

A photograph of a man with curly hair and a beard, and two women with curly hair, all smiling and looking towards the camera. They are outdoors in a sunny setting. The man is on the left, and the two women are on the right. The image is partially covered by a blue graphic element in the top left corner.

Alcon

Q2 2023 Earnings Presentation

August 16, 2023

Safe harbor

Forward-looking statements

This document contains, and our officers and representatives may from time to time make, certain “forward-looking statements” within the meaning of the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “anticipate,” “intend,” “commitment,” “look forward,” “maintain,” “plan,” “goal,” “seek,” “target,” “assume,” “believe,” “project,” “estimate,” “expect,” “strategy,” “future,” “likely,” “may,” “should,” “will” and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding our liquidity, revenue, gross margin, operating margin, effective tax rate, foreign currency exchange movements, earnings per share, our plans and decisions relating to various capital expenditures, capital allocation priorities and other discretionary items such as our transformation program, market growth assumptions, our social impact and sustainability plans, targets, goals and expectations, and generally, our expectations concerning our future performance.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties and risks that are difficult to predict such as: cybersecurity breaches or other disruptions of our information technology systems; compliance with data privacy, identity protection and information security laws; our ability to comply with the US Foreign Corrupt Practices Act of 1977 and other applicable anti-corruption laws, particularly given that we have entered into a three-year Deferred Prosecution Agreement with the US Department of Justice; the impact of a disruption in our global supply chain or important facilities, including our reliance on single source suppliers; supply constraints and increases in the cost of energy; our ability to forecast sales demand and manage our inventory levels and the changing buying patterns of our customers; our ability to manage environmental, social and governance matters to the satisfaction of our many stakeholders, some of which may have competing interests; our success in completing and integrating strategic acquisitions; the success of our research and development efforts, including our ability to innovate to compete effectively; global and regional economic, financial, legal, tax, political and social change; our ability to comply with all laws to which we may be subject; pricing pressure from changes in third party payor coverage and reimbursement methodologies; our ability to properly educate and train healthcare providers on our products; our reliance on outsourcing key business functions; our ability to attract and retain qualified personnel; the impact of unauthorized importation of our products from countries with lower prices to countries with higher prices; the ability to obtain regulatory clearance and approval of our products as well as compliance with any post-approval obligations, including quality control of our manufacturing; our ability to protect our intellectual property; our ability to service our debt obligations; the need for additional financing through the issuance of debt or equity; the effects of litigation, including product liability lawsuits and governmental investigations; effect of product recalls or voluntary market withdrawals; the accuracy of our accounting estimates and assumptions, including pension and other post-employment benefit plan obligations and the carrying value of intangible assets; legislative, tax and regulatory reform; the impact of being listed on two stock exchanges; the ability to declare and pay dividends; the different rights afforded to our shareholders as a Swiss corporation compared to a US corporation; and the effect of maintaining or losing our foreign private issuer status under U.S. securities laws.

Additional factors are discussed in our filings with the United States Securities and Exchange Commission, including our Form 20-F. Should one or more of these uncertainties or risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated. Therefore, you should not rely on any of these forward-looking statements. Forward-looking statements in this document speak only as of the date of its filing, and we assume no obligation to update forward-looking statements as a result of new information, future events or otherwise.

Intellectual property

This report may contain references to our proprietary intellectual property. All product names appearing in *italics* or ALL CAPS are trademarks owned by or licensed to Alcon Inc. Product names identified by a “®” or a “™” are trademarks that are not owned by or licensed to Alcon or its subsidiaries and are the property of their respective owners.

Non-IFRS measures

Alcon uses certain non-IFRS metrics when measuring performance, including when measuring current period results against prior periods, including core results, percentage changes measured in constant currencies and free cash flow. Because of their non-standardized definitions, the non-IFRS measures (unlike IFRS measures) may not be comparable to the calculation of similar measures of other companies. These non-IFRS measures are presented solely to permit investors to more fully understand how Alcon management assesses underlying performance. These non-IFRS measures are not, and should not be viewed as, a substitute for IFRS measures.

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02 IFRS results

03 Sales

04 Core results

05 Outlook



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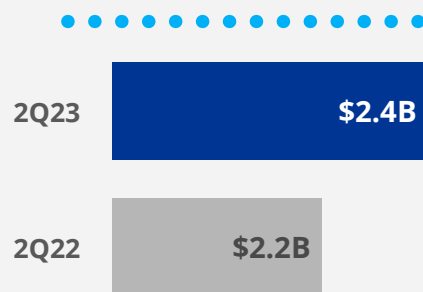
Q2 2023 Highlights

- Sales of \$2.4B, up 9%, or 12% cc¹; growth driven by continued strength in demand, solid commercial execution, acquired products and price increases
- Operating margin of 11.2%; core operating margin¹ of 19.9%
- Diluted EPS of \$0.34, up 13%, or up 34% cc¹; core diluted EPS¹ of \$0.69, up 10%, or up 19% cc¹
- Based on strong operational performance and improved outlook, Company raises full year 2023 sales and core diluted EPS guidance



Q2 2023 Select financial highlights

3rd party sales



Sales of \$2.4B, up 9%, or 12% cc¹

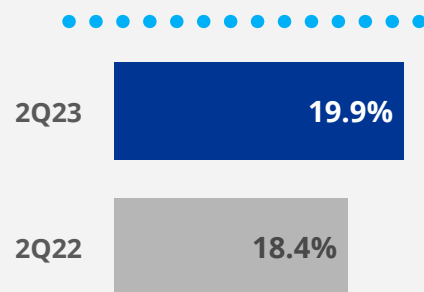
Surgical growth driven by consumables and equipment

Vision Care growth reflects strength in contact lenses and eye drops, as well as contribution from acquired products

Price increases in consumables, contact lenses and ocular health

~300 basis points (bps) negative impact from FX

Core operating margin¹



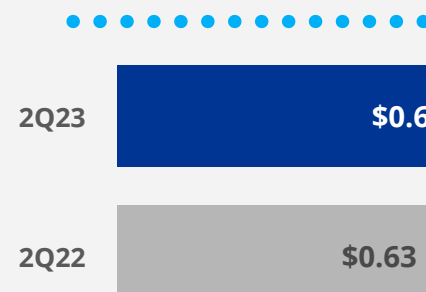
Operating margin of 11.2%, up 210 bps y/y; up 350 bps cc¹

Core operating margin (COM) of 19.9%, up 150 bps; up 270 bps cc¹

COM cc¹ growth reflects improved underlying operating leverage from higher sales and manufacturing efficiencies, partially offset by a shift in product mix in Surgical, incl. South Korea impact, higher R&D and inflationary impacts

Negative ~120 bps impact from FX on COM

Core diluted EPS¹

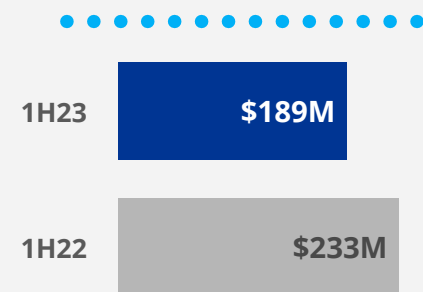


Diluted EPS of \$0.34, up 13%, or 34% cc¹

Core diluted EPS of \$0.69, up 10%, or 19% cc¹

Core diluted EPS cc¹ growth reflects improved core operating income and lower OFI&E, partially offset by higher interest expense and higher core taxes

Free cash flow¹



Cash from operating activities (CfOA) of \$410M vs. \$470M in 1H22; incl. a legal settlement, higher interest payments and higher taxes due to timing

Also incl. increased collections from higher sales and lower annual bonus payment, partially offset by FX, higher payments for revenue deductions, transformation & other operating expenditures, incl. higher R&D

Free cash flow reflects change in CfOA, partially offset by decreased capex

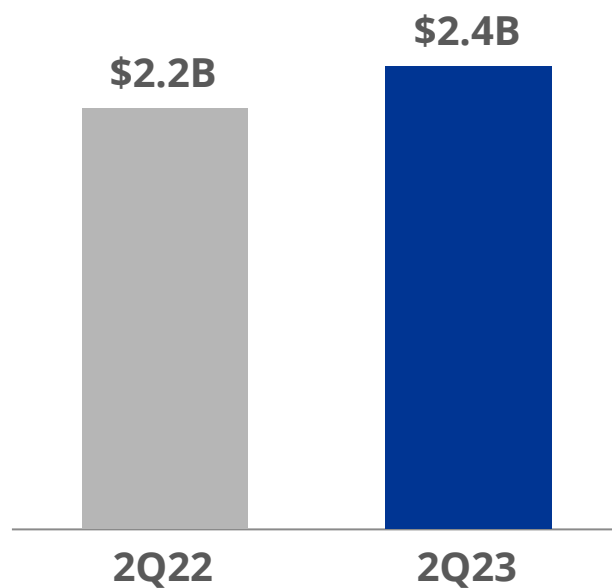
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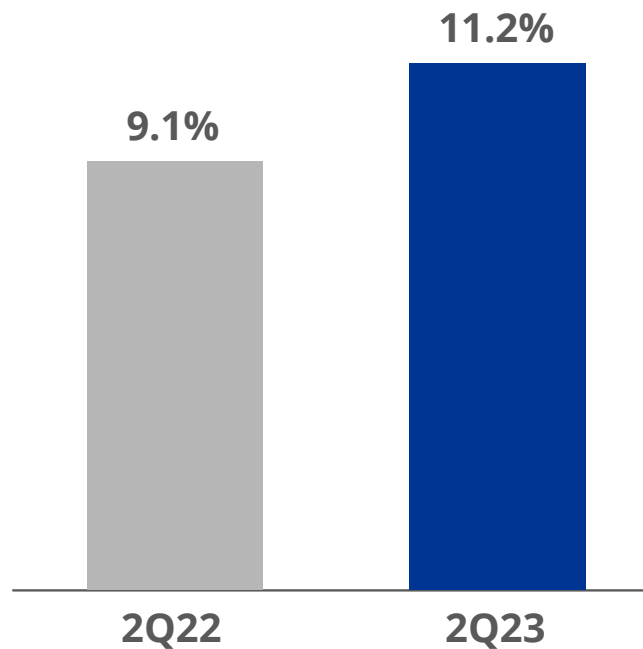
Q2 2023 IFRS results

Worldwide net sales



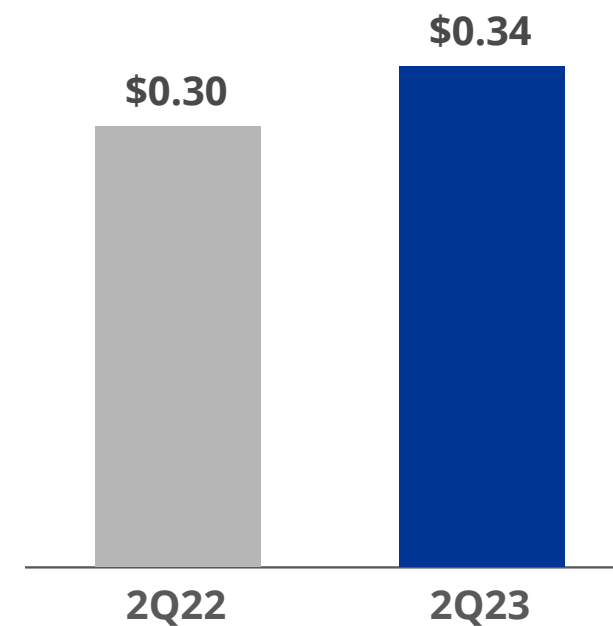
Y/Y change (USD): +9%

Operating margin



+210 bps

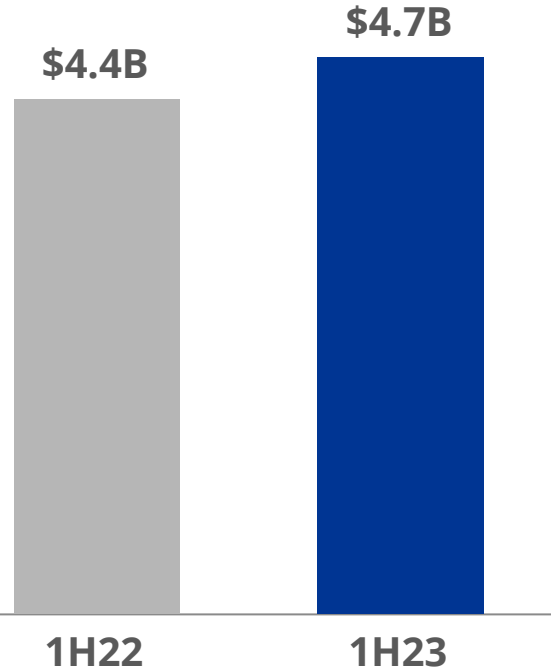
Diluted EPS



+13%

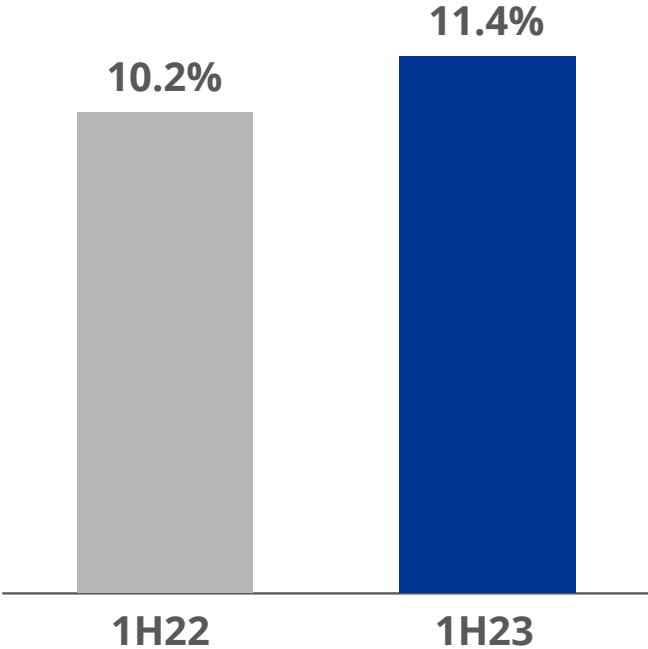
H1 2023 IFRS results

Worldwide net sales



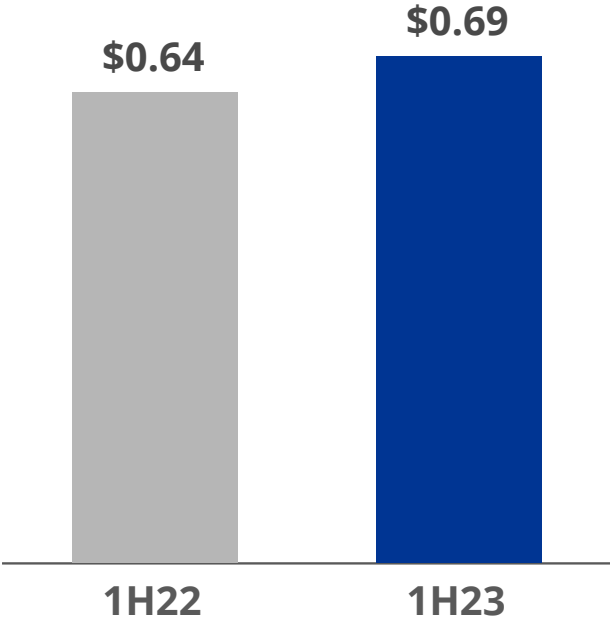
Y/Y change (USD): +8%

Operating margin



+120 bps

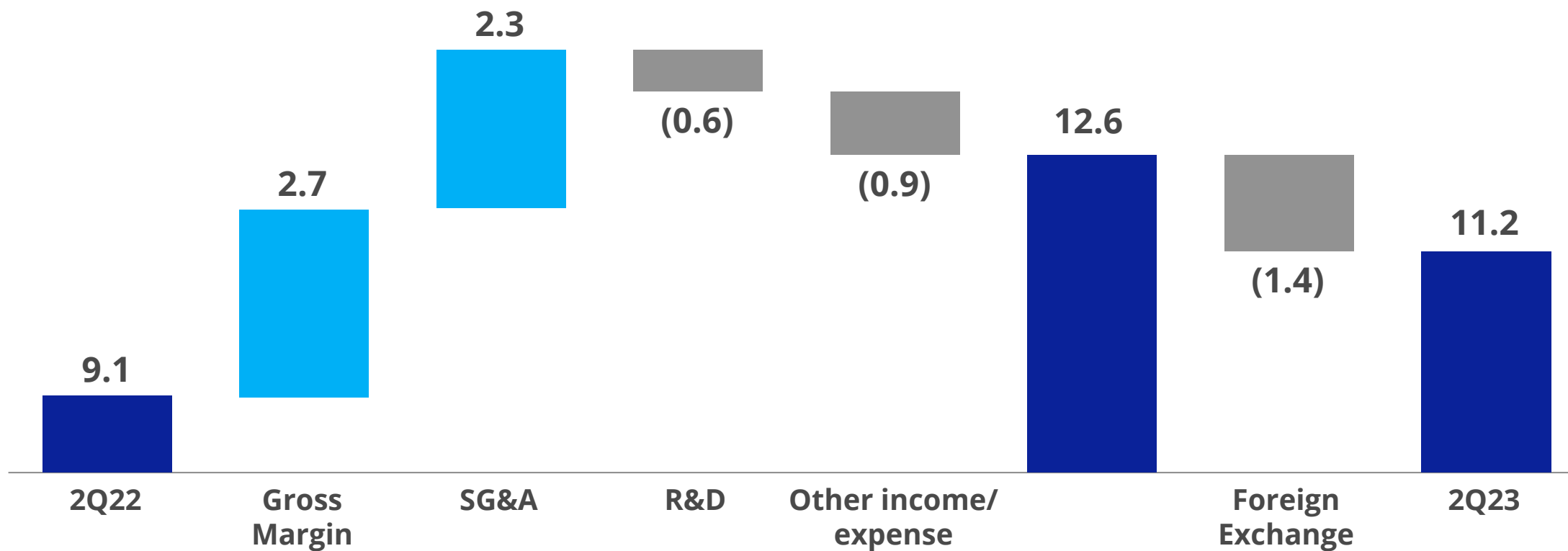
Diluted EPS



+8%

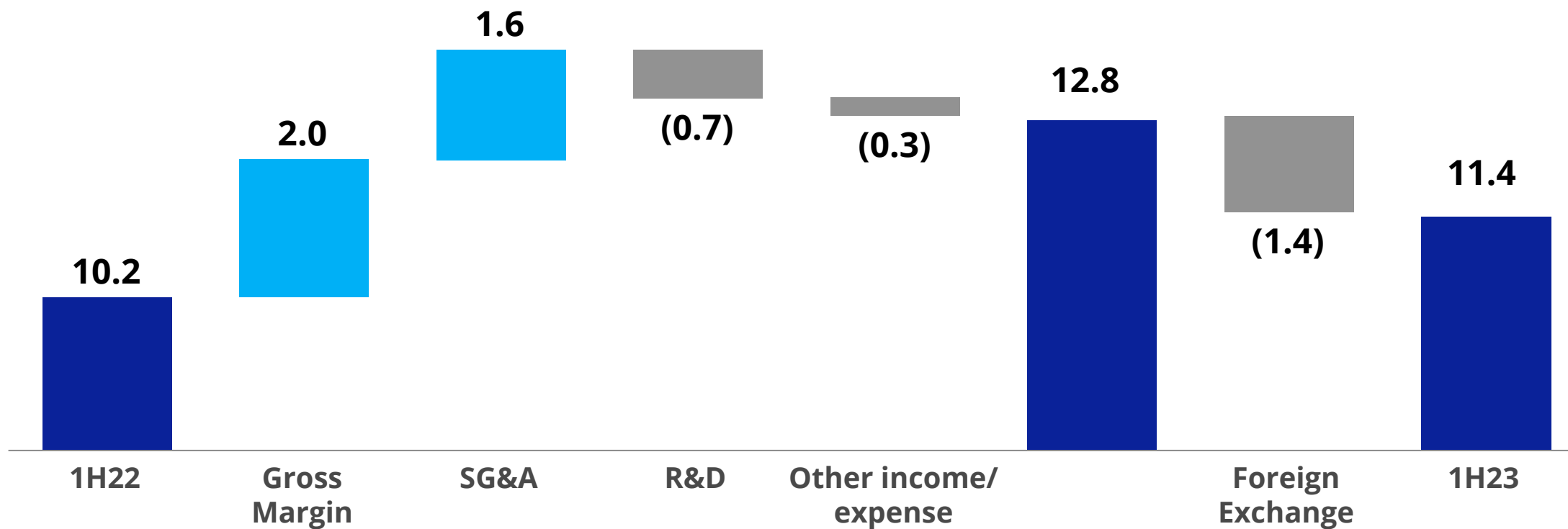
Q2 2023 IFRS operating margin bridge

2Q23 vs. 2Q22, % of net sales



H1 2023 IFRS operating margin bridge

1H23 vs. 1H22, % of net sales



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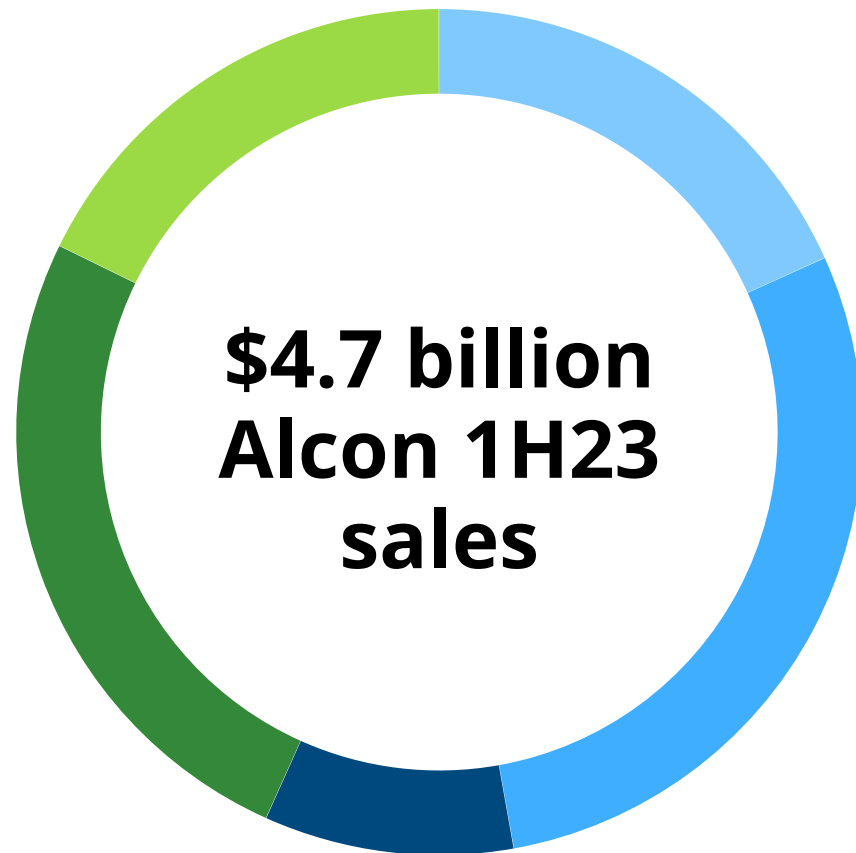
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H1 2023 Product mix¹



Vision Care \$2.0B (43%)

Ocular health (41%)

Dry eye products

Allergy eye drops

Steroid eye drops

Glaucoma eye drops

Contact lens care

Contact lenses (59%)

Daily lenses

Reusable lenses

Cosmetic lenses

Surgical \$2.7B (57%)

Implantables (32%)

Monofocal IOLs

Advanced technology IOLs

Glaucoma implants

Consumables (51%)

Dedicated consumables

Custom surgical packs

Procedural products

Equipment/other (17%)

Cataract equipment

Retinal equipment

Refractive equipment

Diagnostics & visualization

Equipment service

Procedural eye drops

Q2 2023 Surgical

Surgical growth driven by strong consumables and equipment sales



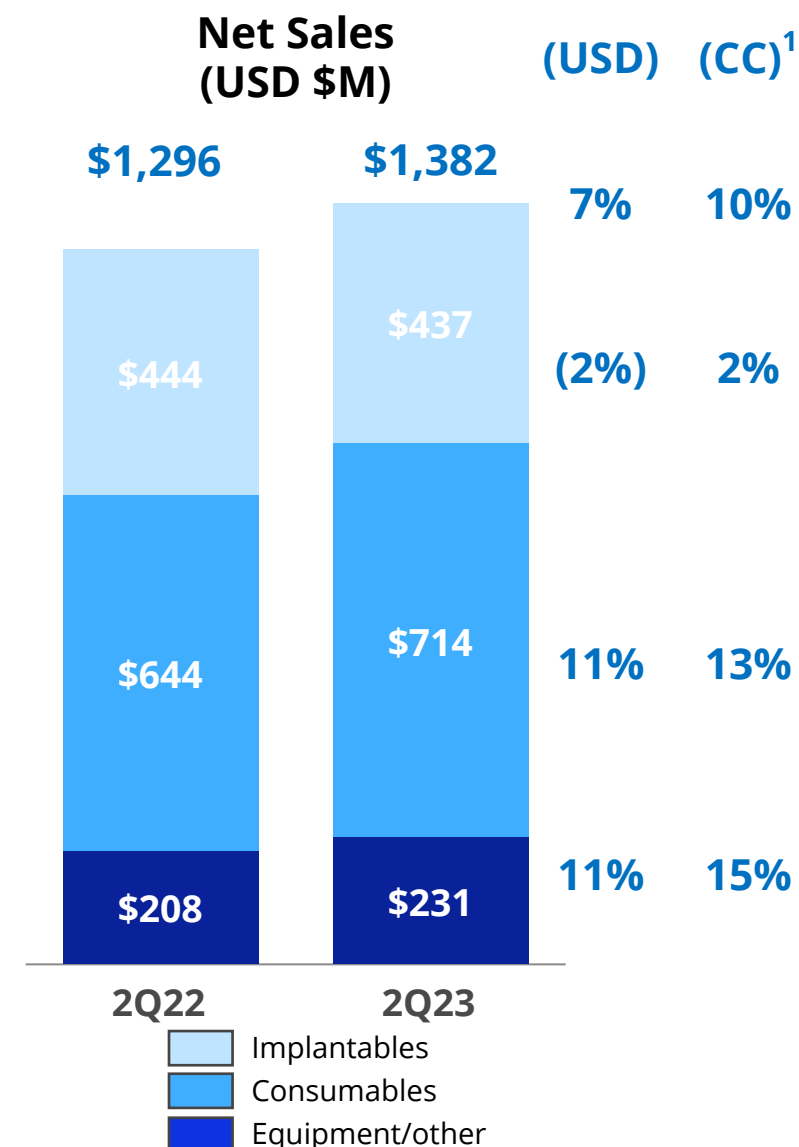
- Consumables reflects favorable market conditions across geographies and price increases; 4 percentage points contribution from China
- Equipment reflects continued strong demand for cataract equipment in international markets and higher service revenues



- 3% decrease in Implantables from the residual impact of an insurance reimbursement change in South Korea that took effect April 1, 2022
- Other market entrants in the US in IOLs
- ~300 bps of negative impact from FX on Surgical sales growth



- Implantables growth in international markets (excl. South Korea)
- Total Implantables growth +5% cc¹ y/y excl. South Korea
- Global ATIOL penetration +80 bps vs. 2Q22 and +60 bps vs. 1Q23
- Continued ATIOL global and US market leadership



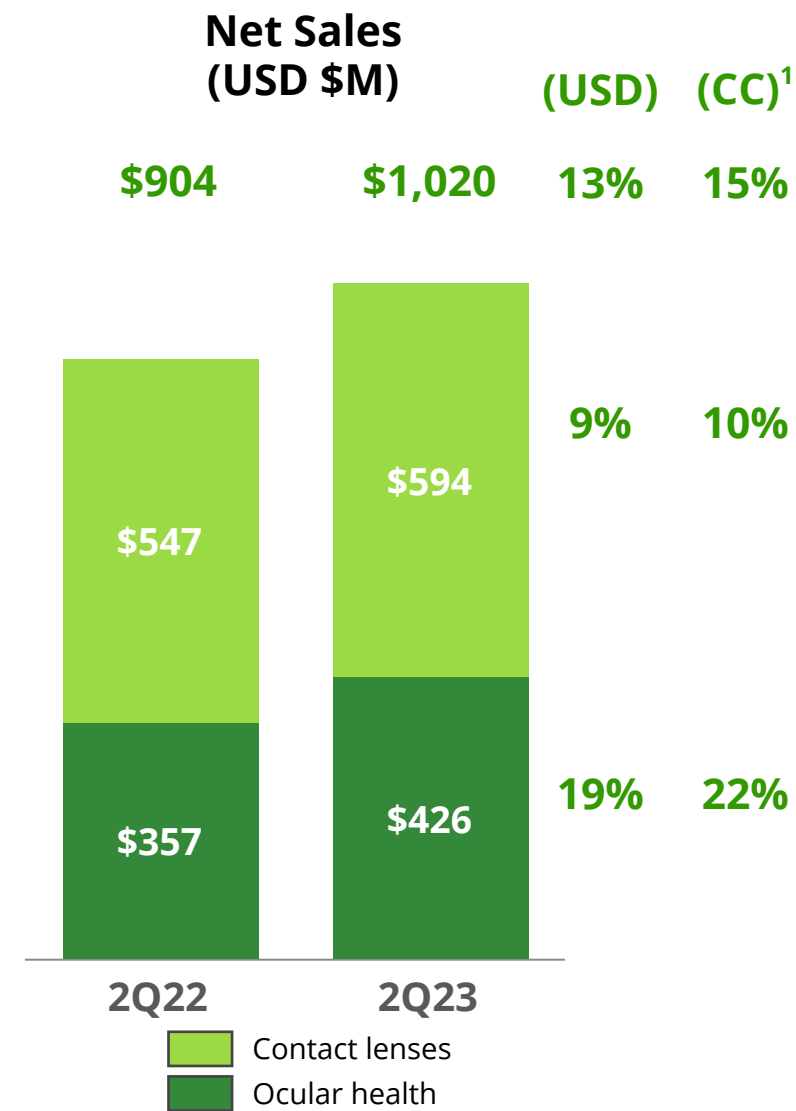
Q2 2023 Vision Care

Double-digit Vision Care growth reflects strength in contact lenses and eye drops, as well as contribution from acquired products

- +

 - Solid contact lens market growth
 - ALC above-market growth, particularly in US, with silicone hydrogel contact lenses, including *Precision1* and *Total* product families
 - Price increases across the contact lens portfolio
- +

 - Strong demand for portfolio of eye drops, including *Rocklatan* and *Rhopressa*; 10 percentage points of growth contribution to Ocular Health from products acquired in 2022
 - Price increases across portfolio of eye drops
 - Ongoing recovery of supply chain challenges in contact lens care
- - ~200 bps of negative impact from FX on Vision Care sales growth



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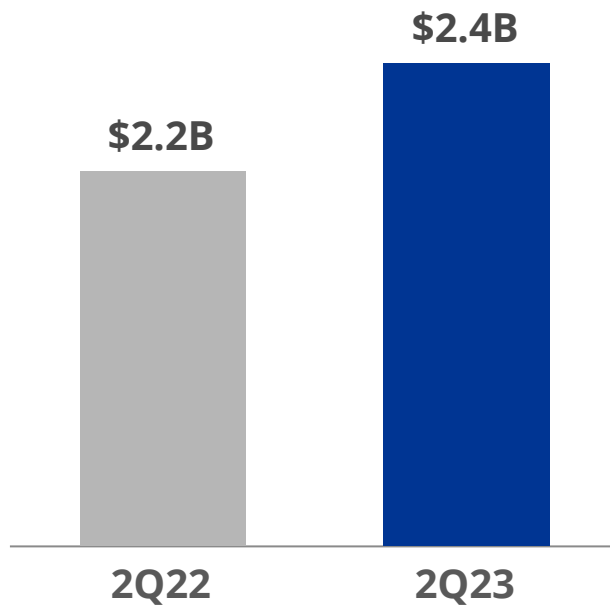
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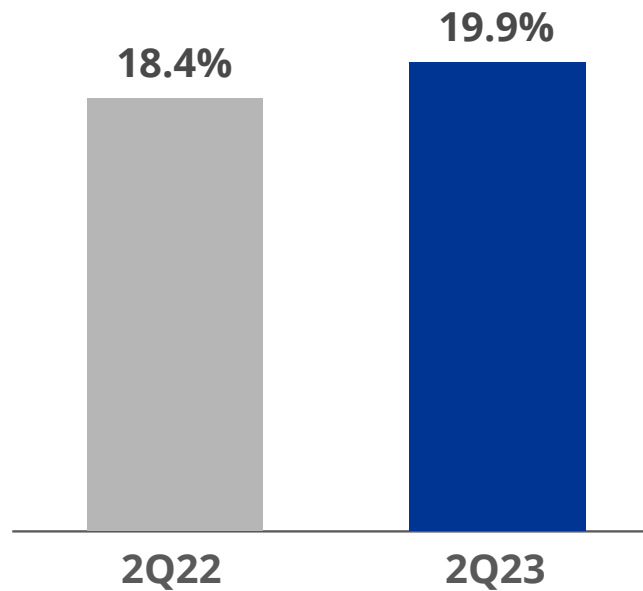
Q2 2023 Core results¹

Worldwide net sales



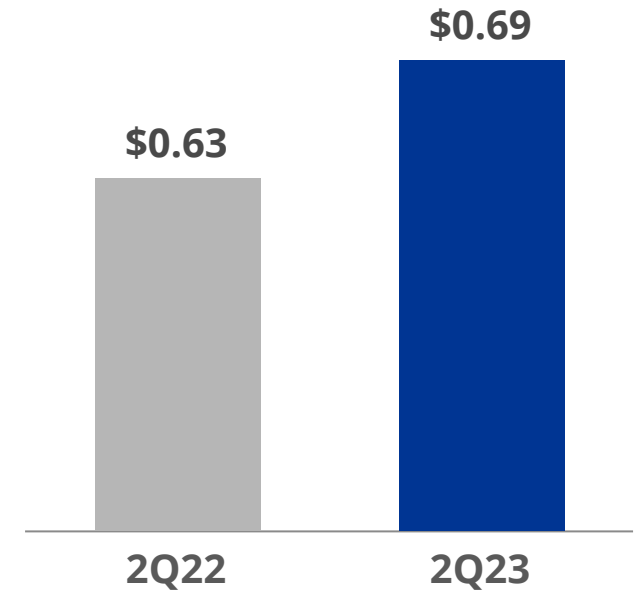
Y/Y change (cc): **+12%**

Core operating margin



+270 bps

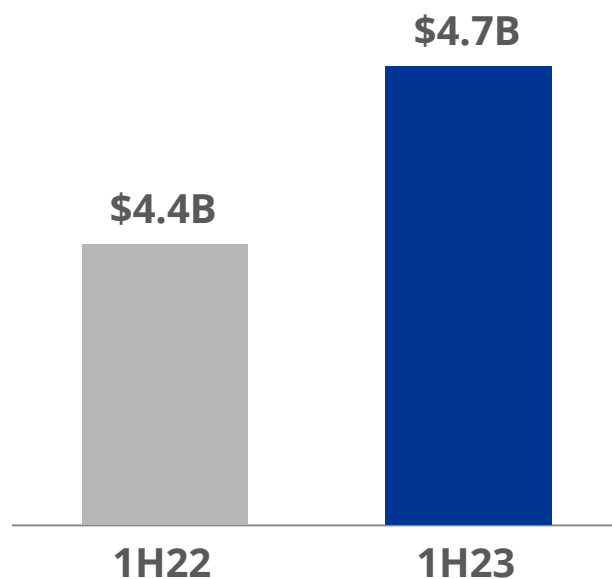
Core diluted EPS



+19%

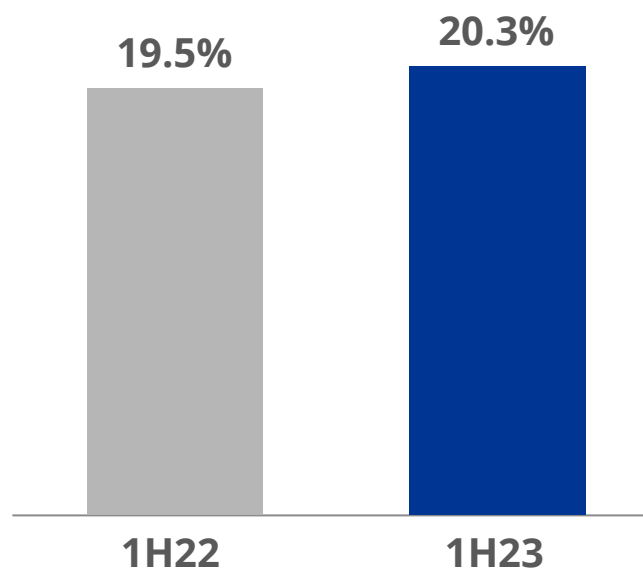
H1 2023 Core results¹

Worldwide net sales



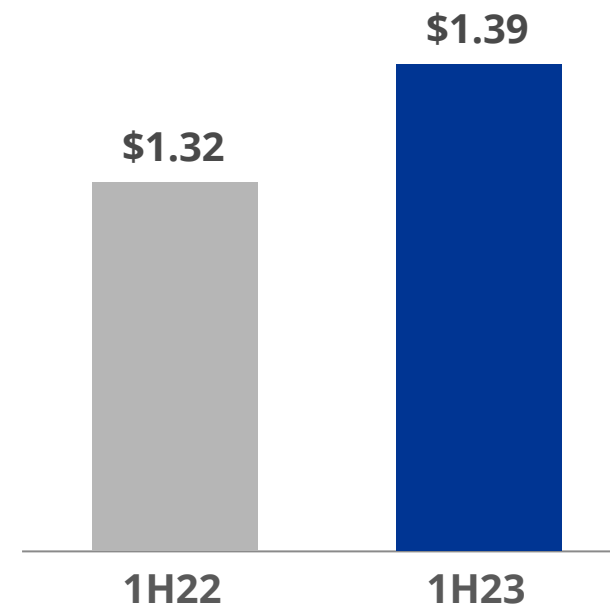
Y/Y change (cc): **+11%**

Core operating margin



+200 bps

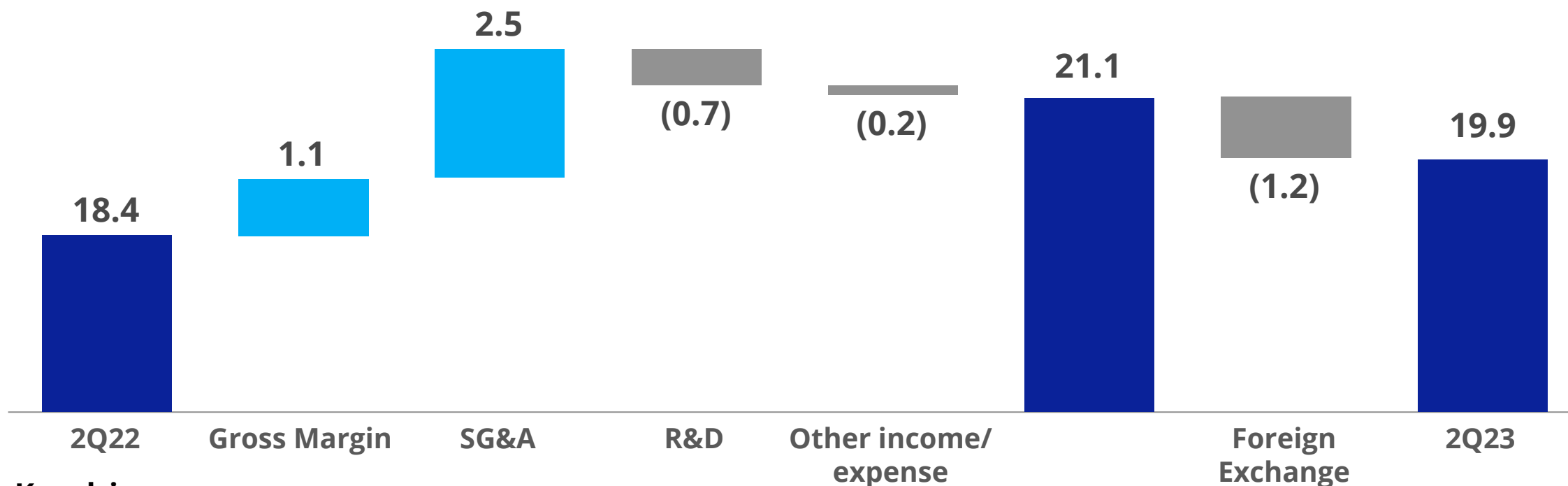
Core diluted EPS



+16%

Q2 2023 Core operating margin¹ bridge

2Q23 vs. 2Q22, % of net sales

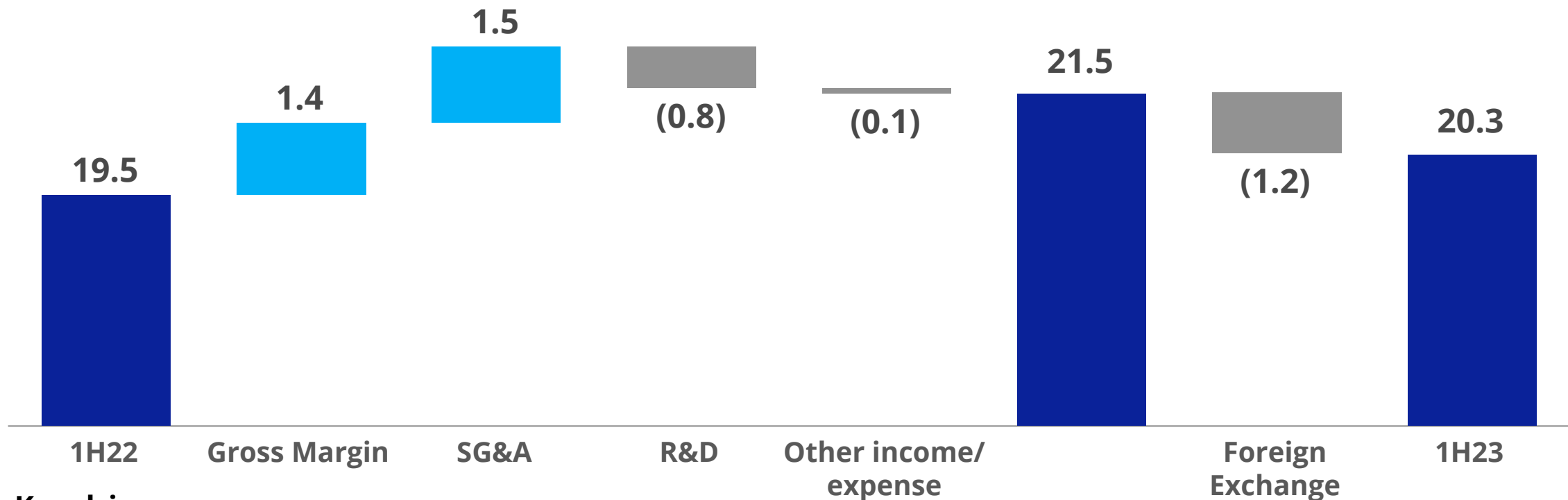


Key drivers

- Improved underlying operating leverage from higher sales and manufacturing efficiencies, partially offset by increased R&D primarily following acquisition of Aerie, a shift in product mix in Surgical, including the impact from South Korea, and increased inflationary impacts
- Negative 120 bps impact from currency

H1 2023 Core operating margin¹ bridge

1H23 vs. 1H22, % of net sales



Key drivers

- Improved underlying operating leverage from higher sales and manufacturing efficiencies, partially offset by a shift in product mix in Surgical, including the impact from South Korea, increased inflationary impacts and increased R&D primarily following the acquisition of Aerie
- Negative 120 bps impact from currency

H1 2023 Cash flow and balance sheet highlights

Cash and cash equivalents **\$661 million**

1H23 cash flows from operations \$410 million

1H23 free cash flow¹ \$189 million

Capex **\$221 million**

Investments in new contact lens manufacturing capacity

Debt **\$4.7 billion**

No financial covenants

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FY 2023 Outlook

2023 outlook	as of February	as of May	as of August	Comments vs. May
Net sales (USD)	\$9.2 to \$9.4 billion	\$9.2 to \$9.4 billion	\$9.3 to \$9.5 billion	Trending toward high end of range
Change vs. prior year (cc) ¹ (non-IFRS measure)	+6% to +8%	+7% to +9%	+9% to +11%	Increase
Core operating margin ¹ (non-IFRS measure)	19.5% to 20.5%	19.5% to 20.5%	19.5% to 20.5%	Maintain
Interest expense and OFI&E ²	\$260 to \$280 million	\$245 to \$255 million	\$230 to \$240 million	Decrease
Core effective tax rate ³ (non-IFRS measure)	17% to 19%	17% to 19%	17% to 19%	Maintain
Core diluted EPS ¹ (non-IFRS measure)	\$2.55 to \$2.65	\$2.55 to \$2.65	\$2.70 to \$2.80	Increase
Change vs. prior year (cc) ¹ (non-IFRS measure)	+16% to +20%	+20% to +24%	+28% to +32%	Increase

Assumptions:

- Markets grow at or above historical averages in the second half of the year
- Exchange rates as of the end of July 2023 prevail through year-end
- Inflation and supply chain challenges continue through 2023
- Approximately 497 million weighted-averaged diluted shares

Appendix



Appendix: Non-IFRS measures as defined by the Company

Alcon uses certain non-IFRS metrics when measuring performance, including when measuring current period results against prior periods, including core results, percentage changes measured in constant currencies and free cash flow. Because of their non-standardized definitions, the non-IFRS measures (unlike IFRS measures) may not be comparable to the calculation of similar measures of other companies. These supplemental non-IFRS measures are presented solely to permit investors to more fully understand how Alcon management assesses underlying performance. These supplemental non-IFRS measures are not, and should not be viewed as, a substitute for IFRS measures.

Core results

Alcon core results, including core operating income and core net income, exclude all amortization and impairment charges of intangible assets, excluding software, net gains and losses on fund investments and equity securities valued at fair value through profit and loss ("FVPL"), fair value adjustments of financial assets in the form of options to acquire a company carried at FVPL, obligations related to product recalls, and certain acquisition related items. The following items that exceed a threshold of \$10 million and are deemed exceptional are also excluded from core results: integration and divestment related income and expenses, divestment gains and losses, restructuring charges/releases and related items, legal related items, gains/losses on early extinguishment of debt or debt modifications, past service costs for post-employment benefit plans, impairments of property, plant and equipment and software, as well as income and expense items that management deems exceptional and that are or are expected to accumulate within the year to be over a \$10 million threshold.

Taxes on the adjustments between IFRS and core results take into account, for each individual item included in the adjustment, the tax rate that will finally be applicable to the item based on the jurisdiction where the adjustment will finally have a tax impact. Generally, this results in amortization and impairment of intangible assets and acquisition-related restructuring and integration items having a full tax impact. There is usually a tax impact on other items, although this is not always the case for items arising from legal settlements in certain jurisdictions.

Alcon believes that investor understanding of its performance is enhanced by disclosing core measures of performance because, since they exclude items that can vary significantly from period to period, the core measures enable a helpful comparison of business performance across periods. For this same reason, Alcon uses these core measures in addition to IFRS and other measures as important factors in assessing its performance.

A limitation of the core measures is that they provide a view of Alcon operations without including all events during a period, such as the effects of an acquisition, divestment, or amortization/impairments of purchased intangible assets and restructurings.

Constant currencies

Changes in the relative values of non-US currencies to the US dollar can affect Alcon's financial results and financial position. To provide additional information that may be useful to investors, including changes in sales volume, we present information about changes in our net sales and various values relating to operating and net income that are adjusted for such foreign currency effects. Constant currency calculations have the goal of eliminating two exchange rate effects so that an estimate can be made of underlying changes in the Consolidated Income Statement excluding (i) the impact of translating the income statements of consolidated entities from their non-US dollar functional currencies to the US dollar and (ii) the impact of exchange rate movements on the major transactions of consolidated entities performed in currencies other than their functional currency. Alcon calculates constant currency measures by translating the current year's foreign currency values for sales and other income statement items into US dollars, using the average exchange rates from the historical comparative period and comparing them to the values from the historical comparative period in US dollars.

Free cash flow

Alcon defines free cash flow as net cash flows from operating activities less cash flow associated with the purchase or sale of property, plant and equipment. Free cash flow is presented as additional information because Alcon management believes it is a useful supplemental indicator of Alcon's ability to operate without reliance on additional borrowing or use of existing cash. Free cash flow is not intended to be a substitute measure for net cash flows from operating activities as determined under IFRS.

Reconciliation of guidance for forward-looking non-IFRS measures

The forward-looking guidance included in this presentation cannot be reconciled to the comparable IFRS measures without unreasonable efforts, because we are not able to predict with reasonable certainty the ultimate amount or nature of exceptional items in the fiscal year. These items are uncertain, depend on many factors and could have a material impact on our IFRS results for the guidance period.

Reconciliation of IFRS results to core results (non-IFRS measure)

Three months ended June 30, 2023

(\$ millions except earnings per share)	IFRS results	Amortization of certain intangible assets ⁽¹⁾	Transformation costs ⁽³⁾	Other items ⁽⁵⁾	Core results (non-IFRS measure)
Gross profit	1,363	164	—	5	1,532
Operating income	270	168	26	15	479
Income before taxes	213	168	26	15	422
Taxes ⁽⁶⁾	(44)	(30)	(4)	(3)	(81)
Net income	169	138	22	12	341
Basic earnings per share (\$)	0.34				0.69
Diluted earnings per share (\$)	0.34				0.69
Basic - weighted average shares outstanding (millions) ⁽⁷⁾	493.2				493.2
Diluted - weighted average shares outstanding (millions) ⁽⁷⁾	495.7				495.7

Refer to the associated explanatory footnotes at the end of the 'Reconciliation of IFRS results to core results (non-IFRS measure)' tables.

Reconciliation of IFRS results to core results (non-IFRS measure)

Three months ended June 30, 2022

(\$ millions except earnings per share)	IFRS results	Amortization of certain intangible assets ⁽¹⁾	Impairments ⁽²⁾	Transformation costs ⁽³⁾	Other items ⁽⁵⁾	Core results (non-IFRS measure)
Gross profit	1,204	141	59	—	(12)	1,392
Operating income	200	146	61	9	(11)	405
Income before taxes	147	146	61	9	(11)	352
Taxes ⁽⁶⁾	1	(24)	(14)	(2)	—	(39)
Net income	148	122	47	7	(11)	313
Basic earnings per share (\$)	0.30					0.64
Diluted earnings per share (\$)	0.30					0.63
Basic - weighted average shares outstanding (millions) ⁽⁷⁾	491.7					491.7
Diluted - weighted average shares outstanding (millions) ⁽⁷⁾	494.3					494.3

Refer to the associated explanatory footnotes at the end of the 'Reconciliation of IFRS results to core results (non-IFRS measure)' tables.

Reconciliation of IFRS results to core results (non-IFRS measure)

Six months ended June 30, 2023

(\$ millions except earnings per share)	IFRS results	Amortization of certain intangible assets ⁽¹⁾	Transformation costs ⁽³⁾	Other items ⁽⁵⁾	Core results (non-IFRS measure)
Gross profit	2,668	333	—	9	3,010
Operating income	538	341	52	28	959
Income before taxes	426	341	52	28	847
Taxes ⁽⁶⁾	(83)	(61)	(9)	(6)	(159)
Net income	343	280	43	22	688
Basic earnings per share (\$)	0.70				1.40
Diluted earnings per share (\$)	0.69				1.39
Basic - weighted average shares outstanding (millions) ⁽⁷⁾	492.8				492.8
Diluted - weighted average shares outstanding (millions) ⁽⁷⁾	495.9				495.9

Refer to the associated explanatory footnotes at the end of the 'Reconciliation of IFRS results to core results (non-IFRS measure)' tables.

Reconciliation of IFRS results to core results (non-IFRS measure)

Six months ended June 30, 2022

(\$ millions except earnings per share)	IFRS results	Amortization of certain intangible assets ⁽¹⁾	Impairments ⁽²⁾	Transfor- mation costs ⁽³⁾	Legal items ⁽⁴⁾	Other items ⁽⁵⁾	Core results (non-IFRS measure)
Gross profit	2,412	281	59	—	—	(3)	2,749
Operating income	446	292	61	24	20	10	853
Income before taxes	347	292	61	24	20	10	754
Taxes ⁽⁶⁾	(31)	(49)	(14)	(4)	(5)	—	(103)
Net income	316	243	47	20	15	10	651
Basic earnings per share (\$)	0.64						1.33
Diluted earnings per share (\$)	0.64						1.32
Basic - weighted average shares outstanding (millions) ⁽⁷⁾	491.3						491.3
Diluted - weighted average shares outstanding (millions) ⁽⁷⁾	494.2						494.2

Refer to the associated explanatory footnotes at the end of the 'Reconciliation of IFRS results to core results (non-IFRS measure)' tables.

Reconciliation of IFRS results to core results (non-IFRS measure)

Explanatory footnotes to IFRS to core reconciliation tables

- (1) Includes recurring amortization for all intangible assets other than software.
- (2) Includes impairment charges related to intangible assets.
- (3) Transformation costs, primarily related to restructuring and third party consulting fees, for the multi-year transformation program.
- (4) Includes a provision for a legal settlement.
- (5) For the three months ended June 30, 2023, Gross profit includes the amortization of inventory fair value adjustments related to a recent acquisition. Operating income also includes integration related expenses for a recent acquisition and the amortization of option rights.

For the three months ended June 30, 2022, Gross profit includes fair value adjustments to contingent consideration liabilities and the reversal of charges related to the war on Ukraine, partially offset by the amortization of inventory fair value adjustments related to a recent acquisition. Operating income also includes integration related expenses for a recent acquisition and fair value adjustments of financial assets, partially offset by the reversal of charges related to the war on Ukraine.

For the six months ended June 30, 2023, Gross profit includes the amortization of inventory fair value adjustments related to a recent acquisition. Operating income also includes integration related expenses for a recent acquisition, fair value adjustments of financial assets and the amortization of option rights.

For the six months ended June 30, 2022, Gross profit includes fair value adjustments to contingent consideration liabilities, partially offset by the amortization of inventory fair value adjustments related to a recent acquisition. Operating income also includes integration related expenses for a recent acquisition and fair value adjustments of financial assets.

- (6) For the three months ended June 30, 2023, tax associated with operating income core adjustments of \$209 million totaled \$37 million with an average tax rate of 17.7%.

For the three months ended June 30, 2022, tax associated with operating income core adjustments of \$205 million totaled \$40 million with an average tax rate of 19.5%.

For the six months ended June 30, 2023, tax associated with operating income core adjustments of \$421 million totaled \$76 million with an average tax rate of 18.1%.

For the six months ended June 30, 2022, total tax adjustments of \$72 million include tax associated with operating income core adjustments, partially offset by discrete tax items. Tax associated with operating income core adjustments of \$407 million totaled \$75 million with an average tax rate of 18.4%.

- (7) Core basic earnings per share is calculated using the weighted-average shares of common stock outstanding during the period. Core diluted earnings per share also contemplate dilutive shares associated with unvested equity-based awards as described in Note 4 to the Condensed Consolidated Interim Financial Statements.

Reconciliation of free cash flow (non-IFRS measure)

The following is a summary of free cash flow for the six months ended June 30, 2023 and 2022, together with a reconciliation to net cash flows from operating activities, the most directly comparable IFRS measure:

(\$ millions)	2023	2022
Net cash flows from operating activities	410	470
Purchase of property, plant & equipment	(221)	(237)
Free cash flow	189	233

Alcon

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