

Q4 & FY 2022 Earnings Presentation

February 28, 2023



Alcon

Legal disclaimers

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 sustainability and diversity 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;
- 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.

Agenda

01 | Key topics

02 | IFRS results

03 | Core results

04 | Outlook

Key topics

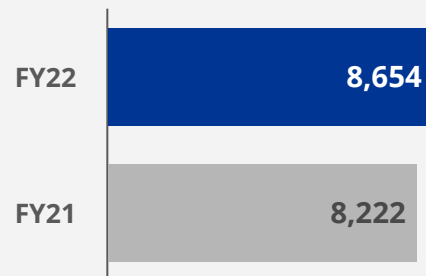
FY 2022 | Highlights

- Delivered solid financial results through strong operating fundamentals while navigating significant macro headwinds
- Maintained Surgical leadership with PCIOL and equipment portfolio, expanded surgical glaucoma presence with *Hydrus Microstent*
- Contact lenses driven by portfolio of silicone hydrogel lenses and select price increases
- Expanded in ocular health with *Eysuvis*, *Rocklatan* and *Rhopressa*
- Identified and executed incremental transformation efficiencies



FY 2022 | Select financial highlights

3rd party sales

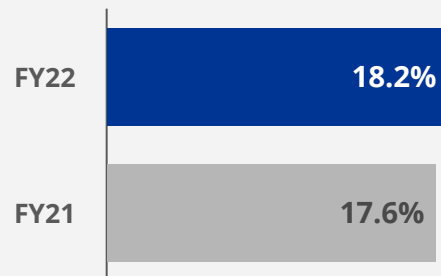


Sales of \$8.7B, up 5%, or 11% cc¹

Sales benefited from market improvements across most geographies, product innovation and acquired products

~600 bps negative impact from FX

Core operating margin¹



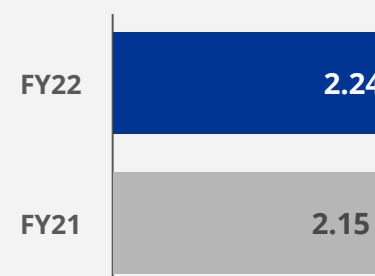
Operating margin of 7.8%, up 70 basis points (bps) vs. FY21; up 300 bps cc¹

Core operating margin of 18.2%, up 60 bps; up 240 bps cc¹

Core operating margin cc¹ growth reflects improved operating leverage from higher sales and favorability from incentive comp., partially offset by inflationary impacts

Negative ~180 bps impact from FX on core operating margin

Core diluted EPS¹

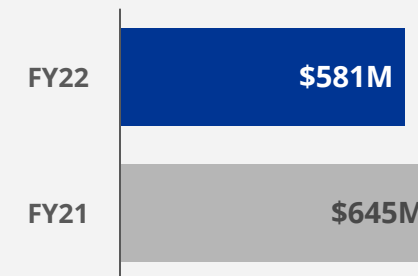


FY22 diluted EPS of 0.68 vs. FY21 diluted EPS of 0.76

FY22 core diluted EPS of 2.24, up 4%, or 23% cc¹

Negative \$0.41/share impact from FX on core diluted EPS

Free cash flow¹



FY22 cash from operations of \$1.2B

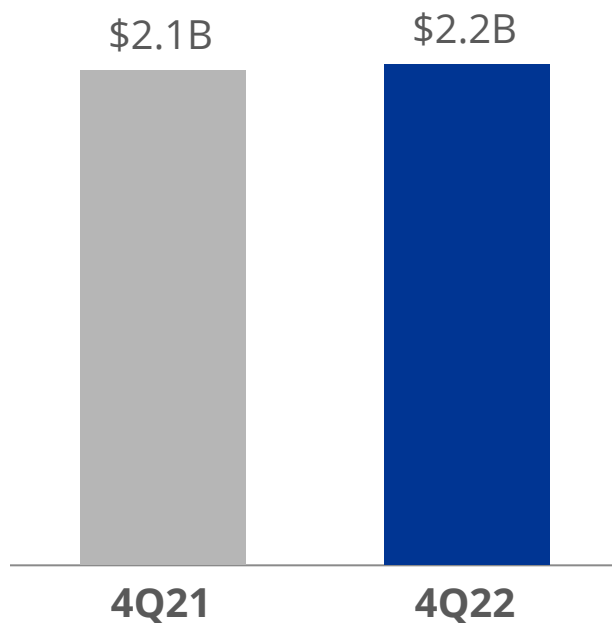
FY22 free cash flow reflects lower cash from operating activities, driven by higher annual short-term incentive payout

Also reflects negative impact of FX on operating results and a legal settlement payment

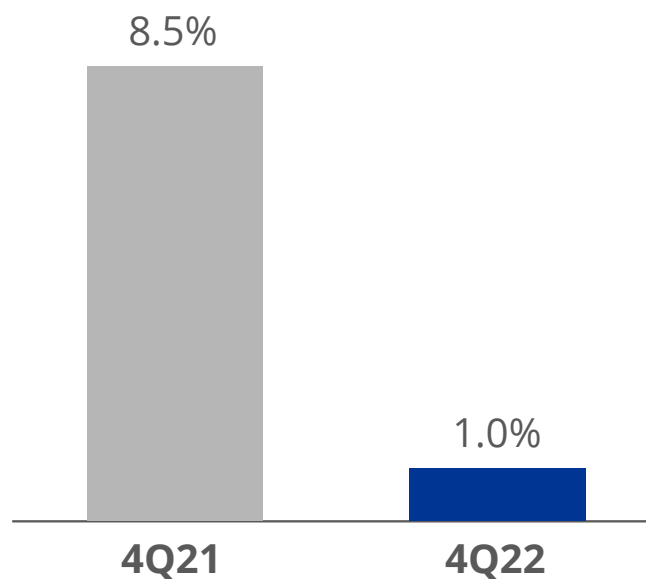
IFRS results

Q4 2022 | IFRS results

Worldwide net sales

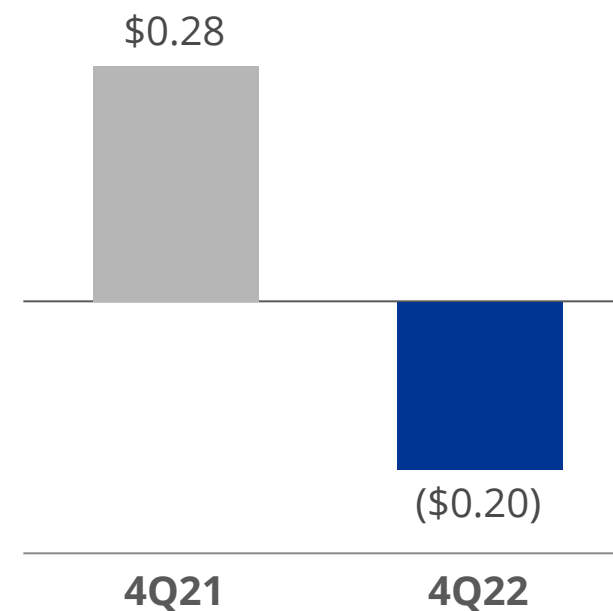


Operating margin



- 4Q22 impacted by legal items, higher transformation costs, inflationary impacts, acquisition & integration related costs and higher R&D

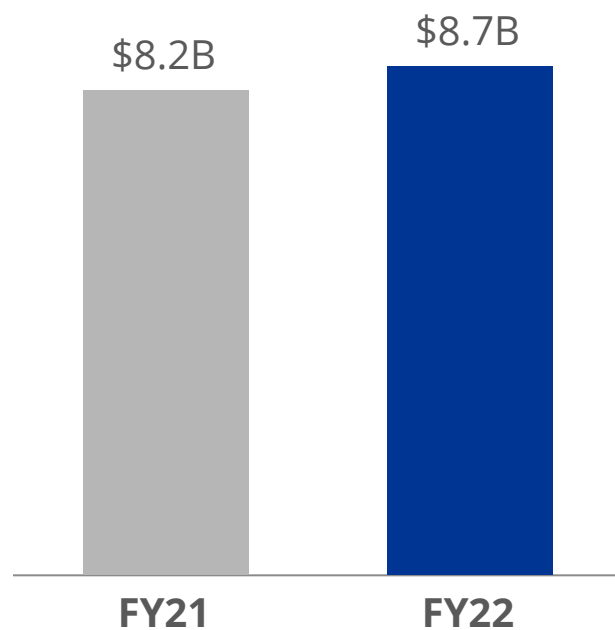
Diluted EPS



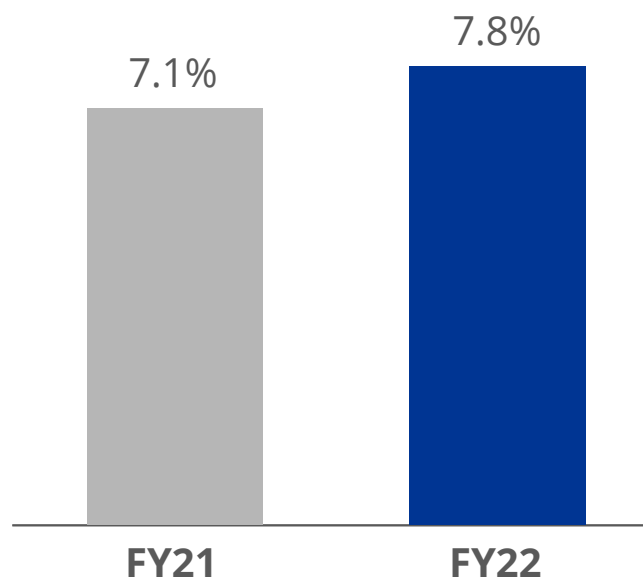
- 4Q22 loss mainly driven by lower operating income and higher taxes due to the APA¹

FY 2022 | IFRS results

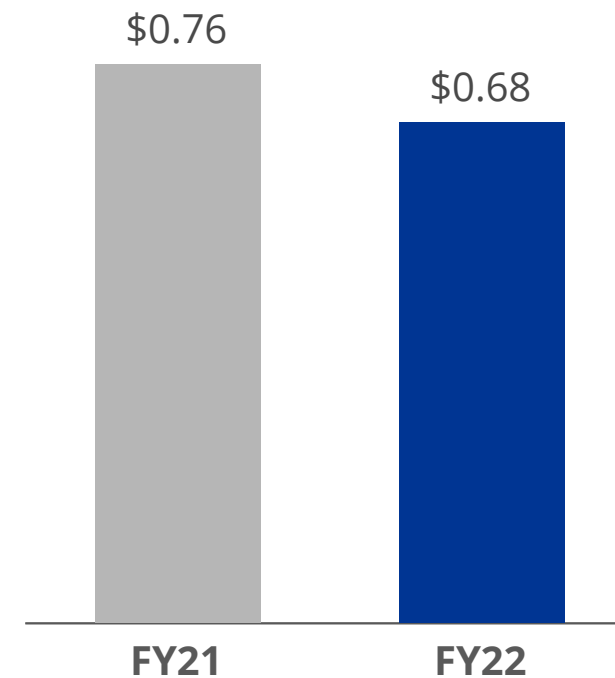
Worldwide net sales



Operating margin



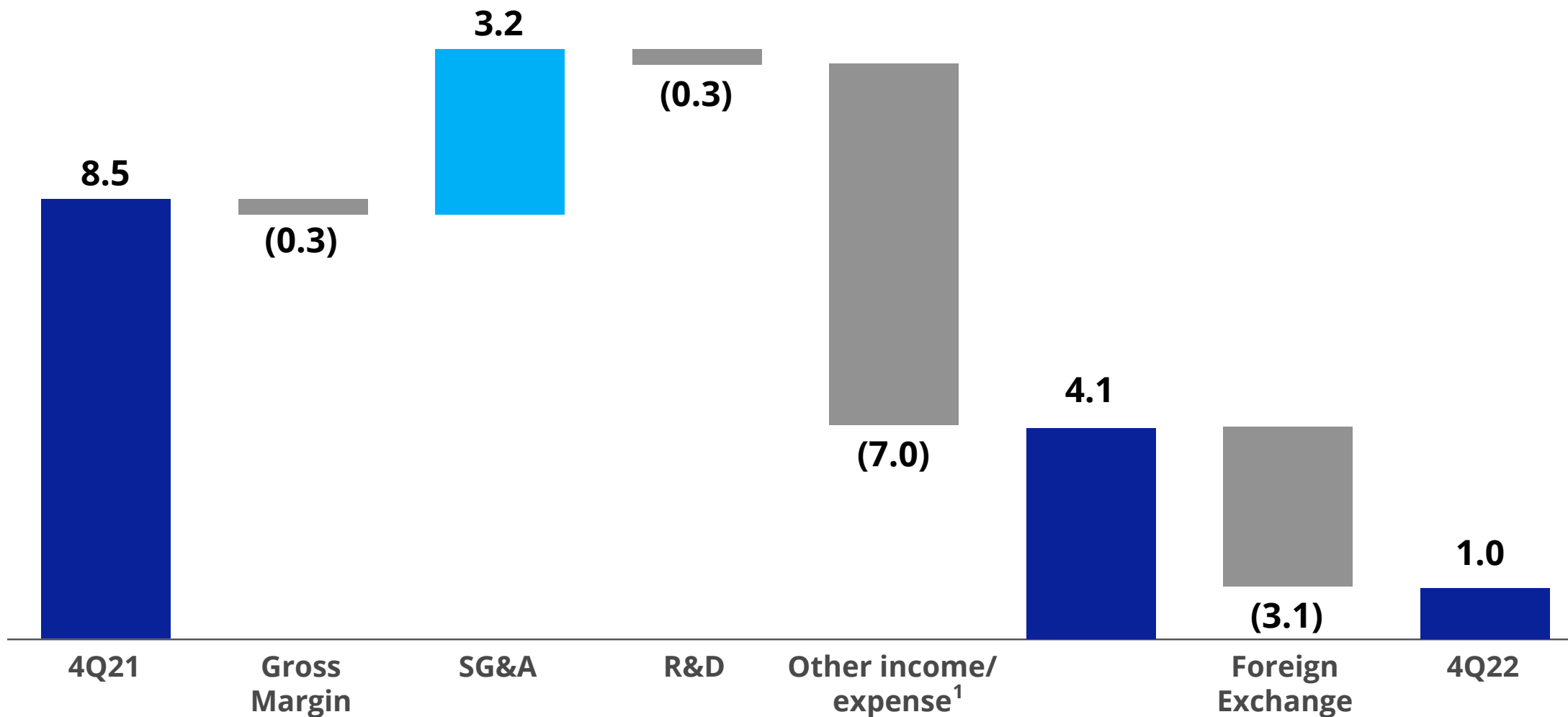
Diluted EPS



- FY22 impacted by higher legal items, transformation costs, acquisition & integration related expenses, interest & OFE¹ and taxes due to the APA²

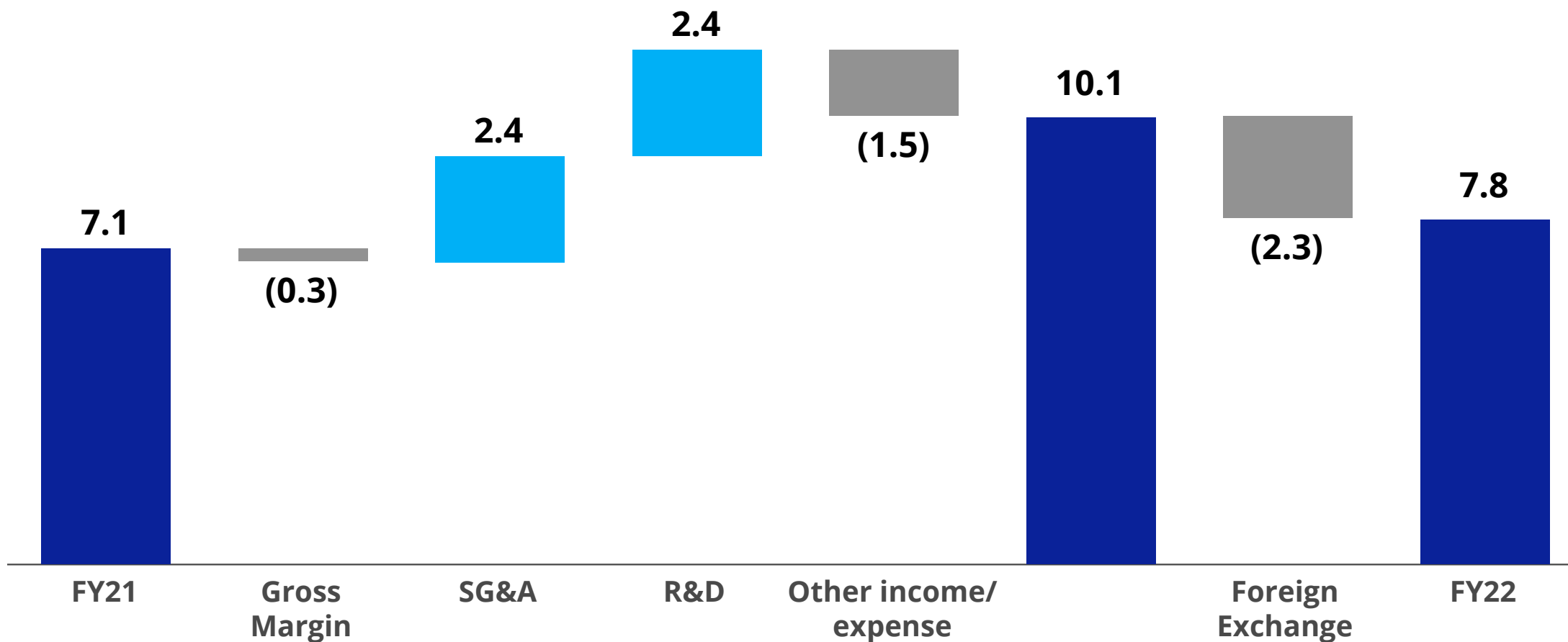
Q4 2022 | IFRS operating margin bridge

4Q22 vs. 4Q21, % of net sales



FY 2022 | IFRS operating margin bridge

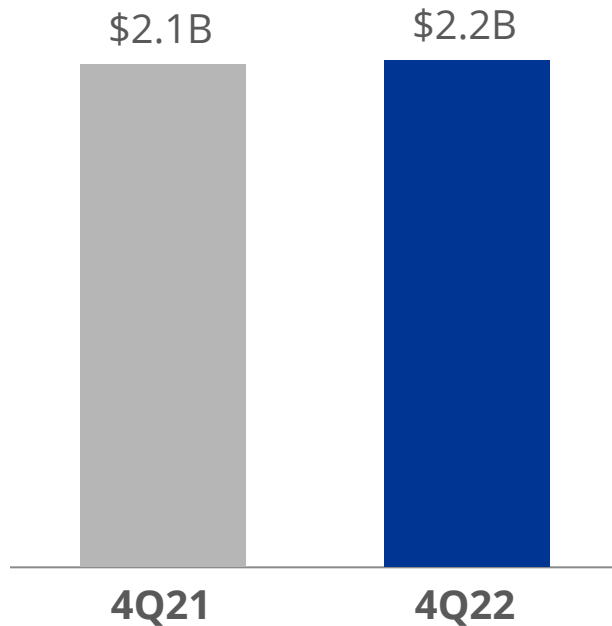
FY22 vs. FY21, % of net sales



Core results

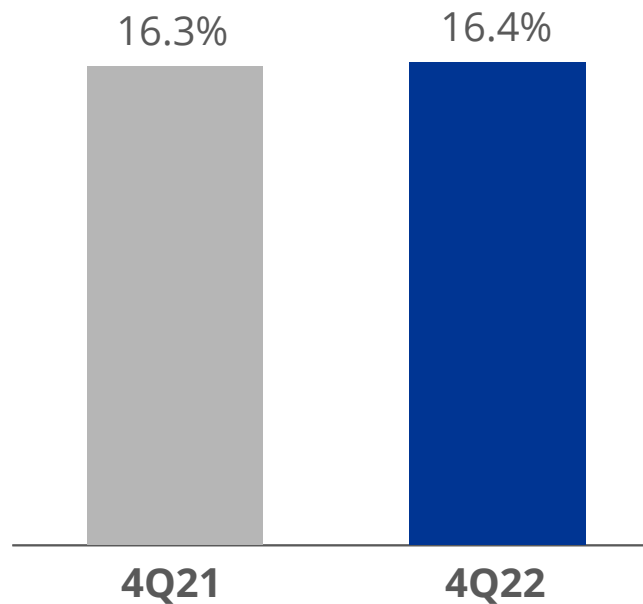
Q4 2022 | Core results¹

Worldwide net sales



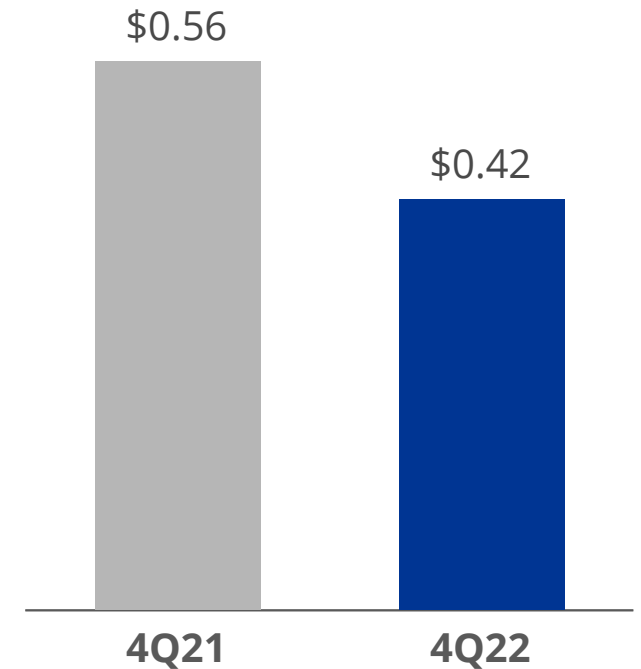
- +7% cc

Core operating margin



- +2.4 percentage points (ppts) cc

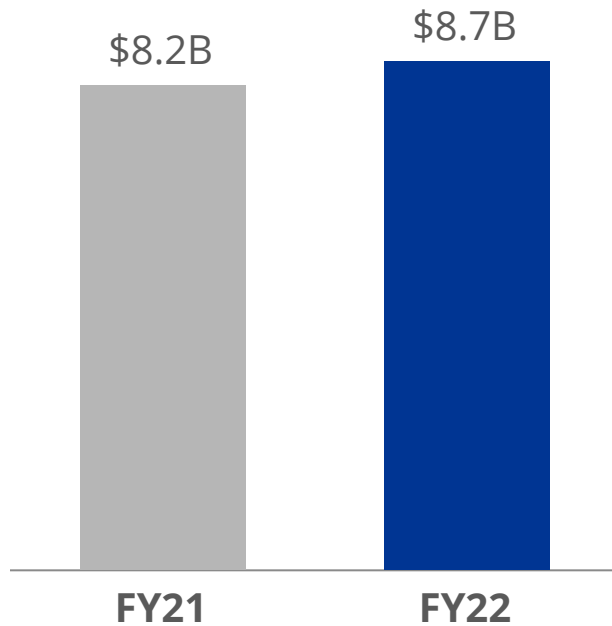
Core diluted EPS



- -4% cc
- ~\$0.13 2022 impact of APA²

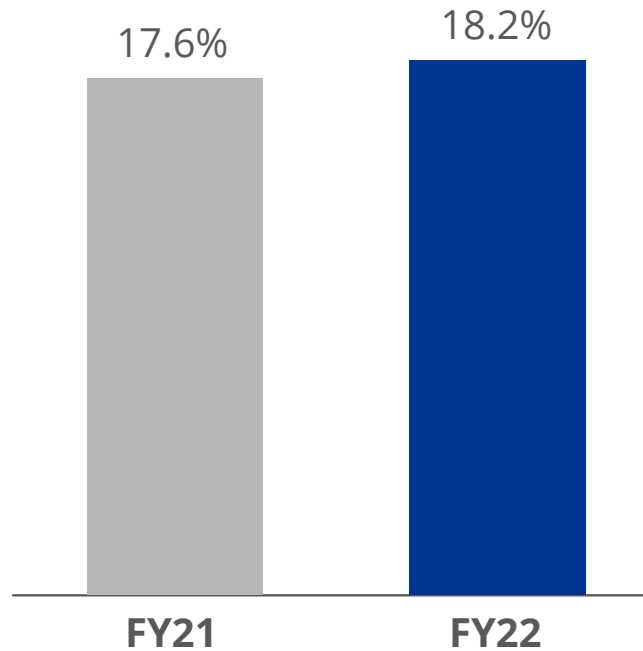
FY 2022 | Core results¹

Worldwide net sales



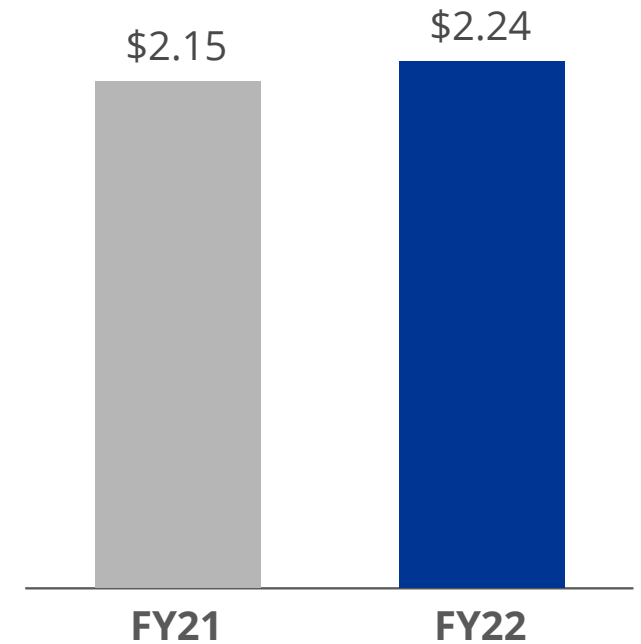
- +11% cc

Core operating margin



- +2.4 pts cc

Core diluted EPS



- +23% cc
- ~\$0.41 negative FX impact

FY 2022 | Product mix¹



Vision Care \$3.6B (42%)

Ocular health (39%)

Dry eye products

Allergy eye drops

Steroid eye drops

Glaucoma eye drops

Contact lens care

Contact lenses (61%)

Daily lenses

Reusable lenses

Cosmetic lenses

Surgical \$5.0B (58%)

Implantables (34%)

Monofocal IOLs

Advanced technology IOLs

Glaucoma implants

Consumables (50%)

Dedicated consumables

Custom surgical packs

Procedural products

Equipment/other (16%)

Cataract equipment

Retinal equipment

Refractive equipment

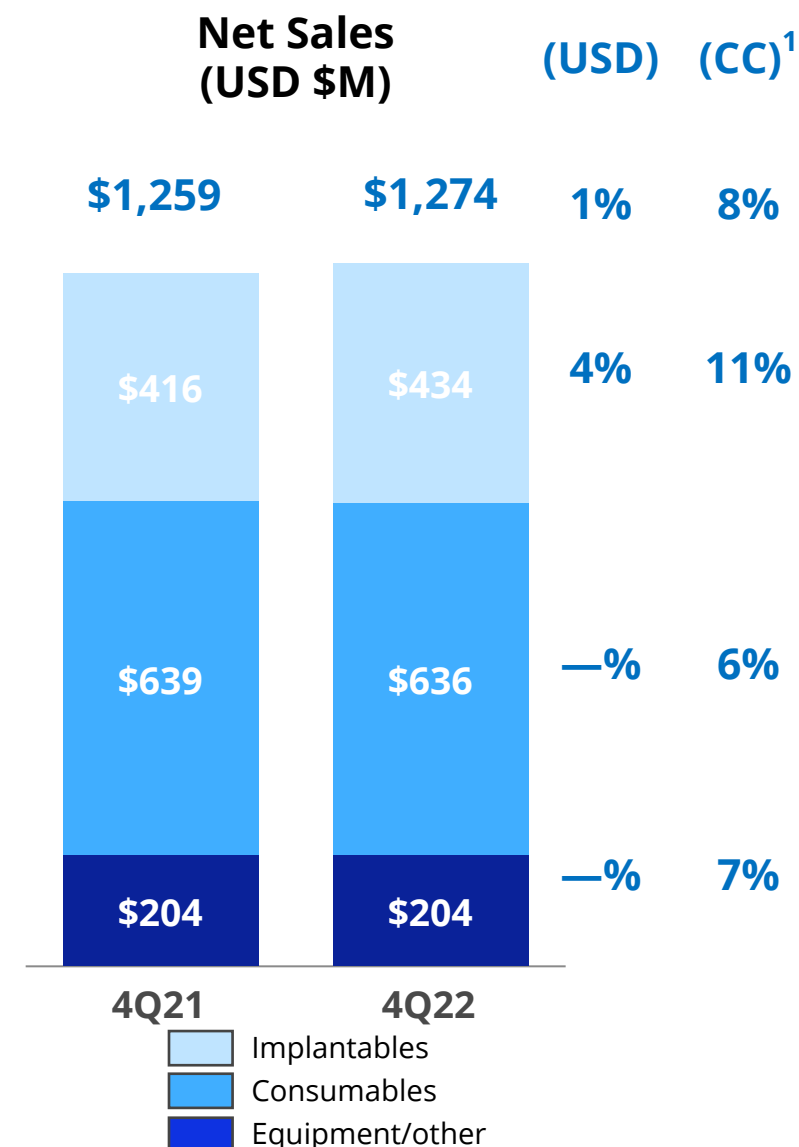
Diagnostics & visualization

Equipment service

Procedural eye drops

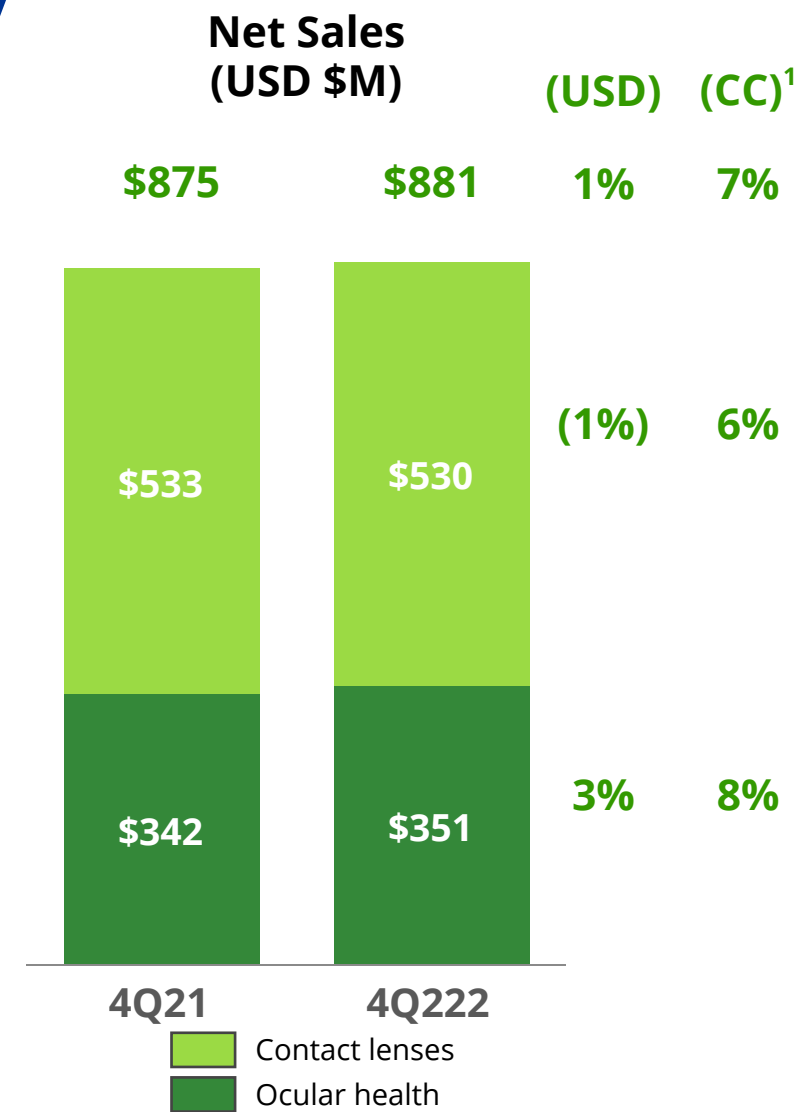
Q4 2022 | Surgical driven by international markets and solid demand for cataract products

+	<ul style="list-style-type: none"> Improving market conditions across most international markets Maintained PCIOL market leadership, continuing demand for <i>Vivity</i> Sales of <i>Hydrus</i> Microstent
+	<ul style="list-style-type: none"> Strong demand for cataract equipment and service in international markets Consumables reflects improving market conditions in most international markets
-	<ul style="list-style-type: none"> Declines South Korea in ATIOLs, following a reimbursement change in 1Q22 Declines in refractive equipment ~700 bps of negative impact from FX on Surgical sales growth



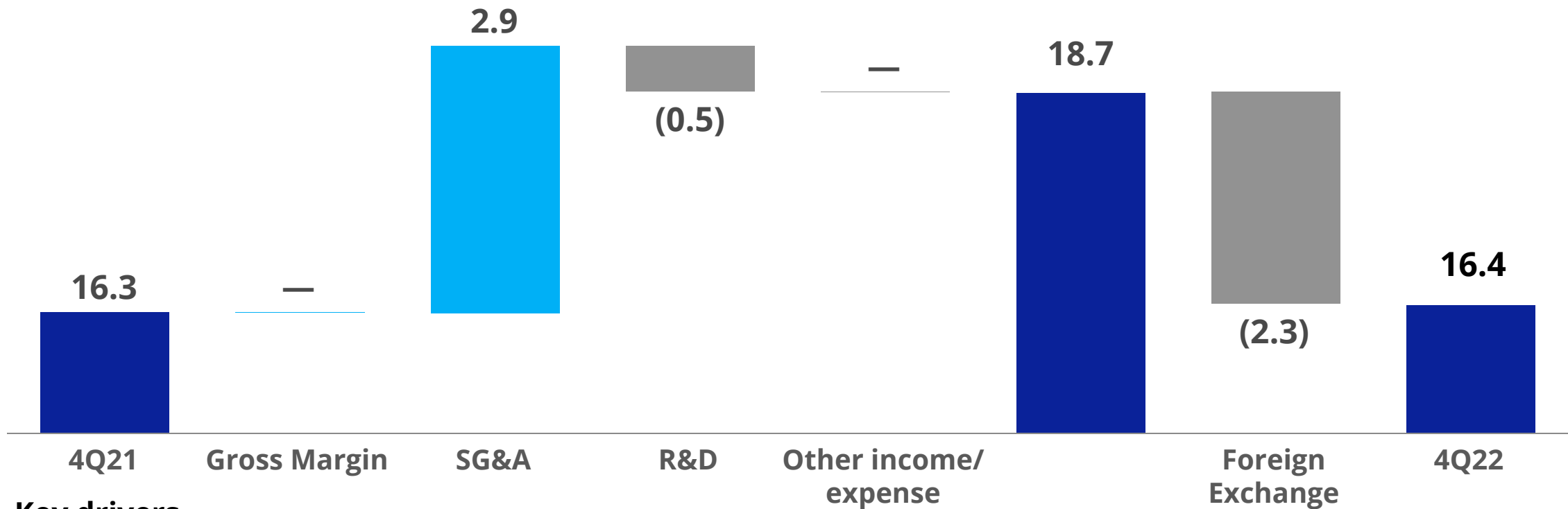
Q4 2022 | Vision Care benefited from SiHy contact lenses and eye drops, offset by significant supply chain challenges in contact lens care

+	<ul style="list-style-type: none"> Growth in silicone hydrogel contact lenses, including the <i>Precision1</i> and <i>Total</i> families of lenses: <i>Precision1</i>, <i>Precision1</i> for Astigmatism, <i>Dailies Total1</i>, <i>Dailies Total1</i> for Astigmatism and <i>Total30</i> Strong US contact lens sales; slower international growth
+	<ul style="list-style-type: none"> Demand for portfolio of eye drops, including recently acquired ophthalmic pharmaceutical products <i>Rocklatan</i>, <i>Rhopressa</i> and <i>Eysuvis</i>, as well as over-the-counter <i>Systane</i> family of artificial tears
-	<ul style="list-style-type: none"> Declines in legacy contact lenses Significant supply chain challenges, primarily in contact lens care ~600 bps of negative impact from FX on Vision Care sales growth



Q4 2022 | Core operating margin¹ bridge

4Q22 vs. 4Q21, % of net sales

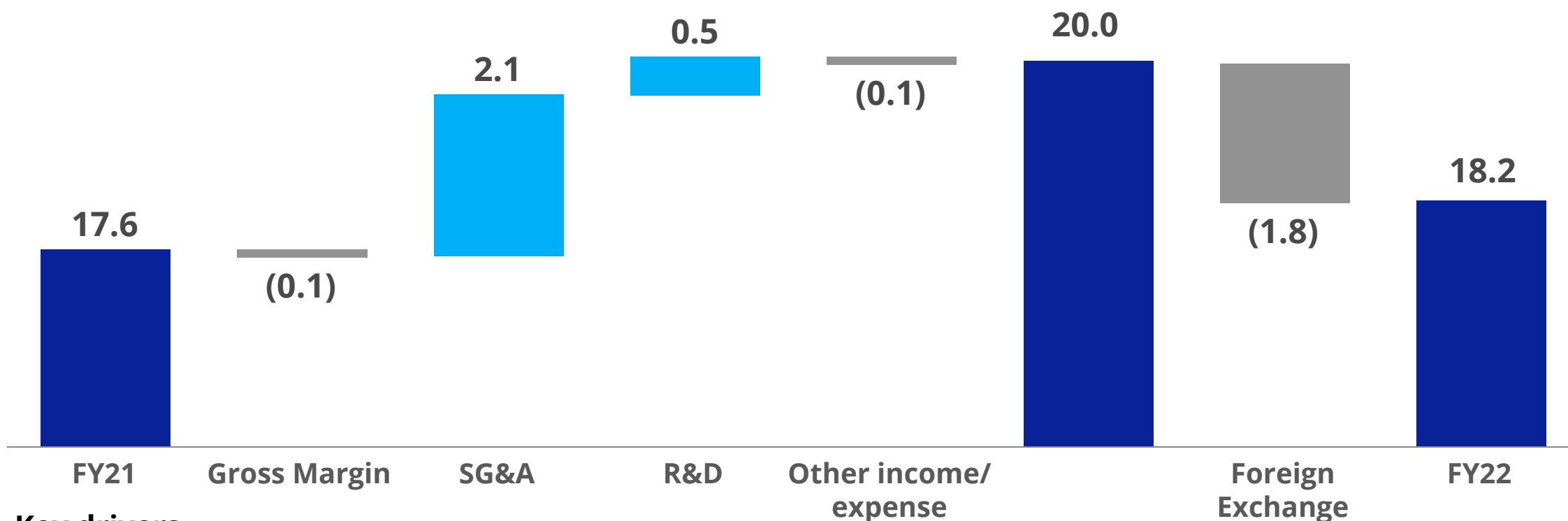


Key drivers

- Improved underlying operating leverage from higher sales and favorability from incentive compensation, partially offset by increased inflationary pressures and increased R&D, primarily following Aerie acquisition
- Negative 2.3 pts impact from currency

FY 2022 | Core operating margin¹ bridge

FY22 vs. FY21, % of net sales



Key drivers

- Improved operating leverage driven by higher sales and favorability from incentive compensation, partially offset by increased inflationary pressures
- Negative 1.8 ppts impact from currency

FY 2022 | Cash flow & balance sheet highlights

Cash and cash equivalents **\$1.0 billion**

FY22 cash flows from operations \$1.2 billion
FY22 free cash flow¹ \$581 million

Capex **\$636 million**

Investments in new contact lens manufacturing capacity

Debt **\$4.6 billion**

No financial covenants
Includes financing of Aerie acquisition

Outlook

FY 2023 | Outlook

2023 outlook	February
Net sales (USD)	\$9.2 to \$9.4 billion
Change vs. prior year (cc) ¹	+6% to +8%
Core operating margin ¹	19.5% to 20.5%
Interest expense and OFI&E ²	\$260 to \$280 million
Core effective tax rate ³	17% to 19%
Core diluted EPS ¹	\$2.55 to \$2.65
Change vs. prior year (cc) ¹	+16% to +20%

Assumptions:

- Market growth slightly below historical averages
- Exchange rates as of end-January 2023 prevail through year-end
- Inflation and supply chain disruptions ease in the second half of the year
- 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

Three months ended December 31, 2022

(\$ millions except (loss)/earnings per share)	IFRS results	Amortization of certain intangible assets ⁽¹⁾	Impairments ⁽²⁾	Transformation costs ⁽⁴⁾	Legal items ⁽⁶⁾	Other items ⁽⁷⁾	Core results
Gross profit	1,170	149	—	—	—	3	1,322
Operating income	21	151	1	78	70	32	353
(Loss)/income before taxes	(31)	151	1	78	70	32	301
Taxes ⁽⁸⁾	(66)	(26)	—	(14)	(17)	31	(92)
Net (loss)/income	(97)	125	1	64	53	63	209
Basic (loss)/earnings per share (\$)	(0.20)						0.42
Diluted (loss)/earnings per share (\$)	(0.20)						0.42
Basic - weighted average shares outstanding (millions) ⁽⁹⁾	491.8						491.8
Diluted - weighted average shares outstanding (millions) ⁽⁹⁾	491.8						495.0

Refer to the associated explanatory footnotes at the end of the 'Reconciliation of IFRS results to core results' tables.

Reconciliation of IFRS results to core results

Three months ended December 31, 2021

(\$ millions except earnings per share)	IFRS results	Amortization of certain intangible assets ⁽¹⁾	Impairments ⁽²⁾	Separation costs ⁽³⁾	Transformation costs ⁽⁴⁾	Post-employment benefits ⁽⁵⁾	Other items ⁽⁷⁾	Core results
Gross profit	1,206	134	—	—	—	—	—	1,340
Operating income	182	138	2	13	28	(16)	1	348
Income before taxes	141	138	2	13	28	(16)	1	307
Taxes ⁽⁷⁾	(2)	(25)	—	(2)	(5)	2	—	(32)
Net income	139	113	2	11	23	(14)	1	275
Basic earnings per share (\$)	0.28							0.56
Diluted earnings per share (\$)	0.28							0.56
Basic - weighted average shares outstanding (millions) ⁽⁹⁾	490.1							490.1
Diluted - weighted average shares outstanding (millions) ⁽⁹⁾	494.2							494.2

Refer to the associated explanatory footnotes at the end of the 'Reconciliation of IFRS results to core results' tables.

Reconciliation of IFRS results to core results

Twelve months ended December 31, 2022

(\$ millions except earnings per share)	IFRS results	Amortization of certain intangible assets ⁽¹⁾	Impairments ⁽²⁾	Transformation costs ⁽⁴⁾	Legal items ⁽⁶⁾	Other items ⁽⁷⁾	Core results
Gross profit	4,748	572	59	—	—	2	5,381
Operating income	672	588	62	119	90	40	1,571
Income before taxes	463	588	62	119	90	40	1,362
Taxes ⁽⁸⁾	(128)	(99)	(14)	(20)	(22)	29	(254)
Net income	335	489	48	99	68	69	1,108
Basic earnings per share (\$)	0.68						2.25
Diluted earnings per share (\$)	0.68						2.24
Basic - weighted average shares outstanding (millions) ⁽⁹⁾	491.4						491.4
Diluted - weighted average shares outstanding (millions) ⁽⁹⁾	494.4						494.4

Refer to the associated explanatory footnotes at the end of the 'Reconciliation of IFRS results to core results' tables.

Reconciliation of IFRS results to core results

Twelve months ended December 31, 2021

(\$ millions except earnings per share)	IFRS results	Amortization of certain intangible assets ⁽¹⁾	Impairments ⁽²⁾	Separation costs ⁽³⁾	Transformation costs ⁽⁴⁾	Post-employment benefits ⁽⁵⁾	Legal items ⁽⁶⁾	Other items ⁽⁷⁾	Core results
Gross profit	4,652	520	45	—	—	—	—	(1)	5,216
Operating income	580	529	225	36	68	(16)	50	(29)	1,443
Income before taxes	418	529	225	36	68	(16)	50	(29)	1,281
Taxes ⁽⁸⁾	(42)	(95)	(51)	(6)	(13)	2	(12)	(1)	(218)
Net income	376	434	174	30	55	(14)	38	(30)	1,063
Basic earnings per share (\$)	0.77								2.17
Diluted earnings per share (\$)	0.76								2.15
Basic - weighted average shares outstanding (millions) ⁽⁹⁾	490.0								490.0
Diluted - weighted average shares outstanding (millions) ⁽⁹⁾	493.4								493.4

Refer to the associated explanatory footnotes at the end of the 'Reconciliation of IFRS results to core results' tables.

Reconciliation of IFRS results to core results

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) Separation costs, primarily related to IT and third party consulting fees, following completion of the spin-off.

(4) Transformation costs, primarily related to restructuring and third party consulting fees, for the multi-year transformation program.

(5) Includes impacts from pension and other post-employment benefit plan amendments.

(6) For the three and twelve months ended December 31, 2022, includes legal settlement costs.

For the twelve months ended December 31, 2021, includes an increase in provisions for legal matters.

(7) For the three months ended December 31, 2022, Gross profit includes the amortization of inventory fair value adjustments related to recent acquisitions. Operating income also includes acquisition and integration related expenses and fair value adjustments of financial assets.

For the three months ended December 31, 2021, Operating income includes the amortization of option rights, partially offset by fair value adjustments of financial assets.

For the twelve months ended December 31, 2022, Gross profit includes the amortization of inventory fair value adjustments related to recent acquisitions, partially offset by fair value adjustments to contingent consideration liabilities. Operating income also includes acquisition and integration related expenses, partially offset by fair value adjustments to contingent consideration liabilities and fair value adjustments of financial assets.

For the twelve months ended December 31, 2021, Gross profit includes fair value adjustments to contingent consideration liabilities. Operating income also includes fair value adjustments to contingent consideration liabilities, partially offset by the amortization of option rights and fair value adjustments of financial assets.

(8) For the three months ended December 31, 2022, total tax adjustments of \$26 million include tax associated with operating income core adjustments, partially offset by a discrete tax item. Tax associated with operating income core adjustments of \$332 million totaled \$63 million with an average tax rate of 19.0%. Core tax adjustments for discrete tax items totaled \$37 million related to the recognition of an Advanced Pricing Agreement between US and Switzerland tax authorities for fiscal years 2019 through 2021.

For the three months ended December 31, 2021, total tax adjustments of \$30 million include tax associated with operating income core adjustments of \$166 million with an average tax rate of 18.1%.

For the twelve months ended December 31, 2022, total tax adjustments of \$126 million include tax associated with operating income core adjustments, partially offset by discrete tax items. Tax associated with operating income core adjustments of \$899 million totaled \$166 million with an average tax rate of 18.5%. Core tax adjustments for discrete tax items totaled \$40 million, primarily related to the recognition of an Advanced Pricing Agreement between US and Switzerland tax authorities for fiscal years 2019 through 2021.

For the twelve months ended December 31, 2021, total tax adjustments of \$176 million include tax associated with operating income core adjustments of \$863 million with an average tax rate of 20.4%.

(9) 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 5 to the Condensed Consolidated Interim Financial Statements.

Reconciliation of free cash flow

The following is a summary of free cash flow for the twelve months ended December 31, 2022 and 2021, together with a reconciliation to net cash flows from operating activities, the most directly comparable IFRS measure:

(\$ millions)	2022	2021
Net cash flows from operating activities	1,217	1,345
Purchase of property, plant & equipment	(636)	(700)
Free cash flow	581	645

Alcon

SEE BRILLIANTLY