

Lonza: from Visp to the contract manufacturing model

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Lonza has a different origin from the other Basel groups. It was founded in 1897 in Gampel in the Valais as an electricity company, named after the Lonza river, whose water powered its hydroelectric plant. Its early products were calcium carbide and later fertilisers and basic chemicals produced with cheap Alpine electricity. In 1909 the company built the chemical works at Visp in the Upper Valais, which grew into one of the largest industrial sites in Switzerland.¹ The headquarters moved to Basel early in the company's history, which explains why a company whose largest site lies in the Valais counts as a Basel company.

For much of the twentieth century Lonza was part of the Swiss aluminium group Alusuisse, which had acquired a controlling interest in the 1970s. When Alusuisse merged with the Canadian group Alcan in 1999, Lonza was spun off and listed as an independent company on the Swiss exchange.² In the following two decades the company transformed itself from a producer of fine and specialty chemicals into a contract development and manufacturing organisation, known in the industry by the acronym CDMO. Its customers are pharmaceutical and biotechnology companies that outsource the development of production processes and the manufacture of active ingredients, especially biologics such as monoclonal antibodies and, more recently, cell and gene therapies.

The CDMO model has a distinctive financial profile. It requires heavy capital expenditure on production facilities, often years before the customer's product is approved, with returns that depend on long-term supply contracts with pharmaceutical companies. Lonza has financed this investment through operating cash flow, bonds and, in some cases, contributions from customers that reserve capacity.³ In 2017 Lonza acquired the American capsule maker Capsugel for about USD 5.5 billion. In 2021 it sold its specialty ingredients business to the private equity firms

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Bain Capital and Cinven, a business that now operates under the name Arxada. In 2024 it acquired a large biologics manufacturing site in Vacaville, California, from Roche.⁴

The company became known to a wider public in 2020, when it agreed with the American biotechnology company Moderna to produce the active ingredient of Moderna's mRNA vaccine against COVID-19. Production lines were installed at Visp and in Portsmouth, New Hampshire, within a few months, so that the first doses of the active ingredient could be produced at Visp at the end of 2020 and in early 2021.⁵ The episode demonstrated the strategic value of manufacturing capacity in a pandemic. It also showed that the Swiss life sciences industry includes, in addition to the inventors of medicines, the manufacturers that make them at scale. The federal government, which had concluded supply agreements with Moderna, emphasised the domestic production in its communication, although the vaccine doses were filled and finished elsewhere.

1 Notes

1. On the foundation of the Elektrizitätswerk Lonza in 1897 at Gampel and the development of the Visp site, see HLS, article "Lonza", and the Lonza corporate history. Dates to be verified. ↩
2. On the spin-off of Lonza Group from Alusuisse-Lonza (Algroup) in 1999 in connection with the merger of Algroup with Alcan, see the Lonza listing documents and annual reports. To be verified. ↩
3. On the capital expenditure of Lonza, including the Ibex Solutions site in Visp developed from 2017 and the financing of capacity reservations by customers, see the Lonza annual reports. To be verified. ↩
4. On the acquisition of Capsugel (2017), the sale of Lonza Specialty Ingredients to Bain Capital and Cinven (2021, now Arxada) and the acquisition of the Genentech site in Vacaville (2024), see the Lonza annual reports and press releases. Figures and status to be verified. ↩
5. On the agreement between Lonza and Moderna of May 2020 and the installation of production lines for the mRNA-1273 active ingredient at Visp and Portsmouth, see the press releases of Lonza and Moderna of 2020 and 2021. To be verified. ↩

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