

Lonza: capital expenditure and portfolio pruning

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Lonza, which moved its headquarters from Visp to Basel, follows a capital-intensive business model as a contract development and manufacturing organisation for pharmaceutical and biotechnology companies. Its growth requires large investments in production facilities, such as the Ibex biopark in Visp and plants in the United States and Asia. Annual capital expenditure has at times reached about a third of sales, a ratio that distinguishes it from the research-based pharmaceutical groups. In 2024 Lonza acquired a large biologics manufacturing site in Vacaville, California, from Roche's Genentech for about USD 1.2 billion. Such investments are financed through operating cash flow, bonds and, where necessary, capital increases.¹

To concentrate on its core business, Lonza has divested other activities. In 2021 it sold its specialty ingredients business to the private equity firms Bain Capital and Cinven for about CHF 4.2 billion, which provided capital for investments in contract manufacturing. Lonza subsequently announced its intention to exit its Capsules and Health Ingredients business, the last significant non-core segment, as part of its strategy announced in 2025.²

Lonza's financial strategy illustrates the shift in the Basel life sciences sector towards a division of labour, in which large pharmaceutical groups and smaller biotechnology companies outsource production to specialised manufacturers. For the financial centre, this creates a different type of borrower with a lower credit rating than Roche and Novartis but with a long-term need for capital. Lonza's bonds are mainly issued in Swiss francs and euros and are held by Swiss and European institutional investors. Its share price has become a barometer of the investment cycle in biotechnology, which Chapter IV of this Part examines in connection with venture finance.³

1 Notes

1. On Lonza's capital expenditure, the Ibex biopark in Visp and the acquisition of the Vacaville site from Genentech for about USD 1.2 billion (announced March 2024, completed later in 2024), see the Lonza annual reports and press releases. On Lonza's industrial base, see Part G, Chapter I. Figures to be verified. ↩
2. On the sale of Lonza Specialty Ingredients to Bain Capital and Cinven for about CHF 4.2 billion (completed July 2021) and on the planned exit from the Capsules and Health Ingredients business, see the Lonza press releases and annual reports. Status to be verified. ↩
3. On the bonds of Lonza Group and its credit profile, see the Lonza annual reports and bond documentation. On biotechnology venture finance in Basel, see Part G, Chapter IV. To be verified. ↩

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