Q1 2022 Earnings Presentation

May 11, 2022

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, market growth assumptions, and generally, our expectations concerning our future performance and the effects of the COVID-19 pandemic on our businesses.

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 U.S. Department of Justice; our success in completing and integrating strategic acquisitions; the impact of a disruption in our global supply chain or important facilities; the effect of the COVID-19 pandemic as well as other viral or disease outbreaks; global and regional economic, financial, legal, tax, political and social change; Russia’s invasion of Ukraine and the resulting global response; the commercial success of our products and our ability to maintain and strengthen our position in our markets; the success of our research and development efforts, including our ability to innovate to compete effectively; pricing pressure from changes in third party payor coverage and reimbursement methodologies; ongoing industry consolidation; our ability to properly educate and train healthcare providers on our products; the impact of unauthorized importation of our products from countries with lower prices to countries with higher prices; our reliance on outsourcing key business functions; changes in inventory levels or buying patterns of our customers; our ability to attract and retain qualified personnel; our ability to service our debt obligations; the need for additional financing through the issuance of debt or equity; our ability to protect our intellectual property; the effects of litigation, including product liability lawsuits and governmental investigations; our ability to comply with all laws to which we may be subject; effect of product recalls or voluntary market withdrawals; the implementation of our enterprise resource planning system; the accuracy of our accounting estimates and assumptions, including pension and other post-employment benefit plan obligations and the carrying value of intangible assets; 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; legislative, tax and regulatory reform; the ability of Alcon Pharmaceuticals Ltd. to comply with its investment tax incentive agreement with the Swiss State Secretariat for Economic Affairs in Switzerland and the Canton of Fribourg, Switzerland; our ability to manage environmental, social and governance matters to the satisfaction of our many stakeholders, some of which may have competing interests; 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 U.S. 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

Key topics

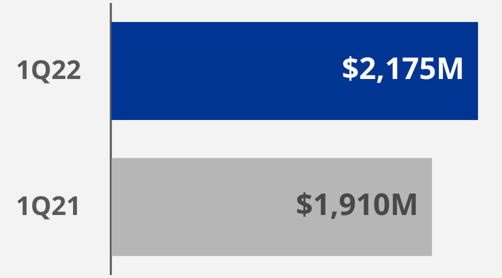
Alcon

Q1 2022 | **Highlights**

- Double-digit sales growth in both Surgical and Vision Care reflect product innovation, continued market recovery from COVID-19 and sales from recent acquisitions
- Improved profitability across the business driven by operating leverage
- Dividend of CHF 0.20 per share approved at AGM, paid in May
- Experienced macro headwinds, including inflation, supply chain and FX
- Updated 2022 guidance reflects strong operating performance

Q1 2022 | **Select financial highlights**

3rd party sales



Sales of $2.2B, up +18% cc[1]

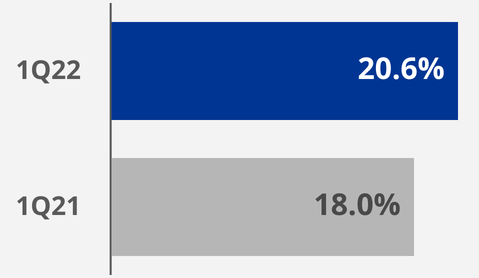
Both Surgical and Vision Care sales benefited from product innovation, COVID-19 recovery and recent acquisitions

Surgical driven by implantables and consumables; one-time benefit in implantables in South Korea

Vision Care driven by contact lenses and *Systane*

400 bps negative impact from FX

Core operating margin[1]



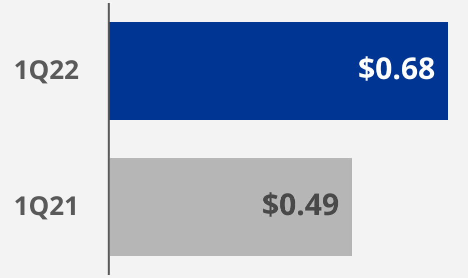
Core operating margin increased 260 bps

Growth primarily driven by operating leverage from higher sales partially offset by increased inflationary impacts

One-time benefit in PCIOLs in South Korea of ~100 bps of core operating margin

130 bps negative impact from FX

Core diluted EPS[1]

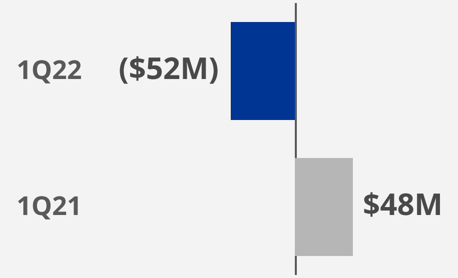


1Q22 core diluted EPS of $0.68, up $0.19 vs. 1Q21

Growth primarily driven by operating leverage from higher sales

One-time benefit in PCIOLs in South Korea of $0.04 and a favorable core tax rate

Free cash flow[1]



1Q22 cash from operations of $66M

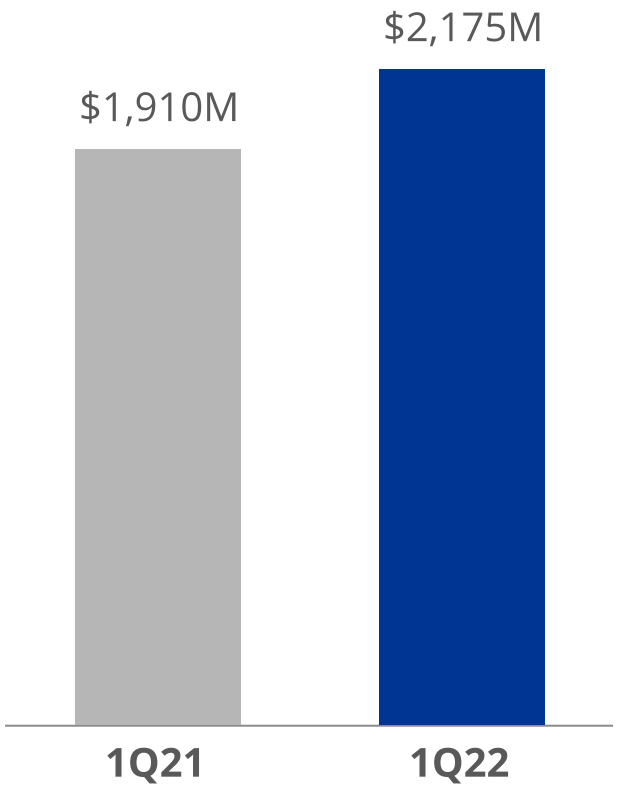
1Q22 free cash flow reflects lower cash from operating activities, driven by cash outflows from changes in net working capital, the annual bonus payment and the timing of tax payments

1. Constant currency, core operating margin, core diluted EPS and free cash flow are non-IFRS measures. An explanation of non-IFRS measures can be found in the Appendix.

IFRS results

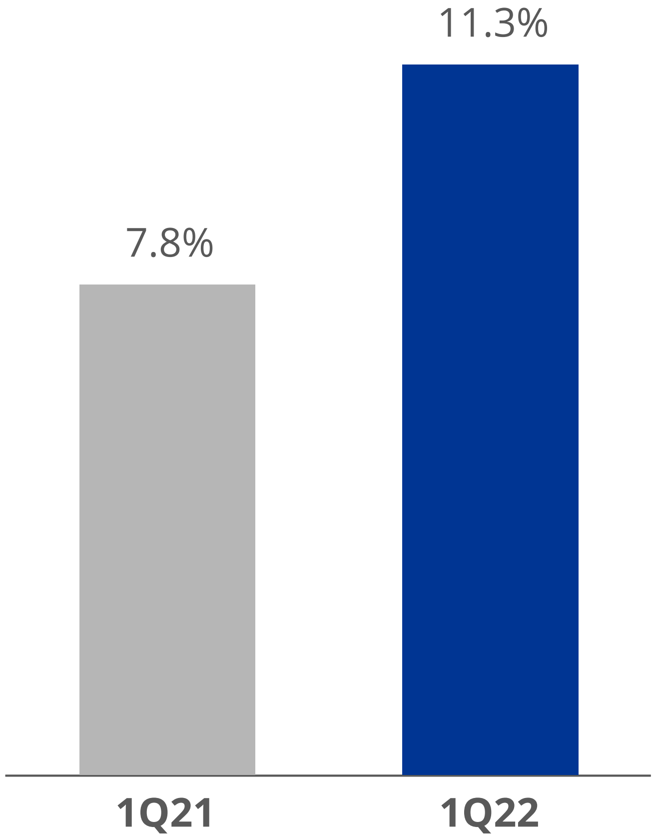
Q1 2022 | **IFRS results**

Worldwide net sales



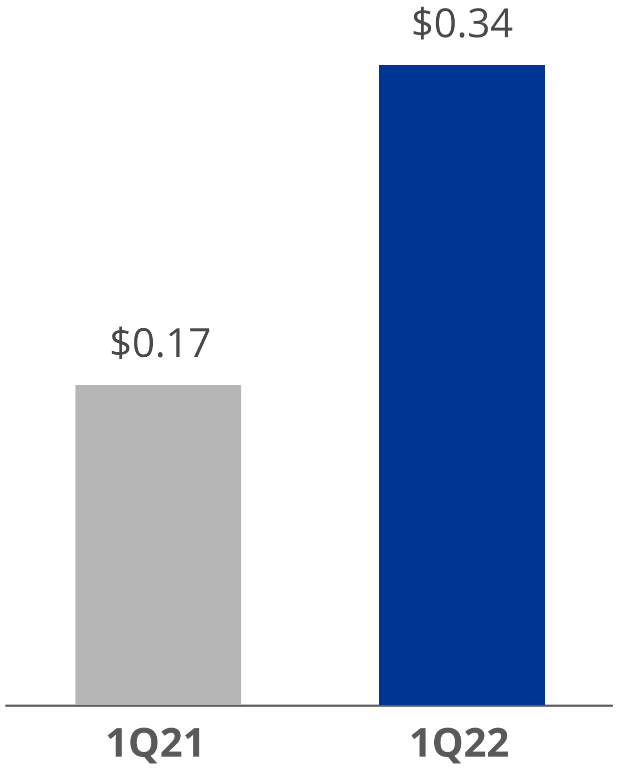
+14%

Operating margin



+3.5 percentage points

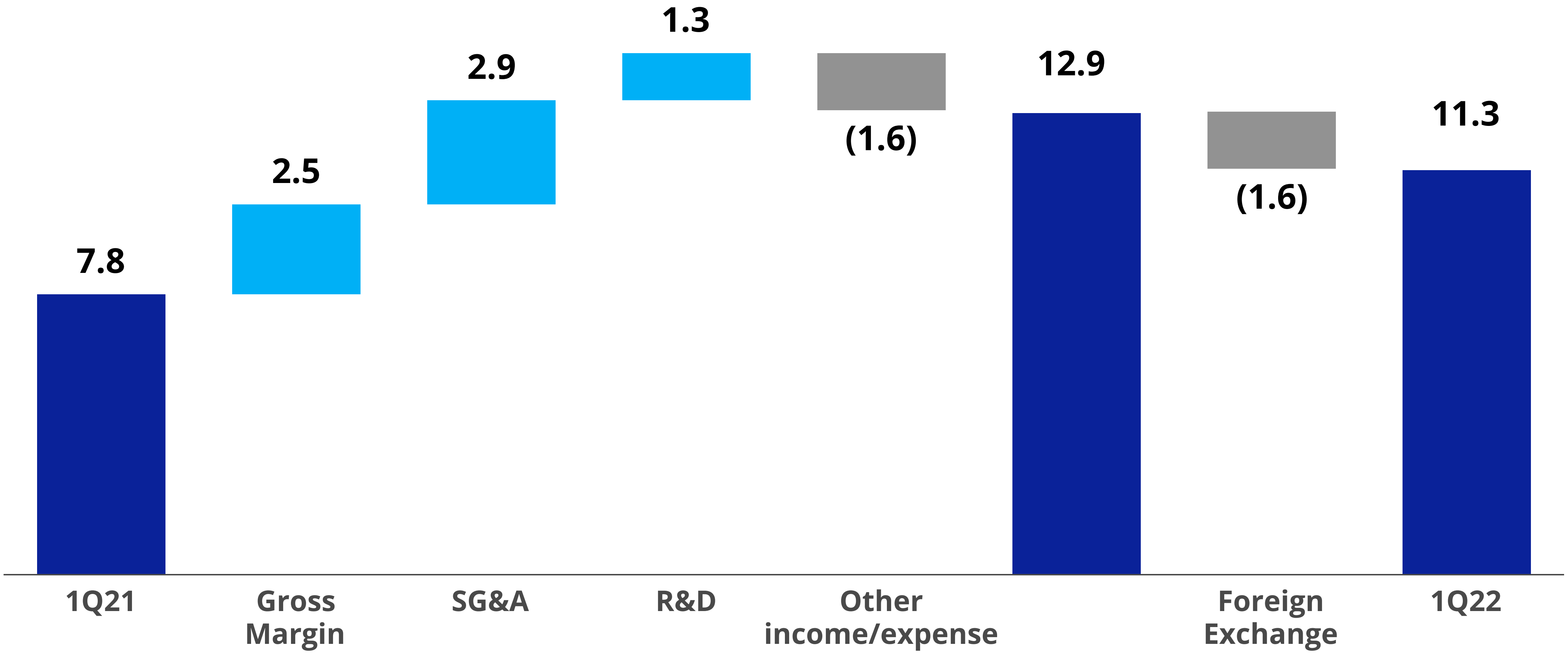
Diluted EPS



+$0.17

Q1 2022 | **IFRS operating margin bridge**

1Q22 vs. 1Q21, % of net sales

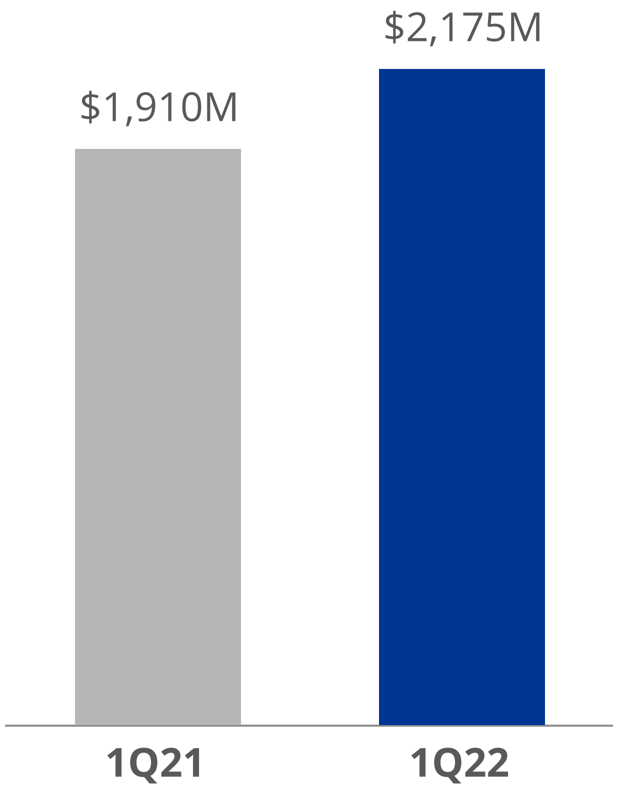


Alcon

Core results

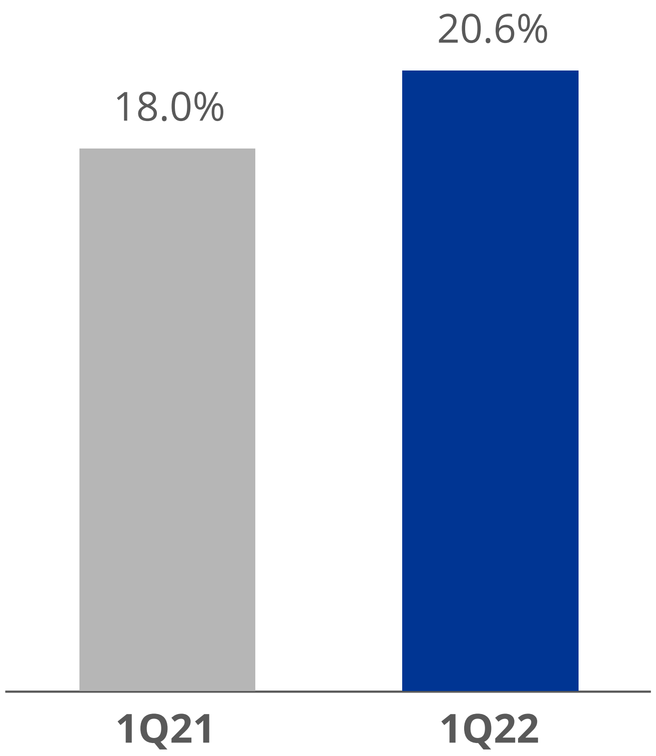
Q1 2022 | **Core results**[1]

Worldwide net sales



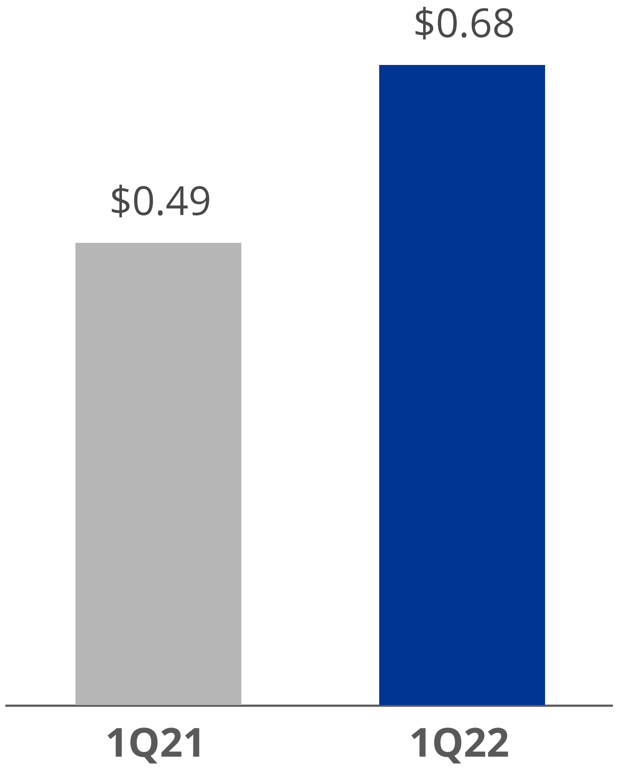
Includes ~100 bps from one-time South Korea benefit

Core operating margin



Includes ~100 bps from one-time South Korea benefit and ~130 bps negative FX impact

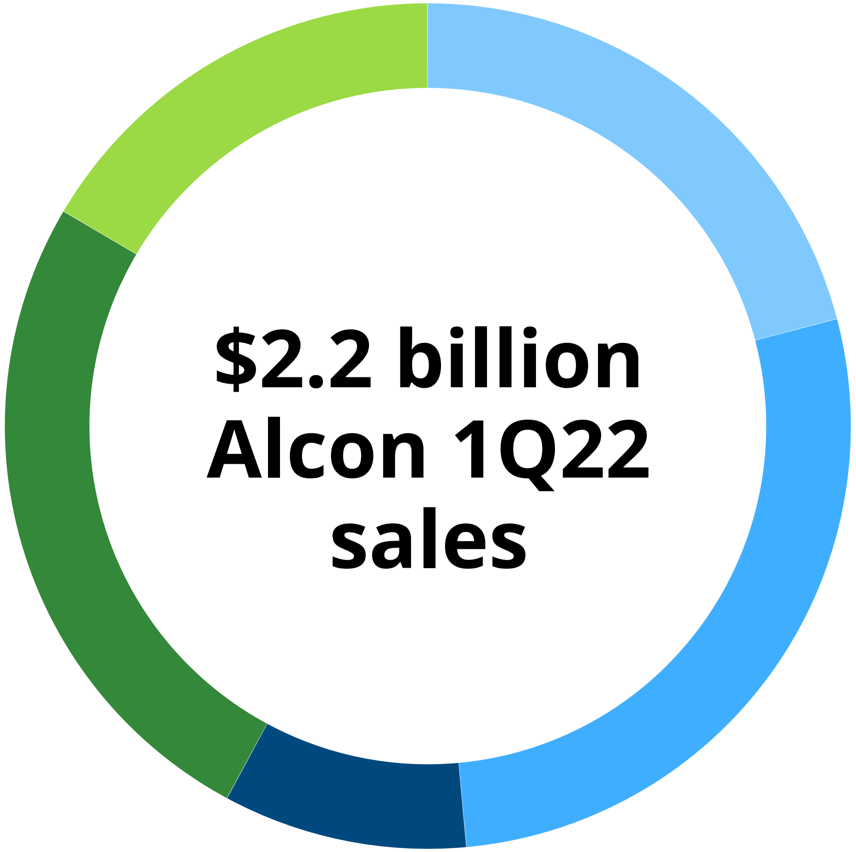
Core diluted EPS



Includes ~$0.04 from one-time South Korea benefit

1. Core operating margin, core diluted EPS, and constant currency growth, including FX impacts, are non-IFRS measures. An explanation of non-IFRS measures can be found in the Appendix.

Q1 2022 | **Product mix**[1]



Vision Care $0.9B (42%)

Ocular health (39%)
- Dry eye products
- Allergy eye drops
- Glaucoma eye drops
- Contact lens solution

Contact lenses (61%)
- Daily lenses
- Reusable lenses
- Cosmetic lenses

Surgical $1.3B (58%)

Implantables (36%)
- Monofocal IOLs
- Advanced technology IOLs
- MIGS microstent

Consumables (48%)
- Dedicated consumables
- Custom surgical packs
- Procedural products

Equipment/other (16%)
- Cataract equipment
- Retinal equipment
- Refractive equipment
- Diagnostics & visualization
- Equipment service
- Procedural eye drops

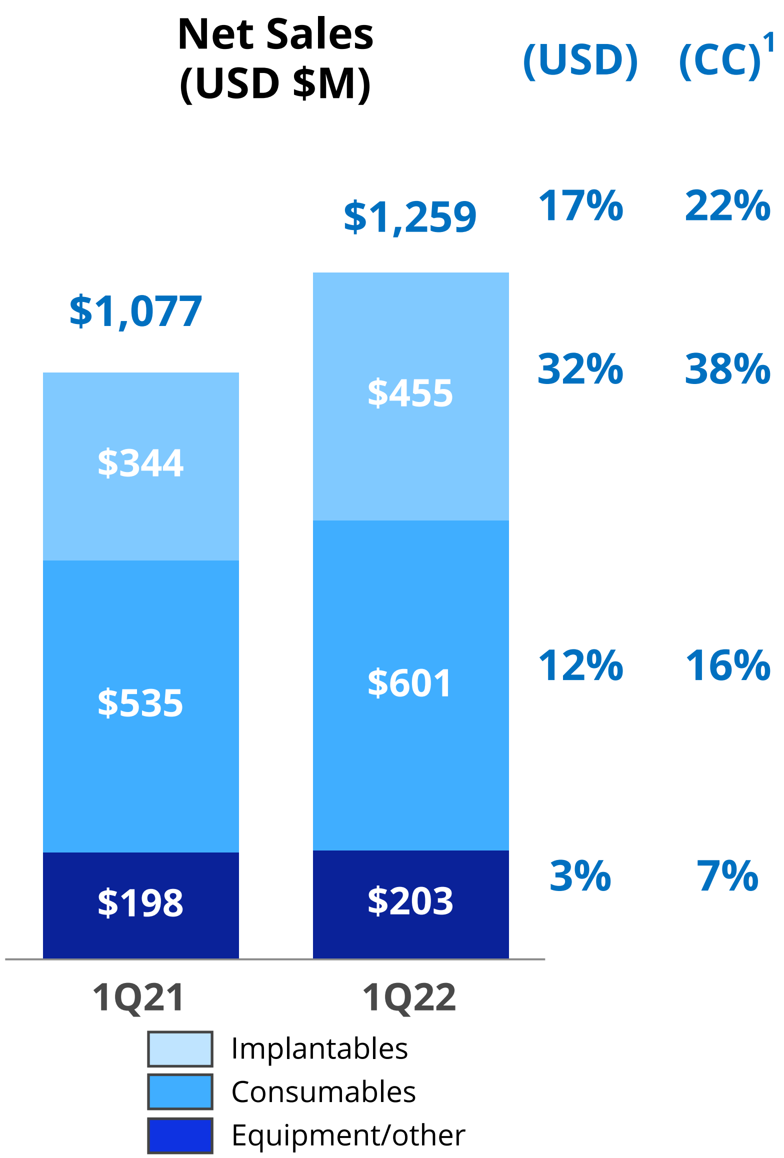
1. Numbers may be rounded for presentation purposes.

Q1 2022 | **Surgical double-digit growth driven by implantables and consumables**

+
- Maintaining PCIOL market leadership, strong demand for *Vivity*
- One-time PCIOL benefit in South Korea: ~8% cc implantables growth
- Sales of *Hydrus* Microstent following recent acquisition of Ivantis

+
- Consumables growth reflects market improvements

+
- Strong demand for cataract equipment, including upgrades to *Centurion* and sales of *Legion* in international markets, as well as solid demand for the *Argos* biometer



1. Constant currency growth is a non-IFRS measure. An explanation of non-IFRS measures can be found in the Appendix.

Q1 2022 | **Vision Care double-digit growth driven by contact lenses and *Systane***

+

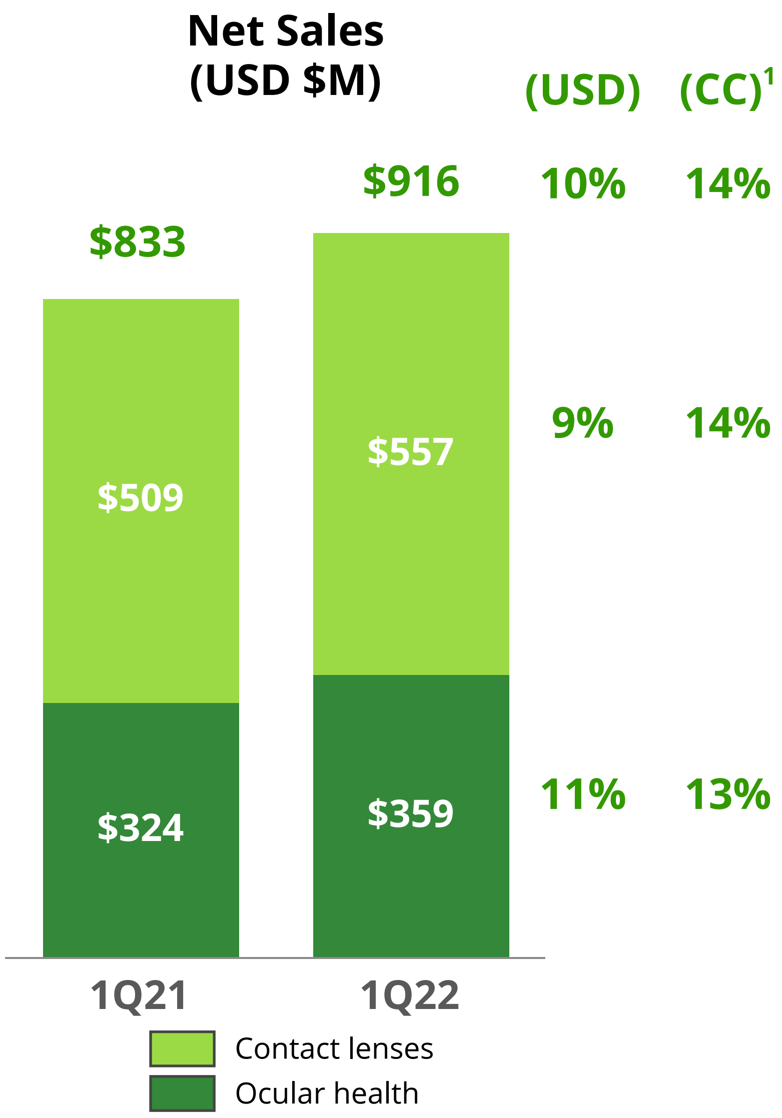
- Strong demand for *Precision1* and Total brand families of contact lenses
- Recently launched *Dailies Total1* for Astigmatism in the US and *Total30* monthly lens in the US and Europe

+

- Strong demand for *Systane* artificial tears, driven by growing dry eye market and new multi-dose preservative-free formulations
- Recently launched *Systane* Complete MDPF[2] in the US
- Sales of *Simbrinza* glaucoma drops

-

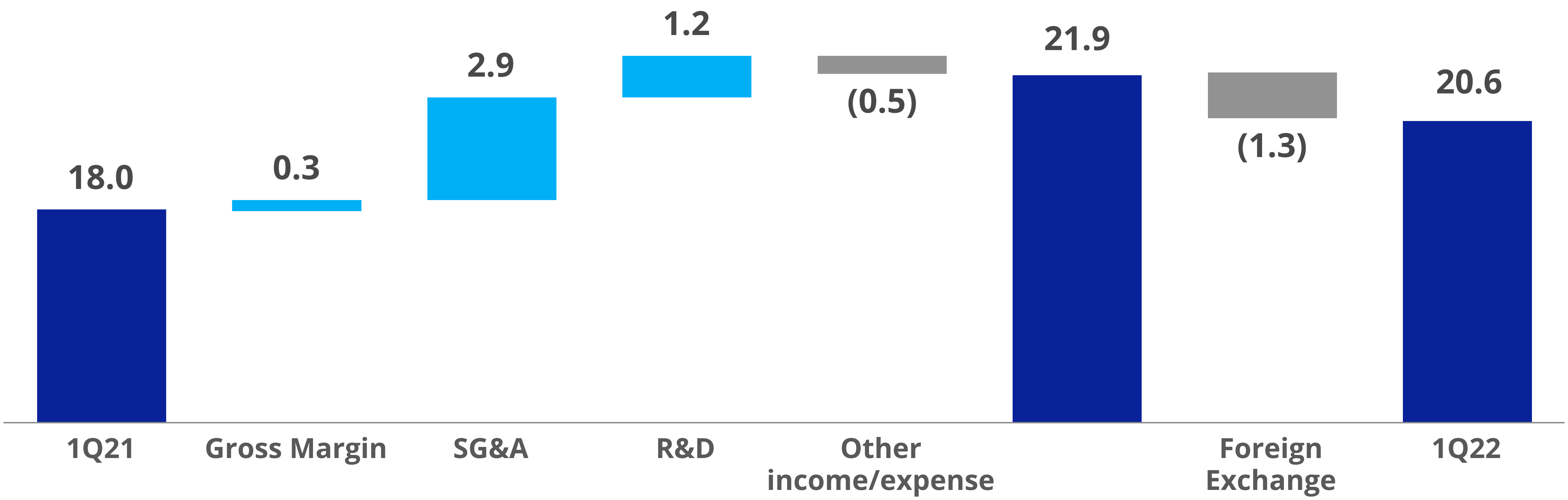
- Declines in contact lens care due to supply chain challenges



1. Constant currency growth is a non-IFRS measure. An explanation of non-IFRS measures can be found in the Appendix.
2. MDPF: multi-dose preservative-free.

Q1 2022 | **Core operating margin[1] bridge**

1Q22 vs. 1Q21, % of net sales



Key drivers

- Operating leverage driven by higher sales, partially offset by increased inflationary pressures
- One-time benefit in PCIOLs in South Korea accounts for ~1% of core operating margin
- Favorability due to timing of R&D and marketing & sales spend

1. Core operating margin is a non-IFRS measure. An explanation of non-IFRS measures can be found in the Appendix.

Q1 2022 | **Cash flow & balance sheet highlights**

Cash and cash equivalents

$1 billion

1Q22 cash flows from operations $66 million
1Q22 free cash flow[1] ($52) million; reflects lower cash from operating activities, driven by cash outflows from changes in net working capital, the annual bonus payment and the timing of tax payments

Capex

$118 million

Investing in new contact lens manufacturing capacity

Debt

$4.1 billion

No financial covenants

1. Free cash flow is a non-IFRS measure. An explanation of non-IFRS measures can be found in the Appendix.

Outlook

FY 2022 outlook

	2022 outlook as of February	2022 outlook as of May	Comments
Net sales (USD)	$8.7 to $8.9 billion	$8.7 to $8.9 billion	Maintain
CC net sales growth vs. 2021[1]	+7% to +9%	+9% to +11%	Increase
Core operating margin[1]	18% to 19%	18% to 19%	Maintain
Interest expense and OFI&E[2]	$180 to $190 million	$200 to $210 million	Increase
Core effective tax rate[3]	17% to 19%	17% to 19%	Maintain
Core diluted earnings per share[1]	$2.35 to $2.45	$2.35 to $2.45	Maintain
CC core diluted EPS growth vs. 2021[1]	+13% to +18%	+19% to +24%	Increase

Assumptions:

- Global markets grow over 2021 reflecting the ongoing market recovery
- Current levels of inflation persist for the remainder of the year
- Exchange rates as of mid-April prevail through year-end
- Approximately 496 million weighted-averaged diluted shares

1. Constant currency, core operating margin and core diluted EPS are non-IFRS measures. An explanation of non-IFRS measures can be found in the Appendix.
2. OFI&E: other financial income and expense.
3. Core effective tax rate, a non-IFRS measure, is the applicable annual tax rate on core taxable income.

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 March 31, 2022

($ millions except earnings per share)	IFRS results	Amortization of certain intangible assets[1]	Transformation costs[4]	Legal items[5]	Other items[6]	Core results
Gross profit	**1,208**	**140**	**—**	**—**	**9**	**1,357**
Selling, general & administration	(741)	—	—	—	7	(734)
Research & development	(166)	6	—	—	—	(160)
Other income	9	—	—	—	(1)	8
Other expense	(64)	—	15	20	6	(23)
Operating income	**246**	**146**	**15**	**20**	**21**	**448**
Income before taxes	**200**	**146**	**15**	**20**	**21**	**402**
Taxes[7]	(32)	(25)	(2)	(5)	—	(64)
Net income	**168**	**121**	**13**	**15**	**21**	**338**
Basic earnings per share ($)	0.34					0.69
Diluted earnings per share ($)	0.34					0.68
Basic - weighted average shares outstanding (millions)[8]	490.9					490.9
Diluted - weighted average shares outstanding (millions)[8]	494.0					494.0

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 March 31, 2021

($ millions except earnings per share)	IFRS results	Amortization of certain intangible assets[1]	Impairments[2]	Separation costs[3]	Transformation costs[4]	Other items[6]	Core results
Gross profit	**1,031**	**125**	**45**	**—**	**—**	**—**	**1,201**
Selling, general & administration	(699)	—	—	7	—	—	(692)
Research & development	(166)	—	—	—	—	5	(161)
Other income	9	—	—	—	—	(1)	8
Other expense	(26)	—	—	3	11	—	(12)
Operating income	**149**	**125**	**45**	**10**	**11**	**4**	**344**
Income before taxes	**109**	**125**	**45**	**10**	**11**	**4**	**304**
Taxes[7]	(25)	(23)	(10)	(2)	(2)	(1)	(63)
Net income	**84**	**102**	**35**	**8**	**9**	**3**	**241**
Basic earnings per share ($)	0.17						0.49
Diluted earnings per share ($)	0.17						0.49
Basic - weighted average shares outstanding (millions)[8]	489.7						489.7
Diluted - weighted average shares outstanding (millions)[8]	492.8						492.8

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 a provision for a legal settlement.

(6) For the three months ended March 31, 2022, Gross profit includes charges related to the conflict in Ukraine and amortization of inventory fair value adjustments related to a recent acquisition. Selling, general & administration includes charges related to the conflict in Ukraine. Other income includes fair value adjustments of financial assets. Other expense includes integration related expenses for a recent acquisition and fair value adjustments of financial assets.

For the three months ended March 31, 2021, Research & development includes the amortization of option rights. Other income includes a fair value adjustment of a financial asset.

(7) For the three months ended March 31, 2022, total tax adjustments of $32 million include tax associated with operating income core adjustments, partially offset by discrete tax items. Tax associated with operating income core adjustments of $202 million totaled $35 million with an average tax rate of 17.3%.

For the three months ended March 31, 2021, tax associated with operating income core adjustments of $195 million totaled $38 million with an average tax rate of 19.5%.

(8) 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

The following is a summary of free cash flow for the three months ended March 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	**66**	**156**
Purchase of property, plant & equipment	(118)	(108)
Free cash flow	**(52)**	**48**

Alcon

SEE BRILLIANTLY