the group that is being applied by any member of the group in Switzerland exceeds the amount that is permissible under the Swiss withholding taxation laws (or any payments under the parental guarantee in respect thereof) to Swiss federal withholding tax.

So long as any Bonds are outstanding, the Group will ensure that (i) the Issuer will have its domicile and place of effective management outside Switzerland, and (ii) the aggregate amount of proceeds from the issuance of all outstanding debt instruments issued by a non-Swiss member of the Group with the parental guarantee of a Swiss member of the Group (including the Bonds) that is being applied by any member of the Group in Switzerland does not exceed the amount that is permissible under the taxation laws in effect at such time in Switzerland without subjecting interest payments due under the Bonds (or any payments under the Guarantee in respect thereof) to Swiss federal withholding tax. The Swiss Federal Tax Administration has confirmed that the amount permissible at any time will be equal to the equity of all direct and indirect non-Swiss subsidiaries of the Group plus the sum of all intra-group loans granted by Swiss members of the Group to non-Swiss members of the Group at such time as determined in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board (“IFRS”).

The holders of Bonds should be aware that, although the terms of the Bonds provide that, in the event of any withholding or deduction on account of Swiss tax being required by Swiss law, the Issuer or the Guarantor, as the case may be, shall, subject to certain exceptions, pay additional amounts so that the net amount received by the holders of the Bonds shall equal the amount which would have been received by such holder in the absence of such withholding or deduction, such obligation may contravene Swiss legislation and be null and void and not enforceable in Switzerland. (See also above under “—Payments of additional amounts are subject to exceptions and may not be enforceable”).

The tax treatment of the Bonds with respect to Swiss withholding tax may change due to potential new Swiss withholding tax legislation.

On 26 June 2019, the Swiss Federal Council announced that it will resume the reform of the withholding tax regime, which had previously been suspended. A main aspect of the reform will be the exemption of Swiss domiciled legal entities and foreign investors from withholding tax on Swiss domestic interest-based investments. In a meeting and a subsequent press release on 27 September 2019, the Federal Council further defined the scope and content of the planned reform. In essence, the reform is expected, among other things, to replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. This paying agent-based regime is expected to (i) subject all interest payments made by paying agents in Switzerland to individuals resident in Switzerland to Swiss withholding tax and (ii) exempt from Swiss withholding tax interest payments to all other persons, including to Swiss domiciled legal entities and foreign investors (other than for indirect interest payments via foreign and domestic collective investments vehicles). If such a new paying agent-based regime were to be enacted and were to result in the deduction or withholding of Swiss withholding tax on any interest payments in

respect of the Bonds, the Bondholders would not be entitled to receive any additional amounts as a result of such deduction or withholding under the terms of the Bonds.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following:

1. the audited consolidated financial statements of the Group for the financial year ended 31 December 2019, together with the audit report thereon, which appear on pages 78 to 167 of the Group's annual report and accounts for the year ended 31 December 2019 (the "**2019 Financial Statements**") (which report is available at https://annualreport.lonza.com/2019/servicepages/downloads/files/entire_lonza_ar19.pdf):

*The below page numbers refer to the
Group's annual report and accounts
for the year ended 31 December 2019*

Financial statements (section heading)	page 78
Consolidated balance sheet	page 80
Consolidated income statement	page 82
Consolidated statement of comprehensive income	page 83
Consolidated cash flow statement	page 84
Consolidated statement of changes in equity	page 86
Notes to the consolidated financial statements	page 87
Statutory auditor's report	page 162

2. the audited consolidated financial statements of the Group for the financial year ended 31 December 2018, together with the audit report thereon, which appear on pages 122 to 252 of the Group's annual report and accounts for the year ended 31 December 2018 (the "**2018 Financial Statements**") (which report is available at https://annualreport.lonza.com/2018/servicepages/downloads/files/entire_lonza_ar18.pdf):

*The below page numbers refer to the
Group's annual report and accounts
for the year ended 31 December 2018*

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together, the "**Documents Incorporated by Reference**".

The Documents Incorporated by Reference have been previously published or are published simultaneously with this Prospectus and have been approved by the CSSF or filed with it. The Documents Incorporated by Reference shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Bonds or the relevant information is included elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of the documents incorporated by reference in this Prospectus may be obtained (without charge) from the Guarantor's website at <https://www.lonza.com> and the website of the Luxembourg Stock Exchange at <https://www.bourse.lu/cssf-approvals>.

OVERVIEW

The overview below describes the principal terms of the Bonds and is qualified in its entirety by the more detailed information contained elsewhere in this Prospectus. Capitalised terms used herein and not otherwise defined have the respective meanings given to them in the “*Terms and Conditions of the Bonds*” (the “**Conditions**”).

Issuer:	Lonza Finance International NV
Legal Entity Identifier of the Issuer:	549300AS6XQBD4ETT379
Guarantor:	Lonza Group AG
Legal Entity Identifier of the Guarantor:	549300EFW4H2TCZ71055
Website of the Issuer / Guarantor:	https://www.lonza.com
Trustee:	The Law Debenture Trust Corporation p.l.c.
Principal Paying Agent:	Citibank Europe plc
Joint Bookrunners:	Citigroup Global Markets Europe AG Credit Suisse Securities (Europe) Limited HSBC France ING Bank N.V. Merrill Lynch International
Joint Lead Managers:	BNP Paribas Commerzbank Aktiengesellschaft Mizuho Securities Europe GmbH UBS AG London Branch
Bonds:	€ 500,000,000 1.625 per cent. Guaranteed Bonds due 21 April 2027
Issue Date:	21 April 2020
Issue Price:	99.424 per cent.
Form and Denomination:	The Bonds will be issued in dematerialised form in accordance with the Code via the book-entry system maintained in the records of the securities settlement system operated by the National Bank of Belgium or any successor thereto. The Bonds will be in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000
Status of the Bonds:	The Bonds will constitute (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves and (subject to Condition 3) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, as further described in Condition 2
Status of the Guarantee:	The payment obligations of the Guarantor under the Guarantee will constitute (subject to Condition 3)

	<p>unconditional and irrevocable obligations of the Guarantor and shall at all times rank (subject to Condition 3) at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, as further described in Condition 2</p>
Interest Payment Dates:	<p>Interest in respect of the Bonds will be payable annually in arrear on 21 April in each year, commencing on 21 April 2021 (the “First Interest Payment Date”) and ending on the Maturity Date (unless the Bonds are previously redeemed or purchased and cancelled)</p>
Maturity Date:	<p>21 April 2027</p>
Redemption:	<p>Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date</p>
Issuer Call Option for Taxation Reasons:	<p>The Issuer may, at its option, redeem all, but not some only, of the Bonds at any time at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption, in the event of certain tax changes, as further described in Condition 5(b)</p>
Issuer Par Call Options:	<p>The Issuer may, at its option, redeem all but not some only of the Bonds (a) at any time during the period between 90 days prior to the Maturity Date (inclusive) and the Maturity Date or (b) at any time if 80 per cent. or more in principal amount of the Bonds originally issued have been redeemed (other than where 80 per cent. or more in principal amount of the Bonds originally issued have been redeemed pursuant to the Issuer Make Whole Call Option as described in Condition 5(c)) or purchased, in each case, at their principal amount together with accrued interest, as further described in Conditions 5(c), (d) and (e)</p>
Issuer Make Whole Call Option:	<p>The Issuer may, at its option, redeem all or some only of the Bonds outstanding at any time prior to 90 days prior to the Maturity Date at their Make Whole Redemption Price (as defined in the Conditions), as further described in Condition 5(c)</p>
Change of Control Put Option:	<p>Upon the occurrence of a Change of Control Put Event (as defined in the Conditions), each Bondholder shall have the option to require the Issuer to redeem all or some only of the Bonds of such holder at their principal amount together with interest accrued to (but excluding) the Change of Control Put Date (as defined in the Conditions), as further described in Condition 5(f)</p>
Events of Default:	<p>The Bonds will be subject to certain events of default including (among others) non-payment of principal or interest for a period of 14 days, failure to perform or comply</p>

Negative Pledge:

with any of the other obligations in respect of the Bonds, cross-acceleration and certain events relating to bankruptcy and insolvency of the Issuer, the Guarantor or any Material Subsidiary, as further described in Condition 8

The Conditions include a negative pledge, as further described in Condition 3

Taxation:

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Kingdom of Belgium or Switzerland or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions, as further described in Condition 7

Governing Law:

The Trust Deed (except clause 4), the Bonds, and any non-contractual obligations arising out of or in connection with them, will be governed by, and construed in accordance with, English law, save that Condition 1 and Condition 10(a), and clause 4 of the Trust Deed (and any non-contractual obligations arising therefrom or in connection therewith) shall be governed by, and construed in accordance with, Belgian law

Clearing and Settlement:

The Bonds will be issued in dematerialised form and will be represented exclusively by a book entry in the records of the NBB-SSS. Access to the NBB-SSS is available through those of the participants in the NBB-SSS whose membership extends to securities such as the Bonds. Participants in the NBB-SSS include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking AG, Frankfurt ("**Clearstream**"), SIX SIS AG ("**SIX SIS**"), Monte Titoli S.p.A. ("**Monte Titoli**") and Interbolsa S.A. ("**Interbolsa**") and through other financial intermediaries which in turn hold their Bonds through Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa. Accordingly, the Bonds will be eligible to clear through, and therefore be accepted by, Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa and investors can hold their interests in the Bonds within securities accounts in Euroclear, Clearstream, SIX SIS,

	<p>Monte Titoli and Interbolsa or the other direct or indirect participants in the NBB-SSS.</p>
Listing and Admission to Trading:	<p>Application has been made for the Bonds to be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Regulated Market of the Luxembourg Stock Exchange</p>
Ratings:	<p>The Bonds are expected to be rated BBB+ by S&P. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency. As of the date of this Prospectus, S&P is a credit rating agency established in the European Union and is registered under the CRA Regulation. As such S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation</p>
Use and Estimated Net Amount of Proceeds:	<p>The net proceeds will be used for (i) refinancing of existing debt and (ii) general corporate purposes of the Group. The estimated net proceeds of the issue of the Bonds, after deduction of commissions, fees, and estimated expenses, will be €495,495,000.</p>
Selling Restrictions:	<p>There are restrictions on offers of the Bonds to EEA and UK retail investors and into, or to persons resident in, the United States, the United Kingdom, the Kingdom of Belgium, Switzerland and elsewhere. See “<i>Subscription and Sale</i>”</p> <p>Category 2 selling restrictions will apply to the Bonds for the purposes of Regulation S under the Securities Act</p>
Risk Factors:	<p>For a discussion of certain risk factors relating to the Issuer, the Guarantor and the Bonds that prospective investors should carefully consider prior to making an investment in the Bonds. See “<i>Risk Factors</i>”</p>
Securities Identifiers for the Bonds:	<p>ISIN: BE6321076711</p> <p>Common Code: 215748987</p> <p>FISN: See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN</p> <p>CFI Code: See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN</p>

DESCRIPTION OF THE ISSUER

1. General Information

Lonza Finance International NV (the “**Issuer**”) is a limited liability company (*société anonyme/naamloze vennootschap*) incorporated under the laws of the Kingdom of Belgium on 18 October 2019 for an unlimited duration and registered on 22 October 2019 with the Crossroads Bank for Enterprises under number 0736.673.428 (RPR-RPM, Antwerp, division Mechelen)).

The address of the Issuer’s statutory office is Rijksweg 11, B-2880 Bornem, Belgium (telephone: +32 (0) 3-890-05-11).

The financial year of the Issuer ends currently on 31 December of each calendar year, with the Issuer’s first financial year ending on 31 December 2020. Since the date of its incorporation, the Issuer has not been in operation and no financial statements have been drawn up as at the date of this prospectus.

Lonza Finance International NV is the Issuer’s legal and commercial name.

2. Principal Activities and Purpose

The Issuer is a finance vehicle. The principal activity of the Issuer is to finance the business operations of the Group by incurring financial indebtedness (including by issuing the Bonds) and on-lending the proceeds thereof to or for the benefit of members of the Group. As of the date of this Prospectus, the Issuer has incurred no such financial indebtedness and has not started its activity.

Pursuant to article 3 of the articles of incorporation of the Issuer, the purpose(s) of the Issuer are as follows:

“A purpose of the company is financing and the provision of services, in particular within the companies of Lonza Group AG, and the participation in domestic and foreign industrial and commercial companies of all kinds. The company can also acquire and administer real estate and immaterial rights.

The company has also as its purposes:

- a) only in its own name and for its own account: the construction, development and management of real estate; all actions, within or outside the VAT system, regarding its properties and real estate, such as the purchase, sale, construction, renovation, planning, rent and lease, exchange, parcelling and, in general, all actions that are directly or indirectly linked with the management or exploitation of property rights or real estate;*
- b) only in its own name and for its own account: all the actions related to its movable property, of every kind, such as the sale and the purchase, the rent and the lease, the exchange, and in particular the management and the valorisation of all negotiable goods, shares, obligations, state funds;*
- c) only in its own name and for its own account: borrow and allow loans, credits, financing and the negotiation of leasing contracts, in the frame of the purposes described above.*

The company may grant security to secure its own obligations or to secure obligations of third parties, by amongst other things mortgage or pledge its goods, including the own business. It may act as a guarantor or provide collateral for the benefit of companies or individuals, in the broadest sense.

The company may in general carry out all commercial, industrial, financial, movable and immovable transactions which directly or indirectly relate to its object or which could partially or wholly facilitate the achievement thereof.

It may take interests through association, contribution, merger, financial intervention or in any other way, in all companies, associations or companies with an identical, concurrent or coherent purpose as its own purpose, or which may of a beneficial nature for the development of its business or form a source of sales.

It can perform the functions of a director or liquidator in other companies.

In the event that the performance of certain acts would be subject to prior conditions for access to the profession, the company will subordinate its action with regard to the performance of these acts to the fulfilment of these conditions.”

3. Organisational Structure and Dependence

The Issuer is a direct and wholly-owned subsidiary of the Guarantor. The Issuer has no subsidiaries. The Issuer is dependent on the Guarantor and/or other members of the Group to, among other things, meet the Issuer’s cash flow requirements. In particular, the Issuer is reliant on receiving funds from the Guarantor and/or other members of the Group to enable the Issuer to service principal and interest payments in respect of its finance obligations.

4. Management

The Issuer has 6 directors: Daniel Blaettler, Matthias Wagner, Nico De Meyer, Anja Anthonis, Aldo Van De Weyer and Caroline Hoogsteyns. The business address of each of the directors is the statutory office of the Issuer. Caroline Hoogsteyns is an independent director.

The Issuer is not aware of any potential conflicts of interest between the duties to the Issuer of the directors stated above and their private interests or other duties.

There are no activities performed by the directors of the Issuer outside their role as directors of the Issuer which are significant with respect to the Issuer.

The board of directors of the Issuer has an audit committee (*audit comité / comité d’audit*) within the meaning of Article 7:99 of the Code, comprising of Nico De Meyer, Caroline Hoogsteyns and Matthias Wagner. The primary responsibilities of the audit committee are to (a) monitor the Issuer’s financial reporting process and its statutory and internal audits, and (b) at relevant times, propose to the board of directors, candidate(s) to be appointed or reappointed as the Issuer’s statutory auditor.

5. Share Capital

The issued share capital of the Issuer amounts to €43,061,500, divided into 43,061,500 registered shares without nominal value, representing each an equal part of the capital, which are all held by the Guarantor. The capital is fully issued and paid-up. The Issuer does not have authorised but unissued capital.

DESCRIPTION OF THE GUARANTOR

1. General Information

Legal Form, Legislation, Incorporation, Founder, Register, Duration, Registered Office, Head Office, Name

Lonza Group AG (also known as Lonza Group Ltd) (the “**Guarantor**”) is a stock corporation (*Aktiengesellschaft*) organised under the laws of Switzerland in accordance with articles 620 et seqq. Code of Obligations (“**CO**”). The Guarantor was founded under the name of Axera AG in the Commercial Register of Zurich on 16 March 1999. As of 16 August 1999, it changed its name to Lonza Group Ltd. On 27 March 2002, the Guarantor was registered with the Commercial Register of Basel-City (register number CH-020.3.021.634-0) and is now registered under the register number CHE-106.841.866. Neither the Guarantor’s articles of association (the “**Guarantor’s Articles of Association**”) nor the operation of law limit the duration of the Guarantor.

The registered and head office of the Guarantor is at Münchensteinerstrasse 38, 4002 Basel, Switzerland (telephone: +41 61 316 8111).

Lonza Group AG (also known as Lonza Group Ltd) is the legal name of the Guarantor and it operates under the commercial name of “Lonza”.

Purpose and Financial Year

The principal purpose of the Guarantor is set out in article 2 of the Guarantor’s Articles of Association (in effect at the date of this Prospectus):

“The purpose of the Company is the participation, in whatever form, in companies active in whatever way in the fields of chemistry, energy and related fields, as well as engaging in all commercial, financial and other activities appropriate to such interests. The Company may also engage directly in the above mentioned business fields.

The Company may, subject to legal provisions, extend its activities to other fields which are directly or indirectly related to its purpose.”

The financial year of the Guarantor ends currently on 31 December of each calendar year.

Rating of the Guarantor

As at the date of this Prospectus, the Guarantor’s senior long term debt obligations have been rated “BBB+” (outlook: stable) by S&P Global Ratings Europe Limited.

S&P Global Ratings Europe Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended by Regulation (EU) No. 513/2011 and Regulation (EU) No 462/2013), as it appears on the list published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) as last updated on 14 November 2019. No information from any such website is deemed to be incorporated in or forms part of this Prospectus. The Issuer and the Guarantor do not take any responsibility for the information contained on any such website.

2. Business Overview of the Guarantor and the Group

Principal Activities

Business Overview

Founded in 1897 in the Swiss Alps, Lonza is an integrated solutions provider that creates value along the Healthcare Continuum® and serves a number of highly attractive and growing markets related to its strategic focus on patient and consumer needs in prescription, prevention, protection and preservation. Through its Pharma Biotech & Nutrition segment and Specialty Ingredients segment businesses, Lonza harnesses science and technology to serve markets along this continuum. Lonza focuses on creating a healthy environment, promoting a healthier lifestyle and preventing illness through consumers' preventive healthcare, as well as improving patient healthcare by supporting its customers to deliver innovative medicines that help treat or cure severe diseases. Patients and consumers benefit from Lonza's ability to transfer its pharma know-how to the healthcare, hygiene and fast-moving consumer goods markets.

Drawing on more than a century of experience, Lonza applies its pharma know-how to create customer solutions that contribute to healthier living and that enhance the overall quality of life. The Group's services and products range from active pharmaceutical ingredients ("APIs") (both chemically as well as biologically derived), antibody drug conjugates ("ADC"), viral therapy and cell therapies, dosage and formulation expertise and drug product manufacturing. Lonza's product and service offerings furthermore range from nutritional ingredient compounds and organic consumer personal care ingredients to agricultural products, and from industrial preservatives to microbial control solutions that combat dangerous viruses, bacteria and other pathogens.

As at the end of 2019, the Group has more than 100 sites and offices and more than 15,400 employees, with key operations in Switzerland, the United States, the United Kingdom, China and Singapore. In the financial year ended 31 December 2019, Lonza generated:

- sales of CHF 5.92 billion (compared with CHF 3.93 billion in 2012, representing growth of 50.8 per cent. over such period);
- CORE Adjusted EBITDA of CHF 1.62 billion (compared with CHF 0.66 billion in 2012);
- CORE Adjusted EBITDA Margin of 27.4 per cent. (compared with 16.9 per cent. in 2012); and
- CORE Adjusted Earnings per Share (diluted) of CHF 13.6 (compared with CHF 4.5 in 2012, representing a 199.3 per cent. increase over such period).

See "*Alternative Performance Measures*" for an explanation of Lonza's CORE results and other financial metrics used by the Group.

Lonza's strategy is to be the leading integrated, value-added solutions provider for the Healthcare Continuum®. Lonza offers a wide range of services and products from the custom development and manufacturing of active pharmaceutical ingredients to innovative dosage forms for the pharma and consumer health and nutrition industries.

Business Segments and Business Units

Following an internal alignment of its business structure and integration of acquired businesses during 2018 and 2019, Lonza currently operates through various business units under two reporting segments, Lonza Pharma Biotech & Nutrition ("LPBN") and Lonza Specialty Ingredients ("LSI"). Lonza's strategy in 2019 was to increase focus on its healthcare-related businesses and commence the carve-out of the LSI segment. Over the course of 2019, Lonza has worked diligently on the carve-out and concurrently reviewed the Group strategy on accelerating the growth and development of its LPBN offering.

In the financial year ended 31 December 2019, the LPBN segment generated sales of CHF 4.17 billion, CORE Adjusted EBITDA of CHF 1.37 billion and CORE Adjusted EBITDA Margin of 32.9 per cent. The LSI segment

generated sales of CHF 1.69 billion, CORE Adjusted EBITDA of CHF 0.3 billion and CORE Adjusted EBITDA Margin of 17.8 per cent.

The core competencies and technology platforms that span the segments are fine chemistry and biotechnology, formulation and dosage application technology (including encapsulation technologies for oral dosage forms and delivery systems, as well as parenteral drug product formulation and dosage forms including sterile fill and finish manufacturing capabilities), microbial control performance and testing. Additionally, Lonza has a proven track-record in handling highly sophisticated regulatory requirements. The Group believes that it has best in class manufacturing and quality-control systems in place, superior regulatory expertise (including in relation to obtaining fast-track approvals), in-depth market knowledge, and extensive capabilities in sales, marketing and business development, and extensive technical customer support and research and development capabilities.

The LPBN segment encompasses Lonza's offerings to the global pharmaceuticals and biotech markets and its bioscience solutions to the bioresearch market, as well as consumer health and nutrition. It covers areas such as APIs (customised drug substance development and manufacturing), as well as delivery and product differentiation in relation to drug product development and manufacturing. The segment operates more than 37 sites on three continents. The LPBN segment includes the following:

- *Contract Development and Manufacturing Organisation ("CDMO") services for:*
 - *Small molecules.* This includes offering contract development and manufacturing services for small molecules, oral dosage forms and delivery systems including encapsulation technologies.
2019 overview: Throughout 2019, the Group's small molecule business continued to benefit from innovative business models, formulation and encapsulation capabilities. Lonza's HPAPI offerings (highly potent active pharmaceutical ingredients) have made a positive contribution, with a number of new long-term contracts signed in respect of such products and other small molecule offerings.
 - *Mammalian & microbial.* This includes contract development and manufacturing of biologics from mammalian cell cultures, antibody drug conjugates (ADC) and microbial fermentations for commercial use, parenteral drug product services, formulation and dosage forms including sterile fill and finish manufacturing capabilities.
2019 overview: The Group saw ongoing strong momentum for its clinical and commercial offerings in this area in 2019. Commercial agreements signed for new and existing assets provide the Group with meaningful sales visibility for the mid- and long-term, and commercial capacities for 2020 are largely committed. The Group's integrated clinical service offerings gained traction, with shortened development and manufacturing timelines, guaranteed delivery of drug product for investigational new drug applications and secured supply for subsequent clinical and commercial requirements.
 - *Cell and gene technologies.* This service's offerings include process development and manufacturing for cell therapy, viral therapy and bioconjugates and parenteral drug product services.
2019 overview: During 2019, the Group saw this business benefiting from continued sales momentum in a dynamic market environment, with strong interest in offerings including process development and commercial manufacturing. The Group signed a significant number of clinical and commercial contracts with new customers and, in 2020, intends to continue to focus on improving operational excellence and delivering a seamless service.
- *Product Businesses*
 - *Bioscience,* which provides cell-culture media, transfection and molecular biology tools for life-science research.
2019 overview: In 2019, the Group's bioscience solutions business saw increased demand, based on favourable market trends in drug discovery and cell therapy, in areas such as therapeutic cell-culture media,

research tools, testing solutions and quality control software. The Group continues to make progress with operational improvements in this business.

- *Pharma Hard Capsules*. This service's offerings include a broad range of capsule polymers, sizes and designs, integrated product design, development and clinical supply, and commercial manufacturing.
2019 overview: In 2019, the business saw an ongoing demand for specialty polymer and dry powder inhalation offerings, and several long-term agreements were signed. The business was supported by new product launches but challenged by market conditions in the United States and slower growth in developed markets.
- *Nutritional Hard Capsules*, which offers specialty ingredients, formulation know-how and inventive oral delivery solutions.
2019 overview: The former Capsugel business, now fully integrated into the Group, offers gelatin and specialty polymer hard capsules as well as fully formulated, specialised, finished dosage forms. The business was negatively impacted by increased competition in 2019, which was exacerbated by softer demand for conventional gelatin hard capsules and slower growth than anticipated in specialty polymer empty capsules, particularly in mature markets. The business started to implement commercial countermeasures, with the first impact of these being apparent in the fourth quarter of 2019.
- *Nutritional Ingredients*, which provides health and well-being solutions in nutritional supplements and functional food for preventive healthcare and well-being. The Nutritional Ingredients businesses also benefit from oral dosage forms and delivery systems including encapsulation technologies.
2019 overview: These businesses experienced soft demand in 2019. The Group's UC-II® manufacturing expansion in Greenwood, South Carolina, United States is on track to be operational in the first half of 2020, which is intended to support an improved security of supply.

The LSI segment includes the following:

- *Microbial-Control Solutions*, encompassing ingredients for consumer home and personal care products and professional hygiene, as well as ingredients for paints and coatings, industrial material protection and wood and crop protection.
2019 overview: While general demand for microbial control applications was solid in 2019, the Microbial Control Solutions business saw mixed performance, which was related to its diverse end-markets. Professional hygiene and home care disinfection saw positive performance over the year, personal care preservation saw an uptake in the second half of 2019 and, in material protection, oil and gas industry solutions performed strongly. However, polymer and textiles faced softer market demand from the automobile industry and suffered from a suboptimal supply of 1,2-Benzisothiazolin-3-one (BIT); and crop protection faced ongoing customer destocking after a dry summer 2018 in Europe, further dry weather in 2019 and competition from China. Paints and coatings showed good performance during 2019, despite the shortage of BIT and, although wood protection experienced stable demand, it saw an increasingly competitive environment and pricing pressure, especially in the United States market.
- *Specialty Chemical Services*. This business provides solutions for composite materials and processing additives for technically demanding industries such as electronics, transportation and aerospace. It also comprises custom developing and manufacturing, and the provision of performance intermediates and chemicals for many industrial applications.
2019 overview: These offerings were negatively impacted by ongoing geopolitical tensions, raw material supply challenges and unfavourable cyclical end markets. Composites were affected by weak market demand for consumer electronics, which was magnified by the trade dispute between China and the United States, and competitive pressure from China and supply chain challenges resulted in lower volumes of industrial intermediates. Demand for agrochemical ingredients was down and the Group's vitamin B3 business was

impacted by low prices at the beginning of the year and African swine fever in Asia. However, custom manufacturing closed ahead of its 2018 performance level and the Group continues to expand its offering to industrial and pharma customers in addition to agricultural partners.

Operations

In addition to the segments and business units described above, the Group operates the following four operational units which are headed by the heads of operations and report to one or more business units: Pharma & Biotech Operations and Research & Technology, Specialty Ingredients Operations and Research & Technology. Within the Group's various business units under two reporting segments, the operational units support one or more business units by providing specific technologies or manufacturing specific compounds used in the business units.

Production and Distribution

Lonza develops and manufactures products across more than 70 owned and leased major research and development and manufacturing sites located on a number of continents. Lonza believes that its regional presence allows it to service customers in a consistent and reliable fashion. Local supply serves to reduce lead times, particularly in the pharmaceutical end-market where time can be of the essence. The Group's regional facilities also assure global and regional customers of redundancy and consistency of supply. The breadth and scale of the Group's global operations provide it with the flexibility to shift or increase production to meet customers' changing needs in a timely manner. Each manufacturing site discretely focuses on specific technologies, market segments and regions. Many of the facilities have specialised capabilities and infrastructure to address ingredients that require specialised handling.

Quality Control and Assurance

Lonza is committed to providing customers with products and services meeting all specifications and fulfilling customer and regulatory authorities' needs, expectations, and guidelines. Lonza places high priority and emphasis on the integrity of its products, their safe manufacture and distribution, and compliance with environmental and other relevant regulations. To achieve these goals, Lonza operates local quality management systems which comply with internal policies as well as with national and international standards (e.g. International Organization for Standardisation ("ISO")) and regulations (e.g. current Good Manufacturing Practices ("cGMP/GMP"), Pharmaceutical Inspection Convention ("PIC"), and hazard analysis and critical control points ("HACCP")).

Quality Management System

Lonza operates local quality management systems which comply with internal policies as well as with national and international standards (e.g. ISO) and regulations (e.g. cGMP/GMP, PIC, HACCP and FSSC 22000 Food Safety System Certification ("FSSC")). The fundamental elements of these systems are continually undergoing improvement.

Lonza's process-oriented quality management system ("PQM") consists of management instruments which define the structure, organisation, responsibilities, processes and methods for the implementation of the Group's quality policy. It is a management tool for the description and mastering of the essential business processes, assignment of responsibilities for tasks and decisions, identification of key success factors and measurement of performance, definition and management of important inputs and outputs, and periodical review of the processes and assessment of the system.

Policies, Standards and Certifications

The Group's quality systems comply with the internal quality policy as well as with the international standards for quality management systems as defined by the ISO 9001:2008. The systems are globally certified, where needed, by an independent institution.

As a manufacturer for the life science industry, Lonza is fully committed to the cGMP comprising the internal GMP policy as well as local law and international guidelines adopted by the FDA and EMA and other regulatory authorities.

Where the Group produces ingredients for human and animal nutrition it has feed/food safety management systems in place, certified to ISO 22000:2005, FSSC 22000:2010 and/or quality and safety systems for specialty feed ingredients and their mixtures (“**FAMI-QS**”), to ensure the extremely high quality of all substances entering the food chain.

Lonza’s sites are covered by a global certification scheme, with a single ISO 9001 certificate for all certified sites. Selected sites have additional certificates (ISO 14001, Occupational Health and Safety Assessment Series 18001, ISO 13485, FAMI-QS, HACCP, FSSC 22000, and European Federation for Cosmetic Ingredients, ISO 22716). Furthermore, the Group’s facilities are subject to periodic inspection by customers, regulatory agencies, and certification entities.

Research and Technology

In order to keep abreast of industry developments and to accommodate the rapidly changing needs of the Group’s customers, Lonza engages in on-going product development activities and places considerable emphasis on research and development to improve its existing products, develop new modalities and products (including focusing on solubility and bioavailability issues) and to customise products and manufacturing processes to meet the needs of the Group’s customers. To this end, the Group’s research and development activities also focus on the development of new production processes and the improvement of existing production processes. Lonza’s research and development activities, including the use of new technologies, are an integral part of the Group’s strategy to stay competitive.

Competition

The Group faces, and will face, competition in each of its market segments. Competition is driven by proprietary technologies and know-how, as well as quality and performance, consistency, price, ability to scale manufacturing and customer support, such as with regulatory approvals, new product development and marketing.

The LPBN segment competes principally with the in-house operations of large pharmaceutical companies which engage in research and development and manufacturing of products that overlap with those of this segment, as well as contract development organisations (“**CDOs**”) and contract manufacturing organisations (“**CMOs**”) engaged in either chemical or biotechnological research and development and manufacturing activities. Contract developers and manufacturers of chemical products tend to be somewhat fragmented, whereas biotechnology providers are more concentrated. Contract developers and manufacturers of technologies which include oral dosage form and delivery systems (including encapsulation) and parenteral drug product services (including sterile fill and finish) tend to be less fragmented.

As a result of the wide array of products and services provided by the LSI segment, the Group is a niche player in some markets and a market leader in others. In general the main competitors for this segment are western chemical companies.

Intellectual Property

Lonza's success depends in part on its ability to obtain and maintain proprietary protection for its products and product candidates, technology and know-how, to operate without infringing the proprietary rights of others and to prevent others from infringing its proprietary rights. Lonza seeks to protect its proprietary position by, among other methods, filing patent applications in Europe, the United States and other relevant jurisdictions where patent protection is available. Lonza also relies on trade secrets, know-how, and continuing technology innovation to develop and maintain its proprietary position.

As of 31 January 2020, Lonza had approximately 571 active patent families, 2334 granted patents and 948 pending patent applications in Europe. In addition, as of 31 January 2020, Lonza had more than 5,600 trademark filings, more than 800 brands globally and more than 700 registered domains. Lonza has in the past enforced and will continue to enforce intellectual property rights in jurisdictions around the globe. The Group does not consider any particular intellectual property right to be material to its overall business.

Supply and Raw Materials

The Group uses a broad and diverse range of raw materials in the design, development and manufacture of its products and those of its customers. Such raw materials range from feedstock up to complex and high performance chemicals as well as pharmaceutical and biopharmaceutical specialties.

Sourcing of feedstock and basic chemicals gives the Group some exposure to commodity markets which are at times volatile. In Lonza's custom manufacturing areas, raw material costs are partially passed through to the Group's customers. The Group controls its commodity exposure partially by market index based customer agreements. Any residual exposure is controlled through hedging activities.

The Group's supply base has been historically strongly positioned in established markets such as Europe and North America. Building on the growth prospects in emerging economies, the Group's supply base follows by expanding increasingly towards Asia. Special attention is given to the rulings of the Group's supplier code of conduct. Supply is tightly controlled by stringent supplier onboarding, qualification and review procedures. All third party deliveries need to comply with dedicated specifications. Incoming goods inspections ensure that quality parameters are met and supplier performance passes minimum requirements. The Group's sourcing teams are well-placed to give high priority on surety of supply, while at all times ensuring competitive positioning of the Group's demands in the respective sourcing markets.

Sales and Marketing

The Group has an aggregate sales and marketing force of approximately 1,000 employees as at the date of this Prospectus. For the LSI and LPBN segments, the sales and marketing strategy is primarily based on business-to-business transactions with the sales and marketing force interfacing with the Group's existing customers and potential new customers on a daily basis. The business unit's products are further marketed by way of an online shop and catalogues.

For the LPBN segment, sales are mainly executed via direct contact with the Group's customers. Very frequently, contracts are executed on a strict confidential disclosure agreement basis. While the sales and marketing activities are largely carried out by the respective business units, the Group also markets its products and services by attending international trade shows and conventions and participation of Lonza representatives in scientific presentations and academic lectures.

Properties

The Group's headquarters are in Basel, Switzerland. In addition, Lonza has more than 100 sites and offices (as at the end of 2019), with key facilities in Visp (Switzerland), Portsmouth (USA), Slough (UK), Nansha (China) and Singapore. Its global presence enables the Group to provide production, research and development and sales services to customers worldwide, and have the flexibility to address regional and even local marketplace needs. In the financial year ended 31 December 2019, 46.1 per cent. of the Group's sales were generated in the Americas, 38 per cent. in Europe, 14.2 per cent. in Asia and 1.7 per cent. in other regions.

Employees

As at the end of 2019, the Group employed more than 15,400 employees. Certain of the Group's employees are represented by labour organisations, and national works councils and/or labour organisations are active at the Group's European facilities consistent with labour environments/laws in European countries.

Environment, Health and Safety and Sustainability

The Group's operations are subject to numerous environmental, health and safety laws and regulations in each of the jurisdictions in which it operates. These laws and regulations govern, among other things, air emissions, wastewater discharges, the use, management and disposal of hazardous substances and wastes, soil and groundwater contamination and employee health and safety.

The Group's sustainability policy focuses on providing the highest quality products and services to its customers while minimising its impact on the environment, striving for energy and resource efficiency and helping to improve life quality. This comprises five elements:

- *Compliance and Integrity*: Lonza ensures that regulatory compliance, integrity and ethical conduct are the foundations in every place it operates.
- *Vision ZERO*: Lonza continually improves its systems and aspires to zero incidents, injuries or emissions.
- *Our people*: Lonza develops its employees by helping them grow. Lonza provides safe workplaces, cares for employees' well-being and fosters their involvement and participation.
- *Our environment*: Lonza improves its environmental footprint by continually reducing energy, water and material demand per unit.
- *Value for society*: Lonza creates value for society by innovating science-based solutions along the Healthcare Continuum® to develop the medicines and consumer products of tomorrow, and Lonza engages in the communities where it operates.

The Group has a number of activities and projects underway to deeper embed sustainability within the Group's operations and external collaborations. These include setting safety and sustainability targets with a financially focused denominator (per CHF 1 million of sales) to ensure they can be applied across the Group's diverse product portfolio.

The Group has established operational controls, environmental monitoring and routine risk assessment and mitigation processes. Additionally, the Group maintains an ongoing audit system, including both internal and external environmental, health and safety audits, designed to help identify and mitigate risks and measure performance against the Group's standards.

In addition, the Group recognises the importance and relevance of the UN Sustainable Development Goals (SGDs) and is focused on contributing to the realisation of these goals. From the 17 SGDs, the Group has identified the eight that it considers the most relevant for its industry, operations and sustainability focus areas: zero hunger; good health and well-being; quality education; gender equality; decent work and economic growth; industry, innovation and infrastructure; responsible consumption and production; and climate action.

3. Organisational Structure

The Guarantor is the parent company of the Issuer and is the ultimate parent company of the Group. See note 33 to the 2019 Financial Statements for a list of principal subsidiaries and joint ventures of the Group as at 31 December 2019.

The Guarantor is a publicly traded company with the primary listing of its shares on the SIX Swiss Exchange and secondary listing on the Singapore Exchange Securities Trading Limited. Except for the Guarantor, no company belonging to the Group has its shares listed on any stock exchange.

4. Board of Directors and Executive Committee

Members of the Board of Directors of the Guarantor (the “Board of Directors”)

The Board of Directors currently comprises nine members (including the Chairperson). Other than the Chairperson, who was appointed Chief Executive Officer ad interim on 12 November 2019, all members are considered as independent members.

The following table sets out the name, year of birth, position, committee memberships and year of initial appointment of the current members of the Board of Directors:

<u>Name</u>	<u>Year of Birth</u>	<u>Position</u>	<u>Committee Membership</u>	<u>Year of Initial Appointment</u>
Albert M. Baehny	1952	Chairperson (and CEO ad interim)	Innovation and Technology Committee; Executive Committee	2017
Patrick Aebischer	1954	Vice Chairman	Innovation and Technology Committee (Chair)	2008
Werner Bauer	1950	Member	Innovation and Technology Committee	2013
Angelica Kohlmann	1960	Member	Nomination and Compensation Committee and Innovation and Technology Committee	2018
Christoph Mäder	1959	Member; Lead Independent Director	Nomination and Compensation Committee (Chair)	2016
Barbara Richmond	1960	Member	Audit and Compliance Committee	2014
Margot Scheltema	1954	Member	Audit and Compliance Committee (Chair)	2012
Jürgen Steinemann	1958	Member	Audit and Compliance Committee and Nomination and Compensation Committee	2014
Olivier Verscheure	1972	Member	Innovation and Technology Committee	2018

The business address of each member of the Board of Directors is the Guarantor’s registered office in Basel, Switzerland.

The Guarantor is not aware of any potential conflicts of interests between the duties to the Guarantor of the persons listed above and their private interests and/or other duties.

Set out below is a short description of each director's business experience, education and activities:

Albert M. Baehny (1952) holds a degree in Biology from the University of Fribourg, Switzerland.

- Chairperson of the Board of Directors (since 2018) and member of the Board of Directors (since April 2017)
- Chief Executive Officer ad interim (since November 2019)
- Member of the board of Investis Group Holding SA (since 2016)
- Chairman of the board of directors of Geberit AG (since 2011)

Former activities and functions:

- CEO of Geberit Group (2005-2014)
- Head of Group Division Marketing and Sales Europe for Geberit Group (2003–2004)

- Senior vice president at Wacker Chemie AG (2001–2002)
- Various marketing, sales, strategic planning and global management positions in firms including Vantico (2000–2001), Ciba-Geigy / Ciba Specialty Chemicals (1994–2000), Dow Chemicals Europe (1981–1993) and Serono-Hypolab (1979–1981)

Patrick Aebischer (1954) holds a doctorate in Medicine from the University of Geneva. He has received numerous honours, including the Robert Bing Prize of the Swiss Academy of Medical Sciences and the Pfizer Foundation Prize for Clinical Neurosciences.

- Vice Chairperson of the Board of Directors (since April 2014) and member of the Board of Directors (since March 2008)
- Senior partner of NanoDimension Management Limited (since 2017)
- Senate member of the “Deutsches Zentrum für Neurodegenerative Erkrankungen” (DZNE) (since 2016)
- Member of the board of directors of Logitech SA (since 2016)
- Member of the board of directors of Nestlé SA (since 2015)
- Scientific technical committee member of the Italian Institute of Technology (since 2015)
- Chairman of the advisory board of the Novartis Venture Fund (since 2014)
- Member of the Singapore Biomedical Sciences International Advisory Council (since 2013)
- Chairman of the board of directors of Amazentis SA (since 2007)
- Professor of Neurosciences, Swiss Federal Institute of Technology (EPFL), Lausanne (since 2000)

Former activities and functions:

- President of the Swiss Federal Institute of Technology (EPFL), Lausanne (2000-2016)
- Representative of the EPFL on the boards of various Swiss foundations
- Member of the foundation board of the World Economic Forum (2013-2016)

Werner J. Bauer (1950) holds a diploma and PhD in Chemical Engineering from the University Erlangen-Nürnberg. He has received several scientific honours, among others the BioAlps Award 2011 and the Honorary Senator from the Technical University of Munich.

- Member of the Board of Directors (since April 2013)
- Member of the supervisory board of SIG Combibloc Group AG (since 2018)
- Vice chairman of the board of directors of Givaudan SA (since 2014)
- Vice chairman of the supervisory board of Bertelsmann SE & Co. KGaA (since 2012) and chairman of the board of trustees of the Bertelsmann Foundation (since 2011)

Former activities and functions:

- Member of the supervisory board of GEA-Group AG (2011–2018)
- Chairman of the supervisory board of Nestlé Deutschland AG (2007–2017)
- Executive vice-president of Nestlé S.A., Head of Innovation, Technology, Research and Development (2007–2013)
- Executive vice-president of Nestlé S.A., Head of Technical, Production, Environment, Research & Development (2002–2007)
- Various managerial positions of increasing responsibility at Nestlé (1990–2002)
- Chairman of the board of directors of Galderma Pharma SA (2011–2014)

- Member of the board of directors of L'OREAL, France (2005–2012)
- Member of the board of directors of Alcon Inc., Switzerland (2002–2010)
- Director of the Fraunhofer Institute for Food Technology & Packaging and Professor in Bioprocess Technology at Technical University Munich (1985–1990)
- Professor of Chemical Engineering at the Technical University of Hamburg (1980–1985)

Angelica Kohlmann (1960) holds a MD and doctorate in Medicine from Hamburg University.

- Member of the Board of Directors (since May 2018)
- Member International Advisory Board IE University and Business School, Madrid (since 2017)
- Board observer of Teralytics AG (since 2017)
- Chairman of the board of directors of Bloom Diagnostics AG (since 2014)
- Chairman of the board of directors of Kohlmann & Co AG (since 2013)
- International investor in biotech and tech, based in Switzerland (since 2014)
- Chairman of the advisory board of Peter Drucker Society Europe / Global Peter Drucker Forum, Vienna (since 2009)

Former activities and functions:

- Member of the advisory board of UBS Unique (2017–2018)
- Director of Trinnacle Fund Ltd (2016–2017)
- Member of the board of directors of Teralytics AG (2013–2016)
- Founder & CEO of Ifitech GmbH, Germany (2010–2017)
- International investor in biotech and tech, based in Germany (2000–2013)
- International consultant for strategy, management, investments and restructuring (1992–1999)
- Head of global restructuring at Behringwerke AG, Germany (1990–1992)
- Member of the board staff at Hoechst AG, Germany (1988–1990)
- International marketing group leader at Behringwerke AG (1986–1988)
- Various cancer research functions at MD Anderson Cancer Center, Houston and Memorial Sloan Kettering Cancer Center, New York, USA

Christoph Mäder (1959) holds a master's degree in Law from the University of Basel and is admitted to the Swiss Bar.

- Member of the Board of Directors (since April 2016), Lead Independent Director (since November 2019)
- Member of the board of directors of Baloise Holding AG (since 2019)
- Member of the board of directors of EMS Chemie Holding AG (since 2018)
- Member of the council of Schweizer Jugend forscht (since 2018)
- Member of the board committee of economiesuisse (since 2017)

Former activities and functions:

- Member of the Group of Executive Committee of Syngenta (2000–2018)
- Member of the board of directors of scienceindustries (2003–2018)
- Member of the board of directors of Basel Chamber of Commerce (2002–2018)

- Vice chairman of economiesuisse (2011–2017)
- Member of the executive board of the Business and Industry Advisory Committee (BIAC) for the Organisation for Economic Cooperation and Development (OECD) (2012–2016)
- Head of legal & public affairs for Novartis Crop Protection AG (1999–2000)
- Senior corporate counsel for Novartis International AG (1992–1998)

Barbara M. Richmond (1960) holds a first class degree in Management Science from the University of Manchester Institute of Science and Technology in England. Barbara Richmond has substantial knowledge as a financial expert, demonstrated by her roles as CFO for various companies. She is a fellow of the Institute of Chartered Accountants in England and Wales.

- Member of the Board of Directors (since April 2014)
- Group CFO of Redrow plc (since 2010)

Former activities and functions:

- Group CFO of Inchcape plc (2006–2009)
- Non-executive director and audit committee chair of Scarborough Building Society until its merger with The Skipton Building Society (2005–2009)
- Non-executive director, senior independent director and audit committee chair of Carclo Group PLC (2000–2006)
- Group CFO of Croda International plc (1997 – 2006). Dual role as group CFO and president of Active Ingredients and Industrial Chemicals from 2002 to 2006
- Group CFO of Whessoe plc (1993–1997)
- Various financial roles in Alstom Group SA (1987–1992)
- Auditor and management consultant for Arthur Andersen (1981–1984)

Margot Scheltema (1954) holds a doctorate in International Law from the University of Amsterdam and a master of International Affairs (MIA) from Columbia University in New York. Margot Scheltema has substantial knowledge as a finance, corporate governance and risk management expert, demonstrated by her operative roles in finance and management and supervisory roles in the financial sector (bank, central bank, insurance and pension funds).

- Member of the Board of Directors (since April 2012)
- NEDAP (NE Director) NV (since 2018)
- Vice-chair of the supervisory board of the Dutch Central Bank (since 2015)
- Member of the central plan committee Dutch Planning Bureau (since April 2014)
- Chair of the monitoring committee of the Dutch Pension Fund Code (since 2014)
- Council to the enterprise chamber of the Amsterdam Court of Appeal (since 2013)
- Member of the supervisory board of Warmtebedrijf Rotterdam (since 2011)
- Member of the supervisory board of TNT Express (since 2011)

Former activities and functions:

- Vice-chair of the supervisory board Triodos Bank (2006–2015)
- Member of the supervisory board of ASR NV (2008 –2015)
- Member of the supervisory board of the Rijksmuseum (2007–2015)
- External member of the audit committee of the Dutch pension fund ABP (2010–2014)

- Member of the AFM External Reporting Committee (2006–2012)
- Financial director of Shell Nederland BV (2004–2008)
- Various managerial positions within the Shell Group (1985–2004) including Senior M&A Adviser for Shell Oil Products Latin America

Jürgen B. Steinemann (1958) holds a degree in Economics and Business Management from the European Business School in Wiesbaden, London and Paris.

- Member of the Board of Directors (since April 2014)
- Managing director of JBS Holding GmbH (since 2017)
- Chairman of the supervisory board of Bankiva B.V. (since 2017)
- Member of the advisory board of Tower Brook Capital Partners LP (since 2017)
- Investor in food and agro businesses
- Member of the board of directors of Barry Callebaut AG (since 2015)
- Chairman of the supervisory board of Metro Group AG (since 2015)
- Member of the supervisory board of Big Dutchman AG (since 2015)

Former activities and functions:

- Chief executive officer of Barry Callebaut AG (2009–2015)
- Member of the board of the Swiss-American Chamber of Commerce (2011–2015)
- Member of the executive board and chief operating officer of Nutreco (2001–2009)
- Chief executive officer of Loders Croklaan (1999–2001)
- Various senior positions in business-to-business marketing and sales with the former Eridania Béghin-Say Group, ultimately in the "Corporate Plan et Stratégie" unit at the head office in Paris (1990–1998)

Olivier Verscheure (1972) holds a PhD in Computer Science from the Swiss Federal Institute of Technology, Lausanne.

- Member of the Board of Directors (since May 2018)
- Expert in the Strategy Working Group on Data, Computing and Digital Research Infrastructures in the State Secretariat for Education, Research and Innovation (SERI) (since 2019)
- Executive director of the Swiss Data Science Center, a joint venture between EPFL and ETH Zürich (since 2016)
- Member of the executive committee of Personalized Health and Related Technologies (PHRT), an ETH Domain Strategic Focus Area (since 2017)
- Co-academic director, Certificate of Advanced Studies (CAS), Data Science and Management, HEC Lausanne and EPFL (since 2018)

Former activities and functions:

- Lab program director and senior research manager at IBM Research Ireland (2010 – 2016)
- Research manager and senior member of the research staff at the IBM T.J. Watson Research Center (1999 – 2010)

Committees of the Board of Directors

There are three committees of the Board of Directors: the Nomination and Compensation Committee (the “NCC”), the Audit and Compliance Committee and the Innovation and Technology Committee, which aim to strengthen and support the Guarantor’s corporate governance structure. The committees meet regularly and prepare meeting minutes

and recommendations for the attention of the meetings of the Board of Directors. The Chairperson of the relevant committee determines the agenda for each meeting. Ahead of each meeting, committee members receive documents to help them prepare for the topics listed on the agenda.

Executive Committee

Subject to those affairs which lie within the responsibility of the Board of Directors by law, the Guarantor’s Articles of Association and the Guarantor’s organisational regulations (“**Organisational Regulations**”), the Board of Directors has delegated the executive management to the Executive Committee. The Executive Committee is mainly responsible for the financial and operational management of the Group and for the efficiency of the corporate structure and organization of the Group.

The members of the Executive Committee are appointed by the Board of Directors.

Members of the Executive Committee

The Executive Committee is headed by the Chief Executive Officer (the “**CEO**”) and currently comprises four members.

The CEO is appointed and removed by the Board of Directors upon the recommendation of the NCC. The other Executive Committee members are appointed and removed by the Board of Directors upon the recommendation of the CEO and the NCC. On 12 November 2019, Albert M. Baehny took on the additional responsibility of Chief Executive Officer on an ad interim basis until a permanent successor is found. In line with its designated responsibility and remit, the NCC is currently leading the search and evaluation process for a new CEO. The NCC is recommending potential candidates for assessment by the Board of Directors. The process is expected to be successfully completed with a candidate announced during the course of 2020. To ensure continuing good corporate governance, the Guarantor appointed Christoph Mäder as Lead Independent Director in November 2019. These arrangements will remain in place until a new CEO is appointed, at which time the Chairman will relinquish his additional responsibilities.

The Executive Committee performs the duties assigned to it by the Board of Directors, either under the terms of the Organisational Regulations or otherwise. It is responsible for managing the Group, especially for developing and implementing Group policy and strategy.

The table below sets out the name, year of birth and position of the current members of the Executive Committee, and the year of their initial appointment to the Executive Committee:

Name	Year of Birth	Position	Year of Initial Appointment
Albert M. Baehny	1952	Interim Chief Executive Officer	2019
Sven Abend	1968	Chief Operating Officer for Lonza Specialty Ingredients	2014
Rodolfo J. Savitzky	1962	Chief Financial Officer	2016
Stefan Stoffel	1966	Chief Operating Officer for Lonza Pharma Biotech & Nutrition	2019

The business address of each member of the Executive Committee is at the Guarantor’s registered office in Basel, Switzerland.

Set out below is a short description of each Executive Committee member's business experience, education and activities:

Albert M. Baehny – see description under “*Members of the Board of Directors of the Guarantor*”.

Sven Abend (1968) holds a Ph.D. in Chemistry from the Christian-Albrechts-Universität in Kiel, Germany, and a post-doctorate in the Department of Physics & Astronomy at the University of New York in Stony Brook (USA).

- Chief Operating Officer (COO) Specialty Ingredients Segment (since January 2016) and member of the Executive Committee (since July 2014)

Former activities and functions:

- CEO of Kolb Ltd in Hedingen, Switzerland (2012–2014)
- Business manager for Kolb's divisions focusing on specialty surfactants and custom manufacturing (2010–2012)
- Several senior positions in Global Product Management and ultimately as director of Corporate Key Account Management at Cognis GmbH in Germany (2003–2010)
- Project scientist for the R&D Home & Personal Care business at Unilever in the UK (2000–2003)

Rodolfo J. Savitzky (1962) holds a degree in Industrial and Systems Engineering from the Monterrey Institute of Technology and an MBA in Finance and Economics from the University of Chicago (USA).

- Chief Financial Officer (CFO) and member of the Executive Committee (since October 2016)

Former activities and functions:

- Vice president, controller Lonza Pharma & Biotech (2015–2016)
- Division CFO Novartis Animal Health (2011–2015)
- Head of Finance Animal Health, Novartis Consumer Health (2006–2011)
- Head of Strategy Planning and Analysis, Novartis Pharmaceuticals (2004–2005)
- Head of Business Planning and Analysis, Novartis Pharmaceuticals (2003–2004)
- Head of Finance Ophthalmics, Novartis Pharmaceuticals (2002–2003)
- Various positions at Procter & Gamble (1990–2001)

Stefan Stoffel (1966) holds a bachelor's degree in Engineering from Lucerne University of Applied Sciences and Arts.

- Chief Operating Officer (COO) Lonza Pharma Biotech & Nutrition and Member of the Executive Committee (since March 2019)

Former activities and functions:

- Head of Lonza Pharma & Biotech Strategic Growth Investments and Ibex™ Solutions (2016–2019)
- Head of Lonza Pharma & Biotech Operations (2013–2016)
- General Manager of Lonza Chemical Operations Business Unit (2010–2013)
- Head of Lonza's Small Molecules Exclusive Synthesis Business Unit (2009–2010)
- Head of Operations for Lonza's Small Molecules Exclusive Synthesis Business Unit (2007–2009)
- Various positions at Lonza in Engineering & Maintenance, Technical Management, Production and Operations Management for Lonza AG and Lonza Inc. (1991–2007)

5. Principal Shareholders

As of 31 December 2019, the issued share capital of the Guarantor amounted to CHF 74,468,752, divided into 74,468,752 registered shares with a nominal value of CHF 1 each. The table below sets out the shareholders of the Guarantor holding more than 3 per cent. of the share capital of the Guarantor according to disclosure notifications provided by the respective shareholders to the SIX Swiss Exchange and the Guarantor (as of 31 December 2019).

Shareholder	%
BlackRock, Inc., New York, NY (USA)	9.67
Artisan Partners Limited Partnership	3.02

6. Capital Structure

In the ordinary course of business, the Group has entered into a number of financing arrangements, giving it multiple sources of liquidity. These include:

- a EUR 500 million term loan facility, maturing 2020 (subject to an extension option)
- a USD 500 million term loan facility, maturing 2024 (subject to an extension option)
- a USD 200 million term loan facility maturing 2025 (subject to an extension option)
- a CHF 1,000 million revolving loan facility maturing 2024 (subject to extension options), not all of which is drawn
- a CHF 105 million 3.00 per cent. bond due 2022
- a CHF 150 million 0.625 per cent. bond due 2020
- a CHF 250 million 0.125 per cent. bond due 2021
- a CHF 175 million 1.250 per cent. bond due 2023
- a CHF 125 million 0.200 per cent. bond due 2021
- a CHF 110 million 0.700 per cent. bond due 2024
- a EUR 325 million private placement (*Schuldscheindarlehen*) due in 2021
- a EUR 375 million private placement (*Schuldscheindarlehen*) due in 2023
- a USD 150 million private placement (*Schuldscheindarlehen*) due in 2022
- a USD 50 million private placement (*Schuldscheindarlehen*) due in 2024
- a USD 100 million private placement (*Schuldscheindarlehen*) due in 2024

Lonza is committed to maintaining a solid investment grade rating. If any credit rating assigned to Lonza (or the Issuer, or the Bonds) were to be reduced or withdrawn for any reason, this could have a negative effect on the market value of the Bonds, and any such credit rating may not reflect the potential impact of all risks relating to Lonza (or the Issuer, or the Bonds, as applicable). As at 31 December 2019, the Group's Net Leverage ratio was 1.83 times.

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The estimated net proceeds of the issue of the Bonds, after deduction of commissions, fees, and estimated expenses, will be €495,495,000. The net proceeds will be used for (i) refinancing of existing debt and (ii) general corporate purposes of the Lonza Group.

TERMS AND CONDITIONS OF THE BONDS

The following subject to modification and except for provisions in italics are the terms and conditions substantially in the form which will apply to the Bonds:

The issue of the Bonds was authorised by written resolutions of the Board of Directors of Lonza Finance International NV (the “**Issuer**”) adopted on 4 March 2020 and the guarantee of the Bonds was authorised by a resolution of the Board of Directors of Lonza Group AG (also known as Lonza Group Ltd) (the “**Guarantor**”) passed on 4 March 2020. The Bonds are constituted by a Trust Deed (the “**Trust Deed**”) dated 21 April 2020 between the Issuer, the Guarantor and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**” which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed, and the Agency Agreement (the “**Agency Agreement**”) dated 21 April 2020 relating to the Bonds between the Issuer, the Guarantor, the Trustee, the initial principal paying agent and any other agents named in it, are available for inspection during usual business hours by prior appointment at the principal office of the Trustee (presently at Fifth Floor, 100 Wood Street, London EC2V 7EX) and at the specified offices of the principal paying agent for the time being (the “**Principal Paying Agent**”). “**Agents**” means the Principal Paying Agent and any other agent or agents appointed from time to time with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of all provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these terms and conditions (the “**Conditions**”) will have the meanings given to them in the Trust Deed.

1 Form, Denomination and Title

The Bonds are in dematerialised form in accordance with the Belgian companies and associations code (*Code des sociétés et des associations / Wetboek van vennootschappen en verenigingen*) dated 23 March 2019, as amended from time to time (the “**Code**”). The Bonds will be represented exclusively by a book entry in the records of the securities settlement system operated by the National Bank of Belgium (the “**NBB**”) or any successor thereto (the “**NBB-SSS**”). The Bonds can be held by their holders through participants in the NBB-SSS, including Euroclear Bank SA/NV (“**Euroclear**”), Clearstream Banking AG, Frankfurt (“**Clearstream**”), SIX SIS AG (“**SIX SIS**”), Monte Titoli S.p.A. (“**Monte Titoli**”) and Interbolsa S.A. (“**Interbolsa**”) and through other financial intermediaries which in turn hold their Bonds through Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa. Accordingly, the Bonds will be eligible to clear through, and therefore be accepted by, Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa or other NBB-SSS participants, and investors can hold their interests in the Bonds within securities accounts in Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa or the other direct or indirect participants in the NBB-SSS. Title to the Bonds is transferred by account transfer.

The Bonds are accepted for settlement through the NBB-SSS, and are accordingly subject to the applicable clearing regulations of the NBB. The Bonds will be settled through the X/N accounts system organised within the NBB-SSS in accordance with the law of 6 August 1993 on transactions in certain securities (*loi relative aux opérations sur certaines valeurs mobilières/wet betreffende de transacties met bepaalde effecten*), its implementing Belgian royal decrees of 26 May 1994 and 14 June 1994 and the rules of the NBB-SSS and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition being referred to herein as the “**NBB-SSS Regulations**”).

The Bonds may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of 26 May 1994, holding their securities in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant in the NBB-SSS.

Holders are entitled to exercise the rights they have, including but not limited to exercising their voting rights and other associative rights (as defined for the purposes of Article 7:41 of the Code) against the Issuer upon submission of an affidavit drawn up by the NBB, Euroclear, Clearstream, SIX SIS, Monte Titoli, Interbolsa or any other participant duly licensed in Belgium to keep dematerialised securities accounts showing such holder's position in the Bonds (or the position held by the financial institution through which such holder's Bonds are held with the NBB, Euroclear, Clearstream or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

For such purposes, each person who is from time to time shown in the records of a participant, sub-participant or the NBB as operator of the NBB-SSS as the holder of a particular amount of Bonds shall be treated as the holder of those Bonds and any certificate or other document issued by any participant or the NBB shall be conclusive and binding.

The Bonds cannot be physically delivered and may not be converted into bearer bonds (*effecten aan toonder/titres au porteur*).

If, at any time, the Bonds are transferred to any other clearing system which is not exclusively operated by the NBB (such clearing system an “**Alternative Clearing System**”), these Conditions shall apply *mutatis mutandis* in respect of such Bonds.

The Bonds are issued in the denominations of €100,000 and integral multiples of €1,000 in excess thereof and can only be settled through the NBB-SSS in nominal amounts equal to a whole denomination (or a whole multiple thereof).

In these Conditions, “**Bondholder**” and “**holder**” means, in respect of any Bond, the holder from time to time of a Bond as determined by reference to the records of the relevant clearing systems or financial intermediaries and the affidavits referred to in this Condition 1.

2 **Guarantee and Status**

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed, the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds (the “**Guarantee**”). Its obligations in that respect are contained in the Trust Deed. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and by provisions of law that are mandatory and of general application and subject to Condition 3, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- (b) **Status:** The Bonds constitute (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and by provisions of law that are mandatory and of general application and subject to Condition 3, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3 **Negative Pledge**

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and the Guarantor will ensure that none of its Material Subsidiaries will, create or have outstanding, any mortgage, charge, lien, pledge or other form of encumbrance or security interest (“**Security**”) upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Debt or to secure any guarantee or indemnity in respect of any Relevant Debt, without:

- (a) at the same time or prior thereto securing the Bonds equally and rateably with any such Relevant Debt or guarantee or indemnity in respect of any Relevant Debt; or
- (b) granting Security or such other arrangement as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in Schedule 1 to the Agency Agreement).

In this Condition 3:

“Consolidated EBITDA” means the Group’s consolidated EBITDA as reported in the latest consolidated financial statements of the Group;

“Group” means the Guarantor and its Subsidiaries for the time being;

“Material Subsidiary” means any Subsidiary of the Guarantor:

- (i) whose profits, gross revenues and gross assets (in each case, consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the Consolidated EBITDA, gross revenues and gross assets (as the case may be) of the Guarantor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated financial statements of the Group; provided that in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Group relate for the purpose of applying each of the foregoing tests, the reference to the Group’s latest audited consolidated financial statements shall be deemed to be reference to such financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the Guarantor; or
- (ii) to which is transferred all or substantially all of business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (a) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (b) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph (i) above.

A written certificate signed by two Authorised Signatories of the Guarantor that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Trustee and the Bondholders;

“Relevant Debt” means any indebtedness for moneys borrowed or raised which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which, with the agreement of the person issuing the same, for the time being are, or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and

“Subsidiary” means, in relation to any company or corporation or body corporate, a company or corporation or body corporate:

- (i) which is controlled, directly or indirectly, by the first mentioned company or corporation or body corporate;

- (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation or body corporate;
- (iii) a majority of the voting rights in which, whether exercisable or not, are held by the first mentioned company or corporation or body corporate; or
- (iv) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation or body corporate,

and for this purpose, a company or corporation or body corporate shall be treated as being controlled by another if that other company or corporation or body corporate is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

4 **Interest**

The Bonds bear interest on their outstanding principal amount from and including 21 April 2020 at the rate of 1.625 per cent. per annum (the “**Rate of Interest**”), payable annually in arrear on 21 April in each year (each an “**Interest Payment Date**”) with the first Interest Payment Date being 21 April 2021.

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last day of such period).

In these Conditions, the period beginning on and including 21 April 2020 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per €1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the Rate of Interest, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

Notwithstanding the previous paragraph, for so long as the Bonds are held in the NBB-SSS, the method of calculation provided for above shall apply save that the calculation shall be made in respect of the total aggregate amount of the Bonds.

5 **Redemption and Purchase**

(a) **Final Redemption:**

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 21 April 2027 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.

(b) **Redemption for Taxation and other Reasons:**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable) at their principal amount, (together with interest accrued to (but excluding) the date fixed for redemption), if:

- (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws, treaties, protocols, rulings or regulations of the Kingdom of Belgium (in the case of a payment by the Issuer) or Switzerland (in the case of a payment by the Guarantor) or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, treaties, protocols, rulings or regulations, which change or amendment is announced, is enacted or becomes effective on or after 21 April 2020; and
- (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate without liability and without further enquiry as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Bondholders.

- (c) **Redemption at the Option of the Issuer (Make Whole Redemption):** The Issuer may, at any time prior to 90 days prior to the Maturity Date, on giving not less than 10 nor more than 60 days' notice to the Bondholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the Make Whole Optional Redemption Date), redeem all or some only of the Bonds at the Make Whole Redemption Price together with interest accrued to, but excluding, the Make Whole Optional Redemption Date.

Any notice of redemption given under Condition 5(b) will override any notice of redemption given (whether previously, on the same date or subsequently) under this Condition 5(c).

In this Condition:

“**Determination Agent**” means a reputable financial adviser or a reputable bank or financial institution, appointed by the Issuer or the Guarantor for the purpose of determining the Make Whole Redemption Price;

“**Make Whole Optional Redemption Date**” means the date specified for redemption in accordance with this Condition 5(c) and which shall fall prior to the date falling 90 days prior to the Maturity Date;

“**Make Whole Redemption Price**” means, in respect of each Bond, (a) the principal amount of such Bond or, if higher, (b) the sum of the then present values of the remaining scheduled payments of principal and interest in respect of such Bond discounted to the Make Whole Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366 and assuming, for this purpose, that the Bonds are to be redeemed at their principal amount on the date falling 90 days prior to the Maturity Date) at the

Reference Dealer Rate (as defined below) plus 0.35 per cent., in each case as determined by the Determination Agent;

“**Reference Bond**” means (a) the 0.25 per cent. Federal Government Bund of Bundesrepublik Deutschland due 15 February 2027 or, (b) if, at 11:00 a.m. Central European time on the third Business Day preceding the Make Whole Optional Redemption Date, the Reference Bond referred to in (a) is no longer outstanding, such other central bank or government security that, in the opinion of the Determination Agent: (i) has a maturity as near as possible to the date falling 90 days prior to the Maturity Date; and (ii) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds (assuming, for this purpose, that such term ends on the date falling 90 days prior to the Maturity Date);

“**Reference Dealer Rate**” means, with respect to the Reference Dealers and the Make Whole Optional Redemption Date, the average of the four quotations of the mid-market annual yield to maturity of the Reference Bond at 11:00 a.m. Central European time on the third Business Day preceding the Make Whole Optional Redemption Date quoted in writing to the Determination Agent by the Reference Dealers; and

“**Reference Dealers**” means four credit institutions or financial services institutions that regularly deal in bonds and other debt securities as selected by the Determination Agent after consultation with the Issuer.

- (d) **Redemption at the Option of the Issuer (Pre-Maturity Call):** The Issuer may, at any time on or after the date falling 90 days prior to the Maturity Date, on giving not less than 10 nor more than 60 days’ notice to the Bondholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption (the “**Pre-Maturity Optional Redemption Date**”)), redeem all, but not some only, of the Bonds at their principal amount together with interest accrued to but excluding the Pre-Maturity Optional Redemption Date.

Any Bonds which are the subject of Change of Control Put Exercise Notices which have been validly delivered pursuant to Condition 5(f) before the date on which notice is provided by the Issuer as referred to in the preceding paragraph shall be redeemed as provided in Condition 5(f) and not as provided in this Condition 5(d).

Any notice of redemption given under this Condition 5(d) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 5(b) or Condition 5(c).

- (e) **Redemption at the Option of Issuer (Clean Up Par Call):** The Issuer may, at any time when 80 per cent. or more in principal amount of the Bonds originally issued have been redeemed (other than where 80 per cent. or more in principal amount of the Bonds originally issued have been redeemed pursuant to Condition 5(c)) or purchased, on giving not less than 10 nor more than 60 days’ notice to the Bondholders, redeem, at its option, all but not some only of the remaining outstanding Bonds at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.
- (f) **Redemption at the Option of the Bondholders following Change of Control:** If a Change of Control Put Event (as defined below) occurs, the holder of each Bond will have the option (a “**Change of Control Put Option**”) (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 5(b), 5(c), 5(d) or 5(e) above) to require the Issuer to redeem or, at the Issuer’s option, purchase (or

procure the purchase of) that Bond on the Change of Control Put Date (as defined below) at its principal amount together with interest accrued to (but excluding) the Change of Control Put Date.

Promptly upon the Issuer or the Guarantor becoming aware that a Change of Control Put Event has occurred, the Issuer or the Guarantor shall give notice (a “**Change of Control Put Event Notice**”) to the Bondholders in accordance with Condition 14 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a Bond must at any time within the period of 30 days after the relevant Change of Control Put Event Notice is given (the “**Change of Control Put Period**”) (i) deliver or cause to be delivered to the specified office of any Agent during normal business hours of such Agent a certificate issued by the relevant account holder certifying that the relevant Bonds are blocked by it and (ii) complete and deposit with the financial intermediary through which the Bondholder holds its Bonds (the “**Financial Intermediary**”) for further delivery to the Issuer (with a copy to the specified office of the Principal Paying Agent) a duly completed and signed notice of exercise to which the Change of Control Put Option relates in the form customarily used by the relevant Financial Intermediary and as obtainable from any Agent (a “**Change of Control Put Exercise Notice**”). A Change of Control Put Exercise Notice, once given, shall be irrevocable. *The Bondholders must check with their Financial Intermediary the time by which such Financial Intermediary must receive instructions and Change of Control Put Exercise Notices in order to meet the deadlines for such exercise to be effective.*

Bondholders exercising their put option by giving notice of such exercise to the Principal Paying Agent in accordance with the standard procedures of the NBB, Euroclear or Clearstream in lieu of depositing a Change of Control Put Exercise Notice with a Financial Intermediary, are also advised to check the time by which the relevant securities settlement system would require to receive notices in order to meet the deadlines for such exercise to be effective.

The Issuer and the Guarantor will not be liable for any inaction or late action of a Financial Intermediary or the Principal Paying Agent or any other Agent and any fees charged by a Financial Intermediary and/or the Principal Paying Agent or any other Agent in relation to the deposit of the Change of Control Put Exercise Notice or the transfer of the relevant Bonds shall be borne by the relevant Bondholder.

If a Change of Control Put Exercise Notice has been validly delivered, the Issuer shall redeem or purchase (or procure the purchase of) the relevant Bonds (which are the subject of such Change of Control Put Exercise Notice) within five Business Days after the expiration of the Change of Control Put Period (the date of such redemption or purchase, the “**Change of Control Put Date**”) unless previously redeemed (or purchased) and cancelled. Payment in respect of any Change of Control Put Option so exercised will be made on the Change of Control Put Date in accordance with the rules of the NBB-SSS.

If the rating designations employed by any of Moody’s, Fitch or S&P are changed from those which are described in paragraph (ii) of the definition of “Change of Control Put Event” below, or if a rating is procured from a Substitute Rating Agency, the Guarantor shall in good faith determine the rating designations of Moody’s, Fitch or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody’s, Fitch or S&P and this Condition 5(f) shall be construed accordingly, and such determination shall be binding.

In this Condition 5:

A “**Change of Control Event**” shall occur if:

- (i) an offer to acquire Shares, whether expressed as a public takeover offer (whether voluntary or mandatory), a merger or similar scheme with regard to such acquisition, or in any other way, is made in circumstances where:
 - A. such offer is available to (aa) all holders of Shares, (bb) all holders of Shares other than the offeror and any persons acting in concert with such offeror, or (cc) all holders of Shares other than persons who are excluded from the offer by reason of being connected with one or more specific jurisdictions (or a combination of the exceptions pursuant to (bb) and (cc)); and
 - B. such offer having become or been declared unconditional with respect to acceptances, the Guarantor becomes aware that the right to cast more than 50 per cent. of all the voting rights (whether exercisable or not) of the Guarantor has become or will become unconditionally vested in the offeror and any persons acting in concert with the offeror; or
- (ii) the Guarantor consolidates with or merges into any other company, save where, following such consolidation or merger, shareholders of the Guarantor immediately prior to such consolidation or merger have the right to cast 50 per cent. or more of the voting rights (whether exercisable or not) of such other company; or
- (iii) the Guarantor becomes aware that the right to cast more than 50 per cent. of all voting rights (whether exercisable or not) of the Guarantor has become unconditionally vested directly or indirectly in any person (or in persons acting in concert with each other in respect of the exercise of such voting rights); or
- (iv) the legal or beneficial ownership of all or substantially all of the assets owned by the Guarantor, directly or indirectly, is acquired by one or more other persons acting in concert;

A “**Change of Control Put Event**” will be deemed to occur if:

- (i) a Change of Control Event occurs; and
- (ii) on the date (the “**Relevant Announcement Date**”) that is the earlier of (a) the date of the first public announcement of the relevant Change of Control Event and (b) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Bonds carry:
 - (A) an investment grade credit rating (being BBB- from S&P or Fitch, and Baa3 from Moody’s, each as defined below, or their respective equivalents, or better) from any Rating Agency (an “**Investment Grade Rating**”), at the invitation of the Issuer or the Guarantor and such rating is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (being BB+ from S&P or Fitch, and Ba1 from Moody’s or their respective equivalents, or worse) (a “**Non-Investment Grade Rating**”) or withdrawn by such Rating Agency and is not, within the Change of Control Period, subsequently reinstated or (in the case of a downgrade) upgraded to an Investment Grade Rating by such Rating Agency; or
 - (B) a Non-Investment Grade Rating from any Rating Agency at the invitation of the Issuer or the Guarantor and such rating is, within the Change of Control Period, either downgraded by one or more rating categories (for example, from Baa1 to Baa2 in the case of Moody’s, or such similar lowering) or withdrawn and is not, within the Change of Control Period, subsequently reinstated or (in the case of a

downgrade) upgraded to its earlier credit rating or better by such Rating Agency;
or

- (C) no credit rating and a Negative Rating Event also occurs within the Change of Control Period,

provided that, if on the Relevant Announcement Date the Bonds carry a credit rating from more than one Rating Agency at the invitation of the Issuer or the Guarantor, at least one of which is an Investment Grade Rating, then only sub-paragraph (A) above will apply and sub-paragraph (B) above will not apply; and

- (iii) in making any decision to downgrade or withdraw a credit rating pursuant to sub-paragraphs (ii)(A) or (ii)(B) above (as the case may be) or not to award a credit rating of at least investment grade as described in limb (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Guarantor that such decision(s) resulted, in whole or to a significant extent, from the occurrence of the Change of Control Event or the Relevant Potential Change of Control Announcement;

“Change of Control Period” means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control Event (or such longer period for which the Bonds are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control Event) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

a **“Negative Rating Event”** shall be deemed to have occurred if at such time as there is no rating assigned to the Bonds by a Rating Agency (i) the Issuer or the Guarantor does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control Event seek, and thereafter throughout the remainder of the Change of Control Period use all reasonable endeavours to obtain, a rating of the Bonds, or any other unsecured and unsubordinated debt of the Guarantor or (ii) if the Issuer or the Guarantor does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade by the end of the Change of Control Period;

“Rating Agency” means Moody’s Investors Service, Limited. (**“Moody’s”**), Fitch Ratings Limited (**“Fitch”**) or S&P Global Ratings Europe Limited (**“S&P”**) or any of their respective successors or any rating agency (a **“Substitute Rating Agency”**) substituted for any of them by the Issuer or the Guarantor from time to time in relation to the Bonds;

“Relevant Potential Change of Control Announcement” means any public announcement or statement by the Guarantor, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control Event where within 180 days following the date of such announcement or statement, a Change of Control Event occurs; and

“Shares” means registered shares in the Guarantor (as well as any other (if any) shares or stock in the Guarantor resulting from any subdivision, consolidation or reclassification of such shares) which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Guarantor.

- (g) **Purchase:** the Issuer, the Guarantor and any of their Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any

meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 10(a).

- (h) **Cancellation:** All Bonds redeemed pursuant to this Condition 5 will be cancelled and may not be re-issued or resold. Any Bond purchased under Condition 5(g) may be cancelled (in which case it may not be reissued), held or, to the extent permitted by law, resold.

6 Payments

- (a) **Payments in respect of the Bonds:** Without prejudice to the provisions of the Code, payments of principal, interest and other sums due under the Bonds will be made through the Principal Paying Agent and the NBB-SSS, in accordance with the NBB-SSS Regulations. The payment obligations of the Issuer or the Guarantor (as applicable) will be discharged by payment to the NBB-SSS in respect of each amount so paid.
- (b) **Payments subject to Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Internal Revenue Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Internal Revenue Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto and the Issuer will not be liable to Bondholders for any taxes or duties of whatever nature imposed or levied by such laws, agreements or regulations. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Appointment of Agents:** The Principal Paying Agent acts solely as an agent of the Issuer and does not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the approval in writing of the Trustee to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other agents, provided that the Issuer shall at all times maintain a Principal Paying Agent and such other agents as may be required by any other stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee.

Notice of any such change or any change of any specified office shall promptly be given to the Bondholders.
- (d) **Non-Business Days:** If any date for payment in respect of any Bond is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. For the purpose of calculating the interest amount payable under the Bonds, the Interest Payment Date shall not be adjusted.

In these Conditions,

“**Business Day**” means a day (other than a Saturday or a Sunday) on which:

- (i) the NBB-SSS is operating; and
- (ii) commercial banks and foreign exchange markets are open for business in Brussels, London and Zurich; and
- (iii) (in the case of a payment in euro) which is a TARGET Business Day;

“**TARGET Business Day**” means a day on which the TARGET System is open for the settlement of payments in euro; and

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system or any successor thereto.

7 Taxation

All payments of principal (including any Make Whole Redemption Price (if applicable)) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or Guarantee (as applicable) shall be made without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Kingdom of Belgium or Switzerland or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or under the Guarantee (as applicable):

- (a) where such Bond is held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Kingdom of Belgium or, in the case of payments made by the Guarantor, Switzerland, other than merely by being a holder of the Bond; or
- (b) where such Bond is held by a holder who, at the time of the issue of the Bonds, was not an Eligible Investor or held by a holder who was such an Eligible Investor at the time of the issue of the Bonds but, for reasons within the holder’s control, either ceased to be an Eligible Investor or, at any relevant time on or after the issue of the Bonds, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the Belgian law of 6 August 1993 relating to transactions in certain securities; or
- (c) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a person other than the Issuer or the Guarantor, as the case may be, is required to withhold tax on any interest payments; or
- (d) to, or to a third party on behalf of, a Bondholder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Bonds are presented for payment; or
- (e) where such Bond is held by a holder who is liable to such taxes because such Bond held by it was upon its request converted into a registered Bond and could no longer be cleared through the NBB-SSS.

In this Condition 7:

“**Eligible Investor**” means a person who is entitled to hold securities through a so-called “X-Account” (being an account exempted from withholding tax) in a settlement system in accordance with Article 4 of the Belgian Royal Decree of 26 May 1994 on the collection and refund of withholding tax (as amended or replaced from time to time).

8 Events of Default

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, (provided that the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at 100 per cent. of their principal amount together (if applicable) with accrued interest:

- (a) **Non-Payment:** the Issuer, failing whom the Guarantor, fails to pay the principal of or any interest on any of the Bonds when due and such failure continues for a period of 14 days; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 20 Business Days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or
- (c) **Cross-Acceleration:** (i) any other present or future indebtedness for or in respect of moneys borrowed or raised (“**Indebtedness**”) of the Issuer, the Guarantor or any of the Material Subsidiaries becomes due and payable prior to its stated maturity by reason of an event of default (howsoever described), or (ii) any such Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, the Guarantor or any of the Material Subsidiaries fails to pay when due or, as the case may be, within any originally applicable grace period any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness, or (iv) any mortgage, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any Material Subsidiary in respect of any Indebtedness becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person but not serving of a payment order (*Zahlungsbefehl*)), provided that (A) in the case of (i), (ii) and (iii), the aggregate amount of the relevant Indebtedness (without double-counting) equals or exceeds CHF 100,000,000 or its equivalent and (B) in the case of (iv), the aggregate amount of the relevant Indebtedness in respect of which such mortgage, lien or other encumbrance was created or permitted to subsist equals or exceeds CHF 100,000,000 or its equivalent and any such steps taken are not discharged, stayed or dismissed within 28 days; or
- (d) **Enforcement Proceedings:** a distress, attachment, execution, expropriation or sequestration is levied, enforced or sued out on or against any asset or assets of the Issuer or the Guarantor or any of the Material Subsidiaries having an aggregate value of CHF 100,000,000 or its equivalent and is not discharged, stayed or dismissed within 28 days of the date in which such distress, attachment, execution, expropriation or sequestration was finally judicially determined against the Issuer, the Guarantor or the relevant Material Subsidiary; or
- (e) **Insolvency:** the Issuer, the Guarantor or any of the Material Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens in writing to stop or suspend payment of all or a substantial part of its debts, proposes or makes a stay of execution, a postponement of payments (*Stillhaltevereinbarung*), a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium or postponement of payments (*Stillhaltevereinbarung*) is agreed or declared in respect of or affecting all or a substantial part of the debts of the Issuer, the Guarantor or a Material Subsidiary; or

- (f) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, the Guarantor or any of the Material Subsidiaries and any such order is not discharged, stayed or dismissed within 28 days, or the Issuer, the Guarantor or a Material Subsidiary ceases or threatens in writing to cease to carry on all or substantially all of its business or operations, except (i) for the purpose of and followed by or in connection with a reconstruction, amalgamation, reorganisation, merger or consolidation or any other solvent winding-up or solvent liquidation (A) on terms either approved in writing by the Trustee or by an Extraordinary Resolution of the Bondholders, (B) in the case of the Issuer or the Guarantor, whereby the undertakings and assets of the Issuer or the Guarantor (as applicable) are transferred to or otherwise vested in the Issuer or Guarantor (as applicable), or (C) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or another Material Subsidiary or (ii) in relation to any dissolution or merger involving the Issuer or the Guarantor where the Issuer or the Guarantor, as applicable, is the surviving company (or, if not the surviving company, the successor company assumes all of the Issuer's or the Guarantor's liabilities (as applicable) under the Bonds); or
- (g) **Dissolution or merger:** a dissolution or merger involving the Issuer or the Guarantor as a result of which the Issuer or the Guarantor, as applicable, is not the surviving company, unless the successor company assumes all of the Issuer's or the Guarantor's liabilities (as applicable) under the Bonds; or
- (h) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or
- (i) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (c)(iv) to (g) of this Condition 8; or
- (j) **Guarantee:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect, provided that, in the case of Conditions 8(b); 8(c); 8(d); 8(e) (in respect of Material Subsidiaries only); 8(f) (in respect of Material Subsidiaries only); 8(g); 8(h); and 8(i) (to the extent, in the case of an event having an analogous effect to any event referred to in Condition 8(e) or Condition 8(f), such event is in respect of one or more Material Subsidiaries only), the Trustee shall have certified in writing to the Issuer and the Guarantor that in its opinion such event is materially prejudicial to the interests of Bondholders.

9 Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) after their due date.

10 Meetings of Bondholders, Modification, Waiver and Substitution

(a) Meetings of Bondholders:

All meetings of holders of Bonds will be held in accordance with the provisions on meetings of Bondholders set out in Schedule 1 to the Agency Agreement.

Meetings of holders of Bonds may be convened to consider matters relating to Bonds, including the modification or waiver of any provision of these Conditions. Any such modification or waiver may be made if sanctioned by an Extraordinary Resolution (as defined in Schedule 1 to the Agency Agreement).

All meetings of holders of Bonds may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Issuer or the Guarantor upon the request in writing of holders of Bonds holding not less than one fifth of the aggregate principal amount of the outstanding Bonds. A meeting of holders of Bonds will be entitled (subject to the consent of the Issuer and the Guarantor) to exercise the powers set out in Schedule 1 to the Agency Agreement and generally to modify or waive any provision of these Conditions (including any proposal (i) to extend an interest period, reduce the applicable interest rate or to modify for the benefit of the Issuer the conditions applicable to the payment of interest; (ii) to reduce the nominal amount of the Bonds or modify for the benefit of the Issuer the conditions under which any redemption, substitution or variation may be made; (iii) to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment; (iv) to change the currency of payment of the Bonds; or (v) to modify the provisions concerning the quorum required at any meeting of holders) in accordance with the quorum and majority requirements set out in Schedule 1 to the Agency Agreement. Resolutions duly passed in accordance with these provisions shall be binding on all holders, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

Convening notices for meetings of holders of Bonds shall be made in accordance with Schedule 1 to the Agency Agreement.

Schedule 1 to the Agency Agreement provides that, if authorised by the Issuer and the Guarantor, a written resolution signed by the holders of 75 per cent. in nominal amount of the Bonds outstanding shall take effect as if it were an Extraordinary Resolution provided that the terms of the proposed resolution shall have been notified in advance to the Bondholders through the relevant settlement system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more holders of Bonds.

Resolutions of holders of Bonds will only be effective if such resolutions have been approved by the Issuer and the Guarantor.

- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, that in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of these Conditions or any of the provisions of the Trust Deed, that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and such modification shall be notified to the Bondholders as soon as reasonably practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution of any other company in place of the Issuer or the Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Bonds. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual

Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

11 Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings or take such actions or steps against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it need not take any such proceedings, actions or steps unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least one-quarter in principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails or is unable to do so within a reasonable time from the date on which the Trustee is so bound and such failure or inability is continuing.

12 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Trustee and the Bondholders.

13 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

14 Notices

Notices to holders shall be valid if delivered by or on behalf of the Issuer or, as applicable, the Guarantor to the NBB for communication by it to the participants of the NBB-SSS and, so long as the Bonds are listed on the Regulated Market of the Luxembourg Stock Exchange and the rules of that stock exchange so require, if published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange, www.bourse.lu. If any such

publication is not practicable, notice shall be validly given if published in a leading English language daily newspaper having general circulation in Europe.

Any such notice shall be deemed given on the date and at the time of such delivery to the NBB-SSS or publication or, if published more than once or on different dates, on the first date on which such publication is made.

In addition to the above, communications and publications with respect to notices for meetings of holders and convening notices for such meetings shall be made in accordance with Schedule 1 to the Agency Agreement.

15 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

16 Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed (except clause 4), the Agency Agreement (except Schedule 1) and the Bonds (except Condition 1 and Condition 10(a)) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. Condition 1 and Condition 10(a) of the Bonds, Schedule 1 to the Agency Agreement, clause 4 of the Trust Deed and any non-contractual obligations arising therefrom or in connection therewith shall be governed by, and construed in accordance with, Belgian law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Bonds or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Bonds (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, each of the Issuer and the Guarantor has irrevocably submitted to the jurisdiction of such courts.

Agent for Service of Process: Pursuant to the Trust Deed, each of the Issuer and the Guarantor has irrevocably appointed Lonza Group UK Ltd of 228 Bath Road, Slough, Berkshire SL1 4DX as its agent in England to receive service of process in any Proceedings in England based on any of the Bonds.

CLEARING

The Bonds will be in dematerialised form in accordance with the Belgian companies and associations code (*Code des sociétés et des associations / Wetboek van vennootschappen en verenigingen*) dated 23 March 2019, as amended from time to time (the “Code”). The Bonds will be represented exclusively by a book entry in the records of the settlement system operated by the National Bank of Belgium (the “NBB”) or any successor thereto (the “NBB-SSS”). There are no bearer certificates, whether in global or definitive form. The owners of such dematerialised securities can request at any time that their securities are converted into registered securities, at their expense.

The Bonds can be held by their holders through the participants in the NBB-SSS, including Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa and through other financial intermediaries which in turn hold the Bonds through Euroclear, Clearstream, SIX SIS, Monte Titoli, Interbolsa or other participants in the NBB-SSS. Title to the Bonds will pass by account transfer. The Bonds are accepted for settlement through the NBB-SSS, and are accordingly subject to the applicable clearing regulations of the NBB. The Bonds will be settled through the X/N accounts system organised within the NBB-SSS in accordance with the law of 6 August 1993 on transactions in certain securities (*loi relative aux opérations sur certaines valeurs mobilières/wet betreffende de transacties met bepaalde effecten*), its implementing Belgian royal decrees of 26 May 1994 and 14 June 1994 and the rules of the NBB-SSS and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this section being referred to herein as the “NBB-SSS Regulations”). Any partial redemption of the Bonds is expected to be effected by the NBB-SSS on a *pro rata* basis.

Payment of principal, interest and other sums due in respect of Bonds will be made through the Principal Paying Agent and the NBB-SSS in accordance with the NBB-SSS Regulations, and any payment made by the Issuer or the Guarantor (as applicable) to the NBB-SSS will constitute good discharge for the Issuer or, as the case may be, the Guarantor. Upon receipt of any payment in respect of Bonds, the NBB-SSS, Euroclear, Clearstream, SIX SIS, Monte Titoli, Interbolsa and any other NBB-SSS participant, shall immediately credit the accounts of the relevant account holders with the payment. Bondholders are entitled to exercise their voting rights and other associative rights (as defined for the purposes of Article 7:41 of the Code) against the Issuer upon submission of an affidavit drawn up by the NBB, Euroclear, Clearstream, SIX SIS, Monte Titoli, Interbolsa or another participant duly licensed in the Kingdom of Belgium to keep dematerialised securities accounts showing their position in the Bonds (or the position held by the financial institution through which their Bonds are held with the NBB, Euroclear, Clearstream, SIX SIS, Monte Titoli, Interbolsa or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

TAXATION

The following is a general description of the Issuer's and the Guarantor's understanding of certain Belgian and Swiss tax considerations relating to the Bonds and the Guarantee. It is restricted to the matters of Belgian and Swiss taxation stated herein and is intended neither as tax advice nor as a complete analysis of all tax considerations relating to the Bonds, whether in those countries or elsewhere. Prospective purchasers of the Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Bonds and receiving payments of interest, principal and/or other amounts under the Bonds and the consequences of such actions under the tax laws of those countries. This overview is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date, even with retroactive effect.

BELGIAN TAXATION

Belgian Withholding Tax

All payments by or on behalf of the Issuer of interest on the Bonds are in principle subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 30 per cent. Both Belgian domestic tax law and applicable tax treaties may provide for lower or zero rates subject to certain conditions and formalities.

In this regard, "interest" means (i) the periodic interest income, (ii) any amount paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not on the maturity date, or upon purchase by the Issuer) and, (iii) in case of a realisation of Bonds between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

However, payments of interest and principal under the Bonds by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Bonds if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "**Eligible Investors**", see hereinafter) in an exempt securities account (an "**X Account**") that has been opened with a financial institution that is a direct or indirect participant (a "**Participant**") in the NBB System. Euroclear, Clearstream, SIX SIS, Monte Titoli and Interbolsa are directly or indirectly Participants for this purpose.

Holding the Bonds through the NBB System enables Eligible Investors to receive gross interest income on their Bonds and to transfer Bonds on a gross basis.

Participants to the NBB system must enter the Bonds which they hold on behalf of Eligible Investors in an X Account.

Eligible Investors are those listed in article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*) which include, *inter alia*:

- (i) Belgian companies subject to Belgian corporate income tax as referred to in article 2, §1, 5°, b) of the Belgian code on income tax of 1992 (*wetboek van de inkomstenbelastingen 1992/code des impôts sur les revenus 1992*, the "**BITC1992**");
- (ii) institutions, associations or companies specified in article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in (i) and (iii) subject to the application of article 262, 1° and 5° of the BITC1992;
- (iii) state regulated institutions (*parastatalen/institutions parastatales*) for social security, or institutions which are assimilated therewith, provided for in article 105, 2° of the royal decree implementing the BITC 1992 (*koninklijk besluit tot invoering van het wetboek inkomstenbelastingen 1992/arrêté royal d'exécution du code des impôts sur les revenus 1992*, the "**RD/BITC 1992**");

- (iv) non-resident investors provided for in article 105, 5° of the RD/BITC 1992;
- (v) investment funds, recognised in the framework of pension savings, provided for in article 115 of the RD/BITC 1992;
- (vi) taxpayers provided for in article 227, 2° of the BITC 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to article 233 of the BITC 1992;
- (vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with article 265 of the BITC 1992;
- (viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and
- (ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or non-profit making organisations, other than those mentioned under (ii) and (iii) above.

Upon opening of an X Account for the holding of Bonds, an Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing declaration requirements for Eligible Investors save that they need to inform the Participants of any changes to the information contained in the statement of their tax eligible status.

Participants are required to annually provide the NBB with listings of investors who have held an X Account during the preceding calendar year.

An X Account may be opened with a Participant by an intermediary (an “**Intermediary**”) in respect of Bonds that the Intermediary holds for the account of its clients (the “**Beneficial Owners**”), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that: (i) the Intermediary is itself an Eligible Investor; and (ii) the Beneficial Owners holding their Bonds through it are also Eligible Investors. The Beneficial Owner is also required to deliver a statement of its eligible status to the Intermediary.

These identification requirements do not apply to Bonds held in central securities depositories as defined in Article 2, first paragraph, (1) of the Regulation (EU) N° 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (“**CSD**”) as Participants to the Securities Settlement System (each, a “**NBB-CSD**”), provided that the relevant NBB-CSD only holds X-Accounts and that they are able to identify the Holders for whom they hold Bonds in such account. For the identification requirements not to apply, it is furthermore required that the contracts which were concluded by the relevant NBB-CSD as Participants include the commitment that all their clients, holder of an account, are Eligible Investors.

Belgian Income Tax

Belgian resident individuals

The Bonds may only be held by Eligible Investors. Consequently, the Bonds may not be held by Belgian resident individuals as they do not qualify as Eligible Investors.

Belgian resident companies

Interest attributed or paid to corporations which are Belgian residents for tax purposes, i.e. which are subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*), as well as capital gains realised upon the disposal of Bonds are taxable at the ordinary corporate income tax rate of in principle 29.58 per cent. (with a reduced rate of 20.40 per cent. applying to the first tranche of EUR 100,000 of taxable income of qualifying small companies) for assessment year 2020, reduced to 25 per cent. (and 20 per cent.) for assessment year 2021 linked to a taxable period starting at the earliest on 1 January 2020. Capital losses realised upon the disposal of the Bonds are in principle tax deductible.

Belgian legal entities

The Bonds may only be held by Eligible Investors. Consequently, the Bonds may not be held by Belgian legal entities subject to Belgian legal entities tax (*rechtspersonenbelasting/impôts des personnes morales*) which do not qualify as Eligible Investors.

Belgian legal entities that qualify as Eligible Investors and that consequently have received gross interest income are required to declare and pay the 30 per cent. withholding tax to the Belgian tax authorities themselves.

Capital gains realised on the sale of the Bonds are in principle tax exempt, unless the capital gains qualify as interest (as described in “Belgian Withholding Tax” above). Capital losses are in principle not tax deductible.

Organisations for Financing Pensions

Interest and capital gains derived by Organisations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

Belgian non-residents

Bondholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Bonds through a permanent establishment in Belgium will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Bonds, provided that they qualify as Eligible Investors and that they hold their Bonds in an X Account.

Tax on stock exchange transactions

A tax on stock exchange transactions (*taks op de beursverrichtingen/taxe sur les opérations de bourse*) will be levied on the acquisition and disposal of Bonds on the secondary market if (i) carried out in Belgium through a professional intermediary or (ii) deemed to be carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence (*gewone verblijfplaats/residence habituelle*) in Belgium, or legal entities for the account of their seat or establishment in Belgium (both referred to as a “**Belgian Investor**”).

The tax is due at a rate of 0.12 per cent. on each acquisition and disposal separately, with a maximum amount of EUR 1,300 per transaction and per party.

A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary. However, if the intermediary is established outside of Belgium, the tax on the stock exchange transactions will in principle be due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on the stock exchange transactions has already been paid by the professional intermediary established outside of Belgium. Professional intermediaries established outside Belgium could however appoint a stock exchange tax representative

in Belgium, subject to certain conditions and formalities (“**Stock Exchange Tax Representative**”). In such case the Stock Exchange Tax Representative would then be liable towards the Belgian Treasury to pay the tax on stock exchange transactions and to comply with the reporting obligations in that respect. If such a Stock Exchange Tax Representative has paid the tax on stock exchange transactions, the Belgian Investor will, as per the above, no longer be required to pay the tax on stock exchange transactions.

However, the tax on stock exchange transactions will not be payable by exempt persons acting for their own account including investors who are not Belgian residents, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional investors as defined in Article 126.1, 2° of the code of miscellaneous duties and taxes (*Wetboek diverse rechten en taken/Code des droits et taxes divers*).

As stated above, the European Commission has published a proposal for a Directive for a common FTT. The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

SWISS TAXATION

Swiss Withholding Tax

Payments by the Issuer of interest on, and repayment of principal of, the Bonds, or any payments by the Guarantor under the Guarantee, will not be subject to Swiss withholding tax. So long as the Bonds are outstanding, the Issuer and the Guarantor will ensure that (i) the Issuer will have its domicile and place of effective management outside Switzerland, and (ii) the aggregate amount of proceeds from the issuance of all outstanding debt instruments issued by a non-Swiss member of the Group with the parental guarantee of a Swiss member of the Group (including the Bonds) that is being applied by any member of the Group in Switzerland does not exceed the amount that is permissible under the taxation laws in effect at such time in Switzerland without subjecting interest payments due under the Bonds (or any payments under the Guarantee) to Swiss federal withholding tax. The Swiss Federal Tax Administration has confirmed that the amount permissible at any time will be equal to the equity of all direct and indirect non-Swiss subsidiaries of the Group plus the sum of all intra-group loans granted by Swiss members of the Group to non-Swiss members of the Group at such time as determined in accordance with IFRS.

On 26 June 2019, the Swiss Federal Council announced that it will publish a draft on the reform of the Swiss withholding tax system in the autumn of 2019. The reform is expected, among other things, to replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. This paying agent-based regime is expected to (i) subject all interest payments made by paying agents in Switzerland to individuals resident in Switzerland to Swiss withholding tax and (ii) exempt from Swiss withholding tax interest payments to all other persons, including to Swiss domiciled legal entities and foreign investors (other than for indirect interest payments via foreign and domestic collective investments vehicles). If such a new paying agent-based regime were to be enacted and were to result in the deduction or withholding of Swiss withholding tax on any interest payments in respect of a Bond by any person other than the Issuer, the holder would not be entitled to receive any additional amounts as a result of such deduction or withholding under the terms of the Bonds.

Swiss Securities Turnover Tax

The issuance and sale of the Bonds on the issue date are exempt from Swiss securities turnover tax (*Umsatzabgabe*) (primary market). Secondary market dealings in Bonds may be subject to the Swiss securities turnover tax at a rate of up to 0.30 per cent. of the purchase price of the Bonds, however, only if a securities dealer in Switzerland or Liechtenstein, as defined in the Swiss Federal Act on Stamp Duties (*Bundesgesetz über die Stempelabgaben*), is a

party or an intermediary to the transaction and no exemption applies. An exemption applies, *inter alia*, for each party to a transaction in Bonds that is not resident in Switzerland or Liechtenstein.

Swiss Income Taxation of Non-Swiss tax resident Investors

Payments of interest on, and repayment of principal of, the Bonds, by the Issuer to, and payments under the Guarantee by the Guarantor, and gain realised on the sale or redemption of a Bond by a holder of a Bond who is not a resident of Switzerland and who during the current taxation year has not engaged in a trade or business through a permanent establishment in Switzerland to which such Bond is attributable, will, in respect of such Bond, not be subject to any Swiss federal, cantonal or communal income.

For a discussion of the potential new Swiss withholding tax legislation that may replace the current issuer-based withholding tax system with a paying-agent based withholding tax system, see above under “—*Swiss Withholding Tax*”, for a discussion of the automatic exchange of information in tax matters, see below under “—*International Automatic Exchange of Information in Tax Matters*”, and for a discussion of the Swiss facilitation of the implementation of the Foreign Account Tax Compliance Act, see below under “—*Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act*”.

Swiss Income Taxation of Bonds held by Swiss tax resident Individuals as Private Assets

A holder of a Bond who is an individual resident in Switzerland and who holds such Bond as a private asset is required to include interest payments and any payment by the Issuer upon redemption relating to accrued interest on such Bond in their personal income tax return for the relevant tax period, converted from Euro into Swiss francs at the exchange rate prevailing at the time of payment, and will be taxable on any net taxable income (including the payments of interest on such Bond) for such tax period. A gain (including a gain in respect of interest accrued, foreign currency exchange rate appreciation or change in market interest rate) on the sale or redemption of such a Bond is a tax-free private capital gain. Conversely, a loss realised on the sale of a Bond is a non-tax-deductible private capital loss.

Swiss Income Taxation of Bonds held by Swiss tax resident Individuals or Entities as Business Assets

Individuals who hold Bonds as part of a business in Switzerland and Swiss resident corporate taxpayers and corporate taxpayers resident abroad holding Bonds as part of a Swiss permanent establishment in Switzerland are required to recognise the payments of interest and any capital gain or loss realised on the sale or other disposition of such Bond (including relating to accrued interest, a foreign exchange rate change or a change of market interest rates) in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period. The same taxation treatment also applies to Swiss resident individuals who, for income tax purposes, are classified as “*professional securities dealers*” for reasons of, *inter alia*, frequent dealings, or leveraged investments, in securities.

International Automatic Exchange of Information in Tax Matters

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information (“*AEOI*”) in tax matters, which applies to all EU member states. In addition, Switzerland has concluded the multilateral competent authority agreement on the automatic exchange of financial account information (“*MCAA*”), and based on the MCAA, a number of bilateral AEOI agreements with other countries. Based on such agreements and the implementing laws of Switzerland, Switzerland collects and exchanges data in respect of financial assets, including Bonds, as the case may be, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a EU member state or in another treaty state. An up-to-date list of the AEOI agreements to which Switzerland is a party that are in effect, or signed but not yet in effect, can be found on the website of the State Secretariat for International Financial Matters (SIF).

Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act

The United States and Switzerland entered into an intergovernmental agreement to facilitate the implementation of FATCA (an “**IGA**”). Under the IGA, financial institutions acting out of Switzerland generally are directed to become participating foreign financial institutions (“**FFIs**”). The agreement ensures that accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance on the basis of the double taxation agreement between the United States and Switzerland. In this regard, on 17 July 2019, the US Senate approved the 2009 protocol (the “**Protocol**”) amending the double taxation agreement regarding income tax between Switzerland and the US (“**DTA**”). The Protocol had been approved by the Swiss Federal Assembly on 18 June 2010. On 20 September 2019, Switzerland and the US exchanged the instruments of ratification of the Protocol. With the exchange of the ratification instruments, the amended DTA formally entered into force. The Protocol introduces a mechanism for the exchange of information upon request in tax matters between Switzerland and the United States, which is in line with international standards, and allows the United States to make group requests under FATCA concerning non-consenting U.S. accounts and non-consenting non-participating foreign financial institutions.

SUBSCRIPTION AND SALE

Citigroup Global Markets Europe AG, Credit Suisse Securities (Europe) Limited, HSBC France, ING Bank N.V. and Merrill Lynch International (the “**Joint Bookrunners**”); and BNP Paribas, Commerzbank Aktiengesellschaft, Mizuho Securities Europe GmbH and UBS AG London Branch (the “**Joint Lead Managers**”, and together with the Joint Bookrunners, the “**Managers**”) have, pursuant to a Subscription Agreement dated 17 April 2020, jointly and severally agreed with the Issuer and the Guarantor, subject to the satisfaction of certain conditions, to subscribe the Bonds at 99.424 per cent. of their principal amount less a combined management and underwriting commission. In addition, the Issuer, failing which the Guarantor, has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Bonds. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Bonds may only be held by, and may only be transferred to, Eligible Investors referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 holding their Bonds in an exempt account that has been opened with a financial institution that is a direct or indirect participant in the NBB-SSS operated by the NBB.

General

Neither the Issuer nor the Guarantor nor any Manager has made any representation that any action will be taken in any jurisdiction by the Managers or the Issuer or the Guarantor that would permit a public offering of the Bonds, or possession or distribution of this Prospectus (whether or not in final form) or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Each Manager has agreed that it will comply, to the best of its knowledge and belief in all material respects, with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Prospectus (whether or not in final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer, the Guarantor or any of the other Managers in any such jurisdiction as a result of any of the foregoing actions.

United States

The Bonds and the Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds and the Guarantee (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the “**distribution compliance period**”), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds and the Guarantee during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds and the Guarantee within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantee, an offer or sale of Bonds or Guarantee within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA and UK Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA or in the UK. For the purposes of this provision the expression “retail investor” means a person who is one (or both) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; and

- (ii) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Manager has represented and agreed that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Bonds would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (“FSMA”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

The Kingdom of Belgium

Each Manager has represented and agreed that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Bonds to consumers (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law, as amended from time to time (*Wetboek van economisch recht/Code de droit économique*) (i.e., any natural person acting for purposes which are outside his/her trade, business or profession).

Switzerland

Each Manager has represented and agreed that:

- (a) the Bonds may not be publicly offered, sold or advertised, directly or indirectly, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading venue in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Bonds constitutes (i) a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations (as such articles were in effect immediately prior to the entry into effect of the Swiss Federal Act on Financial Services (“FinSA”)) or pursuant to the relevant provisions of FinSA or (ii) a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading venue in Switzerland, and neither this Prospectus nor any other offering or marketing material relating to the Bonds may be publicly distributed or otherwise made publicly available in Switzerland; and
- (b) neither this Prospectus nor any other offering or marketing material relating to the offering, the Issuer, the Guarantor nor the Bonds have been or will be filed with or approved by any Swiss regulatory authority. The Bonds are not subject to the approval of, or supervision by any Swiss regulatory authority, e.g. FINMA, and investors in the Bonds will not benefit from protection or supervision by such authority.

INDEPENDENT AND STATUTORY AUDITORS

KPMG Bedrijfsrevisoren CVBA (registration number 0419.122.548) of Luchthaven Brussel Nationaal 1K, 1930 Zaventem, Belgium are the statutory auditors of the Issuer.

The current statutory auditors of the Guarantor and the Group are KPMG AG. KPMG AG are supervised by and registered with the Swiss Federal Audit Oversight Authority (FAOA #501403) (*Eidgenössische Revisionsaufsichtsbehörde, RAB*).

The consolidated financial statements of the Group for the financial year ended 31 December 2019, as well as the consolidated financial statements of the Group for the financial year ended 31 December 2018, all incorporated by reference in this Prospectus, have been audited by KPMG AG, statutory auditors, as stated in their reports incorporated by reference herein.

ALTERNATIVE PERFORMANCE MEASURES

The Issuer and the Guarantor consider each metric set out below to constitute an “alternative performance measure” (an “APM”) as described in the European Securities and Markets Authority Guidelines on Alternative Performance Measures (the “ESMA Guidelines”) published on 5 October 2015 by the European Securities and Markets Authority and which came into force on 3 July 2016.

The Issuer and the Guarantor consider that these metrics provide useful information for investors and other interested parties in order to better understand the underlying business, the financial position and results of operations of the Group.

The financial measures presented in this section are not defined in accordance with IFRS. An APM should not be considered in isolation from, or as substitute for any analysis of, financial measures defined according to IFRS. Investors are advised to review these APMs in conjunction with the 2019 Financial Statements and the 2018 Financial Statements incorporated by reference into this Prospectus. The financial data for the year ended 31 December 2012 has been extracted without material adjustments from the 2013 audited consolidated financial statements prepared in accordance with IFRS.

Adjusted EBITDA

Adjusted EBITDA is defined as profit for the period, adjusted for loss from discontinued operations, net of tax, income taxes, share of loss of associates/joint ventures, net financial result, depreciation of property, plant and equipment, amortization of intangibles and impairments/reversal of impairments.

The following table presents the reconciliation of profit for the period to Adjusted EBITDA with respect to the years ended 31 December 2019, 31 December 2018 and 31 December 2012:

<i>CHF in millions</i>	<i>Year ended 31 December</i>		
	<i>2019</i>	<i>2018</i>	<i>2012</i>
Profit for the period	646	563	174
Loss from discontinued operations, net of tax	117	96	-
Profit from continuing operations	763	659	174
Income taxes	86	148	36
Profit before income taxes	849	807	210
Share of loss of associates/joint ventures	3	1	19
Net financial result	120	34	111
Results from operating activities (EBIT)	972	842	340
Depreciation of property, plant and equipment, amortization of intangibles and impairments/reversal of impairments	553	587	305
Adjusted EBITDA	1,525	1,429	645

The Issuer and the Guarantor believe that Adjusted EBITDA which excludes expenses and income such as depreciation of property, plant and equipment, amortization of intangibles and impairments/reversals of impairments is a meaningful alternative performance measure for investors and financial analysts for the assessment of the Group’s financial position because it enables better comparison across years.

CORE Adjusted EBITDA and CORE Adjusted EBITDA Margin

CORE Adjusted EBITDA is defined as the Group's profit for the period, adjusted for loss from discontinued operations, net of tax, income taxes, share of loss of associates/joint ventures, net financial result, depreciation of property, plant and equipment, amortization of intangibles and impairments/reversal of impairments, restructuring expenses, expense resulting from acquisition and divestitures, environmental expenses and other. CORE Adjusted EBITDA Margin represents CORE Adjusted EBITDA divided by sales.

The following table presents the reconciliation of profit for the period to CORE Adjusted EBITDA with respect to the years ended 31 December 2019, 31 December 2018 and 31 December 2012:

<i>CHF in millions</i>	<i>Year ended 31 December</i>		
	<i>2019</i>	<i>2018</i>	<i>2012</i>
Sales	5,920	5,542	3,925
Profit for the period	646	563	174
Loss from discontinued operations, net of tax	117	96	-
Profit from continuing operations	763	659	174
Income taxes	86	148	36
Profit before income taxes	849	807	210
Share of loss of associates/joint ventures	3	1	19
Net financial result	120	34	111
Results from operating activities (EBIT)	972	842	340
Depreciation of property, plant and equipment, amortization of intangibles and impairments/reversal of impairments	553	587	305
Adjusted EBITDA	1,525	1,429	645
Restructuring expenses ^(a)	30	11	29
Expense resulting from acquisition and divestitures ^(b)	45	30	-
Environmental expenses ^(c)	20	41	-
Other	-	-	(11)
CORE Adjusted EBITDA	1,620	1,511	663
CORE Adjusted EBITDA Margin	27.4%	27.3%	16.9%

Segment Results

Year ended 31 December 2019

	Pharma Biotech & Nutrition	Specialty Ingredients	Corporate/ Eliminations	Continuing Operations
<i>CHF in millions</i>				
Sales third-party	4,167	1,693	60	5,920
Results from operating activities (EBIT)	952	170	(150)	972
Depreciation of property, plant and equipment, amortization of intangibles and impairments/reversals of impairments	391	109	53	553
Adjusted EBITDA	1,343	279	(97)	1,525
Restructuring expenses ^(a)	5	21	4	30
Expense resulting from acquisition and divestitures ^(b)	23	-	22	45
Environmental expenses ^(c)	-	-	20	20
Other	-	2	(2)	-
CORE Adjusted EBITDA	1,371	302	(53)	1,620
CORE Adjusted EBITDA Margin	32.9%	17.8%	-88.3%	27.4%

Year ended 31 December 2018

	Pharma Biotech & Nutrition	Specialty Ingredients	Corporate/ Eliminations	Continuing Operations
<i>CHF in millions</i>				
Sales third-party	3,755	1,749	38	5,542
Results from operating activities (EBIT)	827	193	(178)	842
Depreciation of property, plant and equipment, amortization of intangibles and impairments/reversals of impairments	403	105	79	587
Adjusted EBITDA	1,230	298	(99)	1,429
Restructuring expenses ^(a)	6	5	-	11
Expense resulting from acquisition and divestitures ^(b)	10	-	20	30
Environmental expenses ^(c)	-	-	41	41
CORE Adjusted EBITDA	1,246	303	(38)	1,511
CORE Adjusted EBITDA Margin	33.2%	17.3%	-100.0%	27.3%

- (a) Restructuring costs or expenses in 2019 relate to dismantling costs and severance (CHF 11 million) at Visp and Grangemouth, restructuring of LSI and enabling functions as part of LSI efficiency initiative (CHF 10 million), as well as other various restructuring programs. Restructuring costs or expenses in 2018 relate to the various restructuring programs in the Pharma Biotech & Nutrition segment (CHF 6 million) and the Specialty Ingredients segment (CHF 5 million). Restructuring costs or expenses in 2012 relate to restructuring (CHF 27 million) at Visp as well as other various restructuring programs.
- (b) Expenses in 2019 are attributed to integration-related costs for acquisitions of Capsugel (CHF 41 million) and other acquisitions (CHF 4 million). Expenses in 2018 are attributed to integration-related costs for acquisitions of Capsugel (CHF 28 million) and other acquisitions (CHF 2 million).
- (c) Environmental expenses in 2019 relate to Lonza's Visp site (CHF 17 million) and various Arch Chemical sites (CHF 3 million). Environmental expenses in 2018 relate to Visp (CHF 39 million) and various Arch Chemical sites (CHF 2 million).

CORE Adjusted Earnings and CORE Adjusted Earnings Per Share

CORE Adjusted Earnings is defined as the Group's profit from continuing operations attributable to equity holders of the parent (the Guarantor) adjusted for the after-tax impact of amortization of intangible assets from acquisitions and impairments/reversal of impairments, restructuring expenses, income/expense resulting from acquisition and divestitures, environmental expenses, and other. Profit from continuing operations attributable to equity holders of the parent (the Guarantor) is defined as profit for the period before discontinued operations, net of non-controlling interests. Basic and diluted earnings per share for profit from continuing operations attributable to equity holders of the parent (the Guarantor) are defined as profit from continuing operations attributable to equity holders of the parent (the Guarantor) divided by basic and diluted number of shares. Basic and diluted CORE Adjusted Earnings Per Share are defined as CORE Adjusted Earnings divided by basic and diluted number of shares.

	<i>Year ended 31 December</i>		
	<i>2019</i>	<i>2018</i>	<i>2012</i>
<i>CHF in millions (except shares and per share amounts)</i>			
Profit for the period	646	563	174
Loss from discontinued operations, net of tax	117	96	-
Profit from continuing operations	763	659	174
Non-controlling interests	(1)	(4)	-
Profit from continuing operations, attributable to the equity holders of the parent	762	655	174
Amortization of intangible assets from acquisitions	152	134	32
Impairments	14	63	-
Reversal of impairments	(7)	-	-
Restructuring expenses ^(a)	27	9	24
Income/expense resulting from acquisition and divestitures ^(b)	44	(2)	-
Environmental expenses ^(c)	18	34	-
Other	3	2	7
CORE Adjusted Earnings	1,013	895	237
Number of Shares Basic	74,109,308	74,408,243	51,775,225
Number of Shares Diluted	74,564,802	74,723,145	51,978,758
Basic earnings per share for profit from continuing operations attributable to equity holders of the parent in CHF	10.28	8.80	3.36
Diluted earnings per share for profit from continuing operations attributable to equity holders of the parent in CHF	10.22	8.77	3.35
Basic CORE Adjusted Earnings Per Share in CHF	13.67	12.03	4.56
Diluted CORE Adjusted Earnings Per Share in CHF	13.59	11.98	4.54

- (a) Restructuring costs or expenses in 2019 relate to dismantling costs and severance (CHF 10 million after-tax) at Visp and Grangemouth, restructuring of LSI and enabling functions as part of LSI efficiency initiative (CHF 9 million after-tax), as well as other various restructuring programs. Restructuring costs or expenses in 2018 relate to the various restructuring programs in the LPBN segment (CHF 5 million after-tax) and the LSI segment (CHF 4 million after-tax). Restructuring costs or expenses in 2012 relate to restructuring (CHF 22 million after-tax) at Visp as well as other various restructuring programs.
- (b) Expenses in 2019 are attributed to integration-related costs for acquisition of Capsugel (CHF 37 million after-tax) and other acquisitions (CHF 3 million after-tax) as well as fair value adjustment on contingent consideration (CHF 4 million after-tax). Expenses in 2018 are attributed to integration-related costs for acquisitions of Capsugel (CHF 25 million after-tax) and other acquisitions (CHF 1 million after-tax) as well as a gain on the revaluation of an investment (CHF 28 million after-tax).
- (c) Environmental expenses in 2019 relate to Lonza's Visp site (CHF 15 million after-tax) and various Arch Chemical sites (CHF 3 million after-tax). Environmental expenses in 2018 relate to Visp (CHF 32 million after-tax) and various Arch Chemical sites (CHF 2 million after-tax).

The Issuer and the Guarantor believe that CORE Adjusted EBITDA, CORE Adjusted EBITDA Margin, CORE Adjusted Earnings and CORE Adjusted Earnings Per Share enhance the financial markets' understanding of Lonza because it enables better comparison across years, as these CORE Adjusted measures exclude expenses and income such as amortization of intangibles and impairments/reversal of impairments, restructuring expenses, expense resulting from acquisition and divestitures and environmental expenses, which can differ significantly from year to

year. For this same reason, Lonza uses CORE Adjusted measures in addition to IFRS in internally assessing the Group's performance.

Net Debt Measures

Net Debt is defined as the Group's total debt as of the end of a period less non-current loans and advances, current advances, as well as cash and cash equivalents. Net Leverage is defined as Net Debt divided by CORE Adjusted EBITDA and Net Debt/Adjusted EBITDA represents Net Debt divided by Adjusted EBITDA.

The following table presents the reconciliation of total debt to Net Debt as at 31 December 2019 and 31 December 2018:

<i>CHF in millions</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Total debt	3,540	4,062
Non-current loans and advances	(72)	(46)
Current advances	(2)	-
Cash and cash equivalents	(505)	(482*)
Net Debt	<u>2,961</u>	<u>3,534</u>
Net Leverage	<u>1.83x</u>	<u>2.34x</u>
Net Debt/Adjusted EBITDA	<u>1.94x</u>	<u>2.47x</u>

(*) Includes CHF 21M of cash and cash equivalents classified as assets held for sale.

The Issuer and the Guarantor believe that Net Debt, Net Leverage and Net Debt/Adjusted EBITDA are meaningful alternative performance measures for investors and financial analysts for the assessment of the Group's financial position. Lonza believes that disclosing CORE results of the Group's performance enhances the financial markets' understanding of the Group because the CORE results allow for an assessment of both the Group's actual results as defined in IFRS and the underlying performance of the business.

GENERAL INFORMATION

1. It is expected that listing of the Bonds on the Official List and admission of the Bonds to trading on the Market will be granted on or around 17 April 2020. Prior to official listing and admission to trading, however, dealings will be permitted by the Luxembourg Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. The expenses in connection with the admission to trading of the Bonds are expected to amount to approximately €6,100.
2. Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in the Kingdom of Belgium and Switzerland in connection with the issue and performance of the Bonds and of the Guarantee. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer adopted on 4 March 2020 and the giving of the Guarantee by the Guarantor was authorised by resolutions of the board of directors of the Guarantor passed on 4 March 2020.
3. There has been no material adverse change in the prospects of (i) the Issuer since 18 October 2019, being its date of incorporation or (ii) the Guarantor since 31 December 2019, being the date of the last published audited consolidated financial statements of the Group.
4. There has been no significant change in the financial performance of the Group since 31 December 2019, being the end of the last financial period for which financial information has been published with respect to the Group to the date of this Prospectus.
5. There has been no significant change in the financial position of the Group since 31 December 2019, being the end of the last financial period for which financial information has been published with respect to the Group to the date of this Prospectus.
6. Neither the Issuer, the Guarantor nor the Group is nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Guarantor are aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor or the Group.
7. The Bonds have been accepted for clearance through the securities settlement system operated by the National Bank of Belgium, which has links to, amongst others, Euroclear and Clearstream. The International Securities Identification Number (“**ISIN**”) for the Bonds is BE6321076711 and the Common Code is 215748987. For FISN and CFI Codes, see the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

The address of the National Bank of Belgium is Boulevard de Berlaimont 14, 1000 Brussels, Belgium.
8. The Legal Entity Identifier code of the Issuer is 549300AS6XQBD4ETT379.
9. The Legal Entity Identifier code of the Guarantor is 549300EFW4H2TCZ71055.
10. The website of the Issuer, and the website of the Guarantor, is <https://www.lonza.com>. The information on <https://www.lonza.com> does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.
11. The yield of the Bonds is 1.713 per cent. on an annual basis. The yield is calculated as at 21 April 2020 on the basis of (i) the issue price; and (ii) the Bonds being redeemed on the Early Call Date. It is not an indication of future yield.
12. There are no material contracts entered into other than in the ordinary course of the Issuer’s or the Guarantor’s business, which could result in any member of the Group being under an obligation or entitlement that is

material to the Issuer's ability to meet its obligations to Bondholders in respect of the Bonds being issued or the Guarantor's ability to meet its obligations to Bondholders under the Guarantee.

13. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer and Guarantor are aware and are able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third-party information is identified where used.
14. For so long as the Bonds remain outstanding, copies of the following documents will be available for inspection at <https://www.lonza.com>:
 - (a) the Trust Deed (which includes the Guarantee of the Bonds);
 - (b) the Agency Agreement;
 - (c) the articles of association of the Issuer and the Guarantor;
 - (d) this Prospectus together with any supplement to this Prospectus or further Prospectus;
 - (e) the materials incorporated by reference into this Prospectus, as set out in "*Documents Incorporated by Reference*"; and
 - (f) all reports, letters and other documents, balance sheets, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus.

This Prospectus will be published on the website of the Luxembourg Stock Exchange at <https://www.bourse.lu/cssf-approvals>.

15. KPMG Bedrijfsrevisoren CVBA (registration number 0419.122.548) of Luchthaven Brussel Nationaal 1K, 1930 Zaventem, Belgium are the statutory auditors of the Issuer.
16. KPMG AG, Raffelstrasse 28, 8045 Zurich, Switzerland (previously at Badenerstrasse 172, 8004 Zurich, Switzerland) have audited, and rendered unqualified audit reports on, the consolidated financial statements of the Group for the financial year ended 31 December 2019, as well as the consolidated financial statements of the Group for the financial year ended 31 December 2018. KPMG AG are supervised by and registered with the Swiss Federal Audit Oversight Authority (FAOA) (*Eidgenossische Revisionsaufsichtsbehorde, RAB*). The auditor's FAOA register number is 501403.
17. There is no natural or legal person involved in the issue of the Bonds and having an interest that is material to the issue of the Bonds, other than certain of the Managers and their affiliates who have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and/or the Guarantor and their affiliates in the ordinary course of business. Certain of the Managers and their affiliates may have positions, deal or make markets in the Bonds, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and/or the Guarantor and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and/or the Guarantor and their affiliates. Certain of the Managers and their affiliates that have a lending relationship with the Issuer and/or the Guarantor routinely hedge their credit exposure to the Issuer and/or the Guarantor consistent with their customary risk management policies. Typically, such Managers and their affiliates would

hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds. Any such positions could adversely affect future trading prices of the Bonds. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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