



Alcon

Investor & Analyst Day

November 27, 2018



Alcon

Welcome

Samir Shah

Novartis Global Head Investor Relations

Karen King

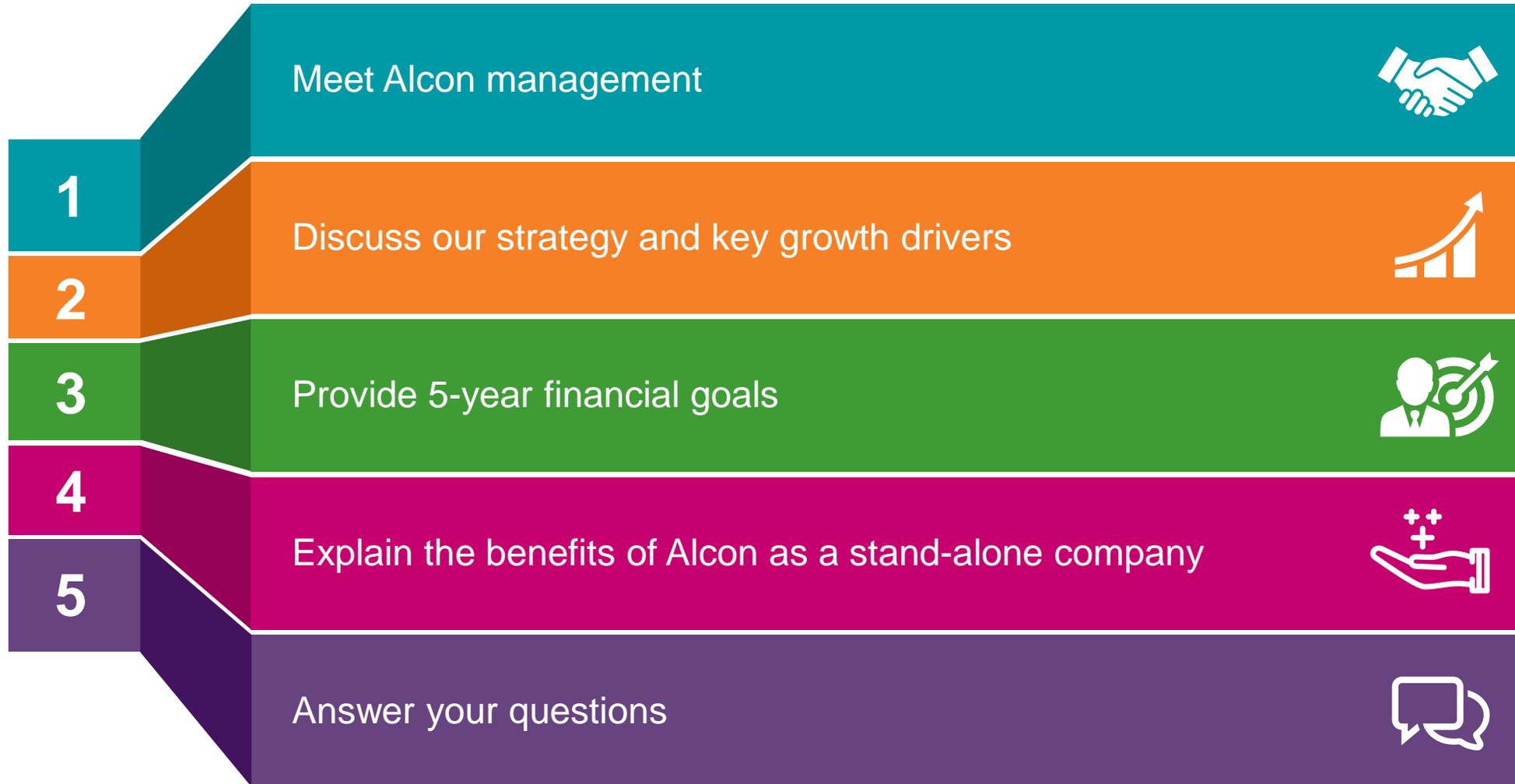
Alcon Global Head Investor Relations
& Communications

Morning

8:30 – 9:00am	Registration, Breakfast and Product Booths	
9:00 – 9:10am	Welcome	Samir Shah, Novartis Global Head Investor Relations; Karen King, Alcon Global Head IR & Communications
9:10 – 10:00am	Morning Session 1:	
	Progress Report	Mike Ball, Chairman-Designate
	Strategy	David Endicott, CEO
10:00 – 10:30am	Q&A on Morning Session 1	
10:30 – 10:50am	BREAK / Visit Product Booths	
10:50 – 12:20pm	Morning Session 2:	
	Surgical	Michael Onuscheck, President, Global Business & Innovation
	Vision Care	Andy Pawson, President & GM Global Vision Care
	Q&A on Morning Session 2	

Afternoon

12:20 – 1:30pm	Lunch with Management & Product Booths	
1:30 – 2:30pm	Afternoon Session 1:	
	Innovation	Franck Leveiller, Senior Vice President, Head of Global R&D
	Finance	David Murray, CFO
2:30 – 3:00pm	Transaction Overview	David Endicott, CEO
	Final Q&A	
3:00pm	Meeting concludes	



Forward-Looking Statements

This presentation contains “forward-looking statements” that involve risks and uncertainties. These statements can be identified by the fact that they do not relate strictly to historical or current facts, but rather are based on current expectations, estimates, assumptions and projections about the eye care industry and our business and financial results. Forward-looking statements often include words such as “anticipates,” “estimates,” “expects,” “projects,” “intends,” “plans,” “believes” and words and terms of similar substance in connection with discussions of future operating or financial performance. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements. Accordingly, undue reliance should not be placed on any forward-looking statement made by us or on our behalf. Important factors that could cause our actual results to differ materially from those in our forward-looking statements include government regulation, economic, strategic, political and social conditions and other factors, including but not limited to: uncertainties regarding the commercial success of our products and our ability to maintain our share of the markets in which we compete; our ability to keep pace with the advances in the highly competitive eye care devices market; the success of our research and development efforts; uncertainties regarding the success of our separation and spin-off from Novartis, including our ability to achieve our expected benefits; pricing pressure from changes in third-party coverage and reimbursement methodologies; general political and economic conditions; consolidation among our distributors and retailers; uncertainties regarding actual or potential legal proceedings and government investigations; potential product recalls or voluntary market withdrawals in connection with defects in or unanticipated use of our products; regulatory actions or delays or government regulation generally; changes in tax laws; changes in IFRS as issued by the International Accounting Standards Board or other applicable accounting policies; the potential volatility in the price of our shares; uncertainties regarding future sales or dispositions of our shares; and other risks and uncertainties detailed in the section titled “Risk Factors,” “Legal Proceedings” and other sections of the Alcon Inc. Form 20-F Registration Statement filed with the Securities and Exchange Commission (“SEC”) and available on the SEC’s website at <http://www.sec.gov>.

We caution you that the foregoing list of important factors is not intended to be exhaustive and may not contain all the material factors that are important to you. Any forward-looking statements made by us in this presentation speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update any forward-looking statements as a result of new information or future events or developments, except as required by law.

Non-IFRS Financial Measures

We have prepared our financial results in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. In addition, we have discussed in this presentation our results using certain non-IFRS financial measures. Management believes that these non-IFRS financial measures provide an additional means of analyzing the results of the periods presented against corresponding results from other periods. However, these non-IFRS financial measures should be viewed in addition to, and not as a substitute for, Alcon’s reported results prepared in accordance with IFRS. Our non-IFRS financial measures are not meant to be considered in isolation or as a substitute for comparable IFRS measures and should be read only in conjunction with our combined financial statements prepared in accordance with IFRS. Please refer to the appendix of this presentation for definitions and reconciliations of non-IFRS financial measures. In addition, non-IFRS measures are footnoted, where applicable, in each slide herein.

Notice Regarding Financial Information

The business of Alcon did not form a separate legal group of companies in all years for which historical financial information is presented in this presentation. As a result, the historical financial information contained in this presentation was prepared on a carve-out basis derived from Novartis’ consolidated financial statements and accounting records. This financial information includes certain expenses of Novartis that were allocated to us for certain corporate functions. These shared expenses may not represent the amounts that would have been incurred had we operated autonomously or as an entity independent of Novartis. Consequently, the financial information included in this presentation are not necessarily indicative of results that may be expected in the future.

This presentation also contains estimates, projections and forecasts, including certain five-year outlook measures regarding Alcon’s future financial performance. As with any projection or forecast, these five-year outlook measures are inherently susceptible to uncertainty and are based on various assumptions that may turn out to be incorrect. Our actual results may vary materially from our outlook due to risks and uncertainties including but not limited to those listed above under “Forward-Looking Statements”. Accordingly, undue reliance should not be placed on the outlook included in this presentation. We are under no obligation to, and expressly disclaim any obligation to, update our outlook included in this presentation as a result of new information or future events or developments, except as required by law.

Intellectual Property

This report may contain reference to our proprietary intellectual property. All product names in this presentation are trademarks owned by or licensed to the Novartis Group.

Miscellaneous

This presentation is for informational purposes only and is not an offer to sell, or a solicitation of an offer to buy or sell, any securities of Novartis or, following the spin-off, of Alcon, and may not be relied upon in connection with the purchase or sale of any such security. Should you wish to invest in Alcon, you should do so solely on the basis of information Alcon will file with the SEC at or around the time of the spin-off, including the section “Risk Factors” included therein. The information filed with the SEC will be available on the SEC’s website at <http://www.sec.gov>. Alcon is a Novartis Division.



Alcon

Progress report



Mike Ball

Chairman-Designate

\$6.8b
sales

growing eye care device leader

\$23b
market

growing at 4%¹



favorable market trends
with significant opportunities
to grow and expand

#1 or #2

in all categories within
Surgical & Vision Care¹

140+

countries served by over
20,000 employees



strong & experienced
management team

Note: Numbers are rounded for presentation purposes and based on 2017 sales

1. Market Scope, GfK, Nielsen, IQVIA, Euromonitor, Alcon internal estimates

A strong foundation with a long history of success

Alcon



70+ years of success
as a **trusted brand**



Outstanding
customer relationships



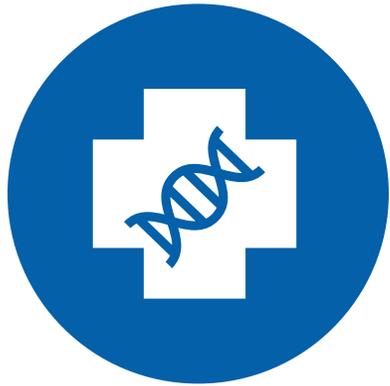
Legacy of **industry firsts** and
technological advancements



Industry **leading pipeline**

Robust industry expertise, leading brands and a winning mindset

Creation of a more nimble medical device company will allow us to focus on eye care and utilize our expertise



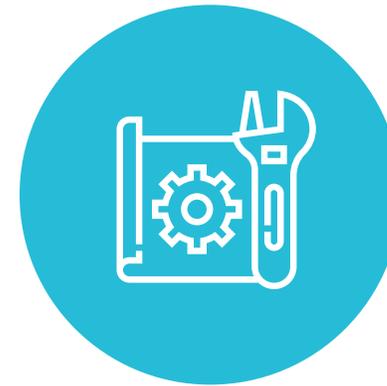
**Medical
Device DNA**



**Nimble,
Agile Culture**



**Rapid,
Iterative
Innovation**



**Operational
Flexibility**



**Strong
Customer
Relationships**

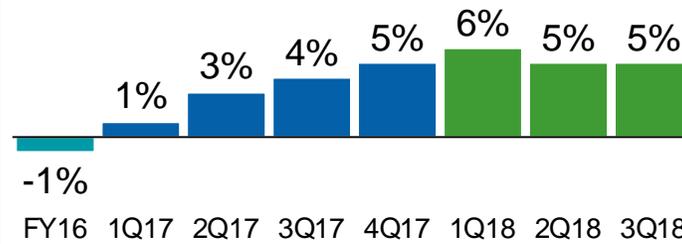
- 1** Fix the foundation and strengthen execution 
- 2** Invest in promotion, capital and systems 
- 3** Reinvigorate the innovation pipeline 
- 4** Strengthen the customer relationship 
- 5** Develop a nimble medical device culture 

...and strong results have followed

- 1 Fix the foundation and strengthen execution ✓
- 2 Invest in promotion, capital and systems ✓
- 3 Reinvigorate the innovation pipeline ✓
- 4 Strengthen the customer relationship ✓
- 5 Develop a nimble medical device culture ✓

1

Sales have returned to growth¹ over the last several quarters



2

Highest ranking of customer satisfaction in major markets; SAP now spans ~60% of sales; significant capital investment in contact lenses



3

Launched new products (e.g. PanOptix, Ngenuity, DAILIES TOTAL1 multifocal) and expanded the pipeline



4

Service levels at a 3 year high; increased customer training and field service personnel by 10%



5

Voluntary employee turnover at a 6 year low



1. Sales growth figures presented in constant currency (cc), which is a non-IFRS measure. For additional information regarding the constant currency figures presented see "Appendix" starting on slide 112

Note: Some quarterly growth rates have been impacted by inventory movements

Improving the culture has been a top priority and the organization has responded



Removed barriers to improve salesforce effectiveness

Added management experience in eye care and medical devices

Increased resources in customer training and field service

Empowered the organization to serve the customer



Employee surveys have shown a **significant morale improvement**

The foundation has been strengthened and we have advanced to the next phase



1. AT-IOLs refer to advanced-technology intraocular lenses



Introduction to Alcon Vision and Strategy



David Endicott

Chief Executive Officer



Vision

We aspire to lead the world in eye care innovations that enable extraordinary lives



Mission

We help people see better



Strategy

We apply world leading expertise to innovate products, build markets and deliver new solutions in eye care

Strong management expertise



David Endicott
Chief Executive Officer



David Murray
Chief Financial Officer



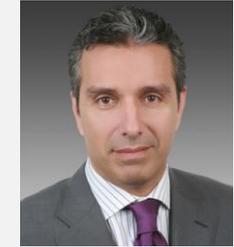
Michael Onuscheck
*President Global
Businesses & Innovation*



Sergio Duplan
President North America



Ian Bell
President International



Laurent Attias
*Head Corporate
Development, Strategy,
BD&L and M&A*

Executive Committee: One additional position is currently vacant

415 / 210

**Years in
healthcare**

**Years in
eye care**



Ian Bell a.i.¹
*Region President,
EMEA*



Camila Finzi
*Region President,
LACAR*



Jim Murphy
*Region President,
Japan*



Raj Narayanan
*Region President,
Asia*



Andy Pawson
*President & GM,
Global Vision Care
Franchise*



Michael Onuscheck
a.i.²
*President & GM,
Global Surgical
Franchise*



Franck Leveiller
*Head Global
R&D*



Ed McGough
Head Global MTO



Heather Attra
*Head Global
Quality Assurance*



Karen King
*Head Global IR &
Communications*



Royce Bedward
General Counsel

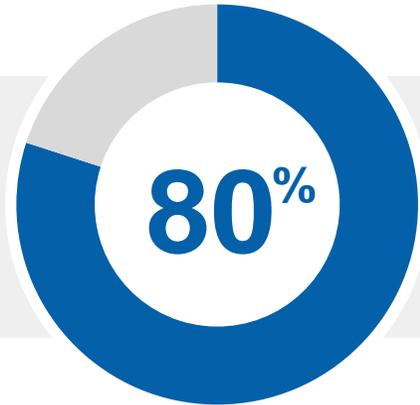


Sue-Jean Lin
*Chief
Information Officer*



Merrick McCracken
*Head Global
Human Resources*

1. Ian Bell, President International, in charge a.i. until successor has been nominated
2. Michael Onuscheck, President Global Businesses & Innovation, in charge a.i. until successor has been nominated



of visual impairment is preventable or curable¹

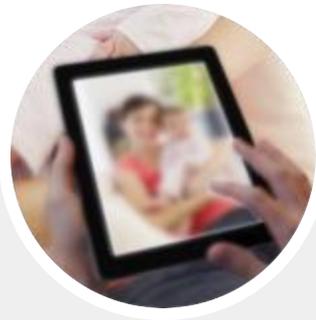


could be saved with appropriate eye care services¹

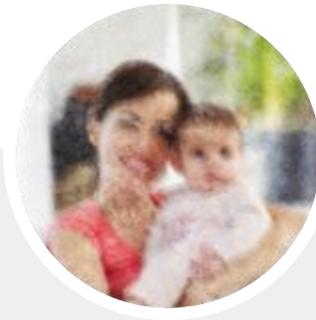
People:



153 million
with uncorrected
refractive errors¹



1.7 billion
have
presbyopia²



352 million
live with
dry eye³



20 million
are blind
from **cataracts**¹



93 million
have
diabetic retinopathy⁴



67 million
live with
glaucoma⁵

1. World Health Organization (WHO), www.who.int/blindness

2. Global Prevalence of Presbyopia and Vision Impairment, 2018 Oct;125(10):1492-1499. doi: 10.1016/j.ophtha

3. Epi Database. Kantar Health. June 2015. Custom Dry Eye Self-Reported Prevalence ages 40+, 16 markets

4. Global Prevalence and Major Risk Factors of Diabetic Retinopathy, Diabetes Care 2012 Mar; 35(3): 556-564

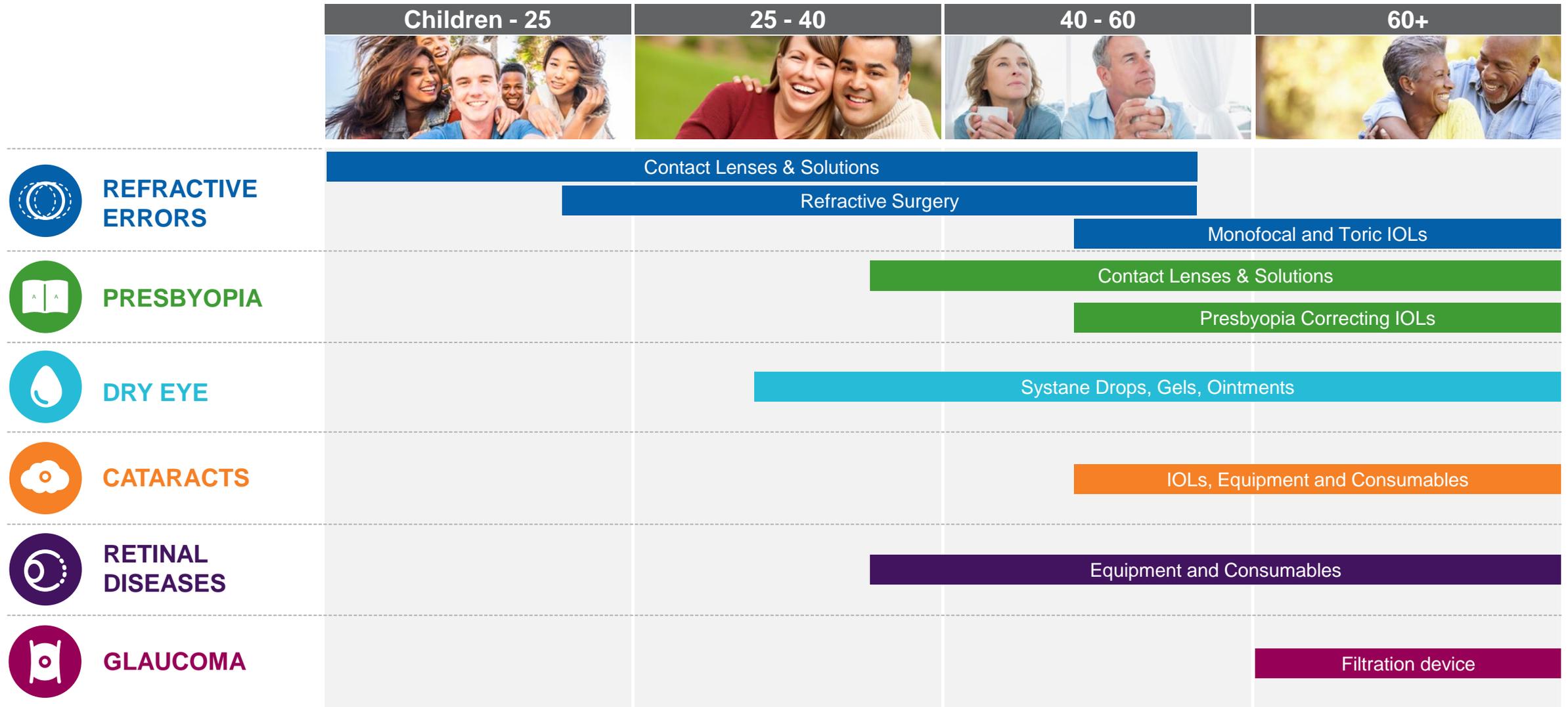
5. Glaucoma Foundation, http://glaucomafoundation.org/Get_Involved.htm

Variety of ocular disorders that can cause visual impairment and loss of sight

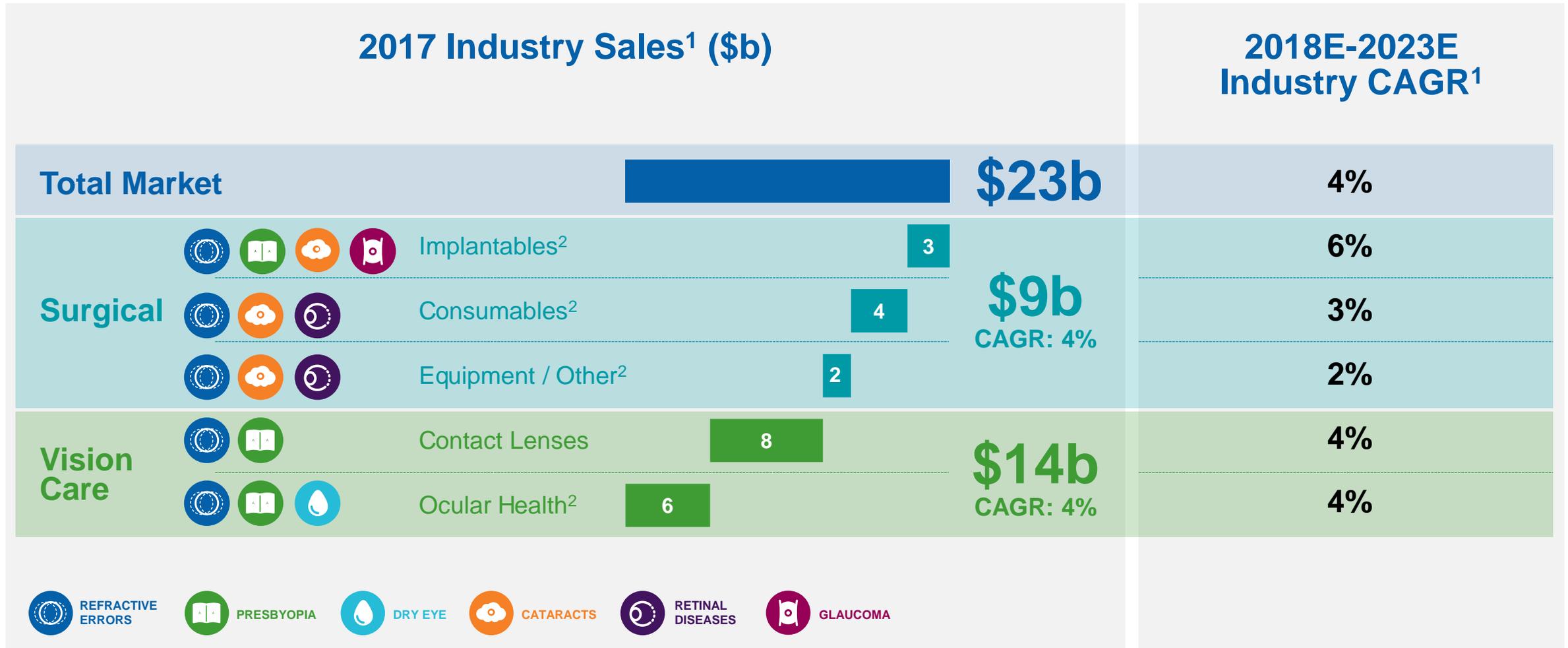
	Disorder	Results in...
 REFRACTIVE ERRORS	Myopia, Hyperopia and Astigmatism ¹	Blurred or impaired vision
 PRESBYOPIA	Hardening of the natural lens due to age (35 years and beyond)	Inability to focus up close
 DRY EYE	Poor quantity and quality of tears	Blurred vision, itching, redness, and general discomfort
 CATARACTS	Clouding of the eye's crystalline lens	Blindness if untreated
 RETINAL DISEASES	Vitreomacular traction, retinal detachment, severe eye trauma, ocular complications of diabetes (diabetic retinopathy)	Can cause irreversible loss of vision
 GLAUCOMA	Damage to the eye's optic nerve, usually from increased pressure in the eye	Vision loss and blindness

1. Myopia (nearsightedness), Hyperopia (farsightedness) and Astigmatism (oddly shaped cornea)

Offering leading solutions for patients throughout their lives



Eye care devices represent a large and growing \$23b market



1. Market Scope, GfK, Nielsen, IQVIA, Euromonitor, Alcon internal Estimates, see "Legal Disclaimers" on slide 5 for more information about future industry growth projections

2. Implantables include IOLs, surgical glaucoma devices; Consumables include cataract, vitreoretinal, and refractive disposable instruments; Equipment includes cataract and vitreoretinal consoles and accessories, FLACS lasers, refractive lasers, equipment service & maintenance, microscopes, diagnostics, and drops for mydriatics, cycloplegics, diagnostics, and anesthetics; Ocular Health includes non-Rx dry eye drops, contact lens care solutions, ocular vitamins, non-Rx allergy drops, and non-Rx red eye drops

Favorable megatrends underpin strong market potential

Alcon



Aging population
with growing eye care
needs

Population over age 60
will **double** by 2050
(**>1b people**)¹



Innovation improving the
quality of eye care

Patients have more
options and
better outcomes



Increasing wealth
and growth from
emerging economies

Middle class will grow
by **~1.5b people** in the
next 10-15 years²



Myopia prevalence is
growing; increased
screen time and mobile
device use is impacting
vision

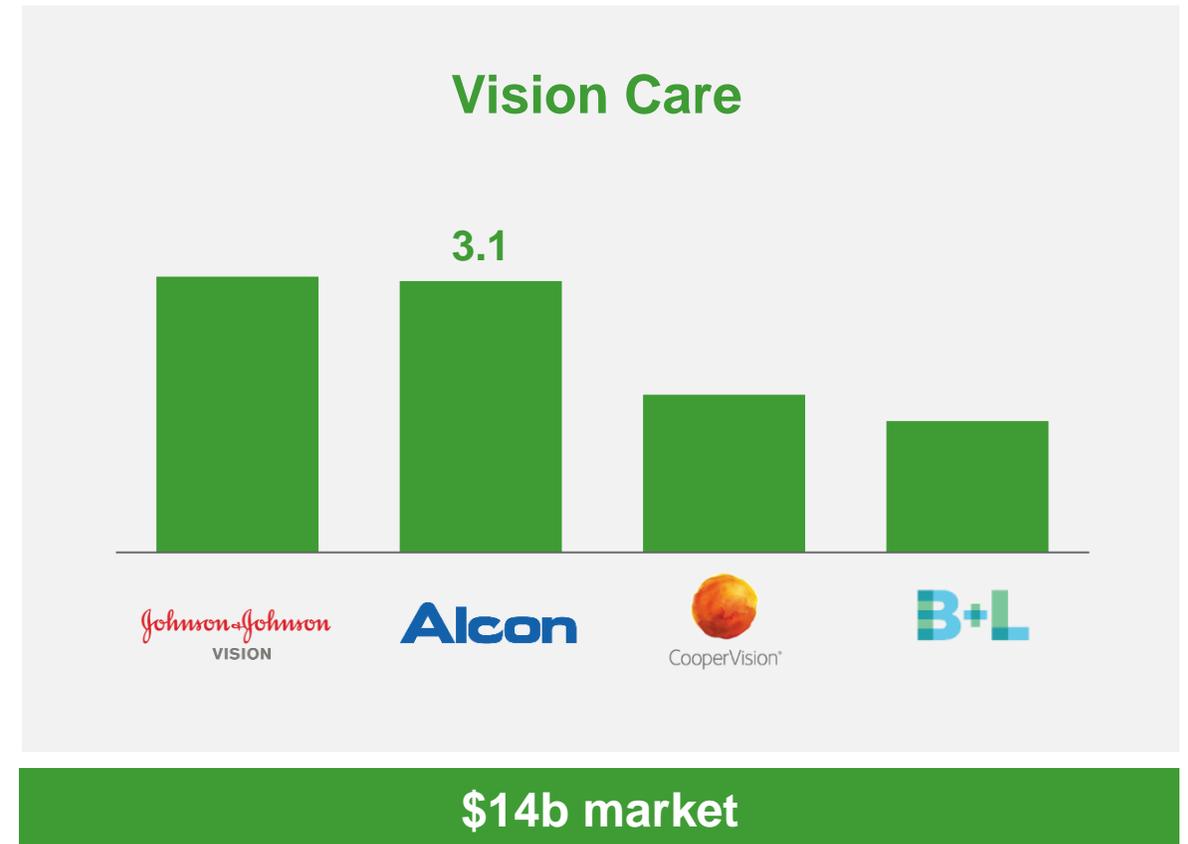
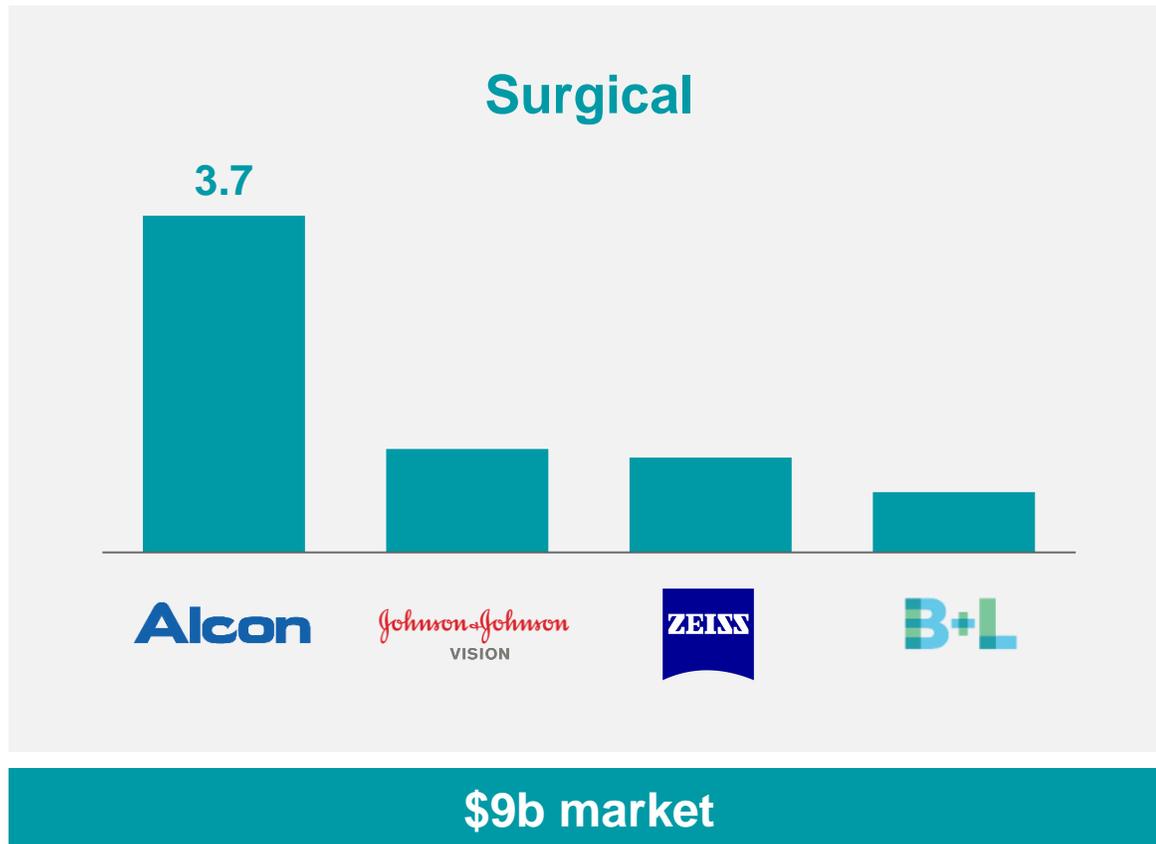
By 2050, half the world,
~5b people,
will be **myopic**³

1. United Nations (UN), <http://www.un.org/en/sections/issues-depth/ageing/>

2. The unprecedented expansion of the global middle class an update, Kharas 2017

3. Global Prevalence of Myopia and High Myopia and Temporal Trends from 2000 through 2050, Holden, Brien A. et al., Ophthalmology , Volume 123 , Issue 5 , 1036 - 1042

2017 Sales by Business (\$b)



Note: All trademarks are property of the respective owner
Source: Internal analysis as well as GFK, IMS, Nielsen, CBG, Euromonitor data and Market Scope

#1 or #2 in all product categories

	Surgical			Vision Care	
	Implantables	Consumables	Equipment / Other	Contact Lenses	Ocular Health
Market Position	#1	#1	#1	#2	#1
Key Brands	 	 <small>THE MICROINCISIONAL EDGE</small>	 	 	
2017 Sales	\$1.0b	\$2.1b	\$0.6b	\$1.8b	\$1.2b

Note: Numbers may not add up due to rounding

Global reach provides a significant competitive advantage





The foundation has been strengthened and we have advanced to the next phase



1. AT-IOLs refer to advanced-technology intraocular lenses



Surgical

AT-IOLs



Vitreoretinal



- Gain share with PanOptix
- Increase penetration of advanced technology IOLs
- Deepen technology penetration in key markets
- Accelerate conversion from optical to digital surgery

Vision Care

DAILIES TOTAL1



Dry Eye

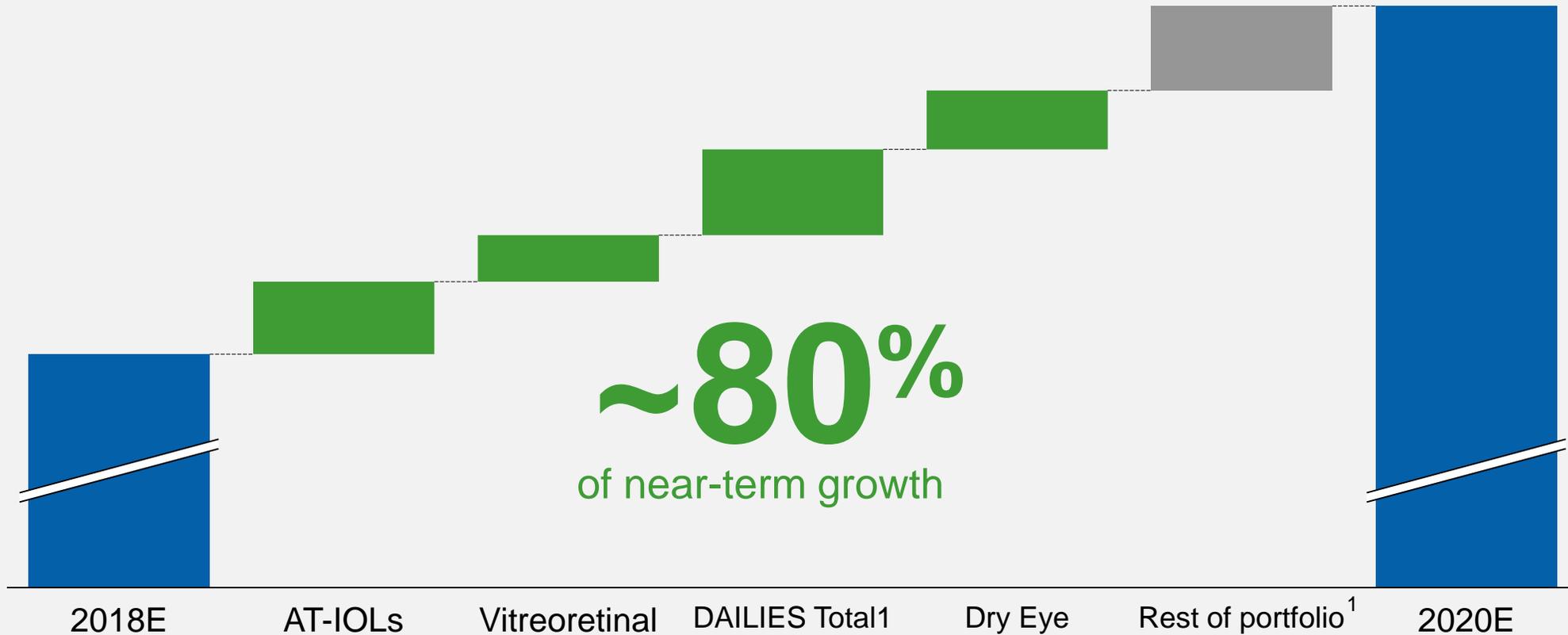


- Continue rapid growth of DAILIES TOTAL1 family
- Accelerate growth of multifocal category
- Continue roll-out of SYSTANE Complete
- Drive consumer demand through DTC¹ advertising

1. DTC refers to direct-to-consumer

Expected to result in 80% of sales growth contribution

Illustrative Alcon Sales Growth Contribution



1. Majority of rest of portfolio growth comes from cataract and refractive consumables

Innovation, expansion and new business models expected to drive longer term growth



Accelerate Innovation



Expand Markets & Adjacencies



Develop New Business Models



Accelerate Innovation



New contact lens materials

Innovative contact lens designs for presbyopia



Multiple novel IOL technologies

Enhanced lasers and robotics for surgery



Ground-breaking cataract/vitreoretinal equipment platforms

Digital surgical suite to deliver improved outcomes



Looking to capture opportunities to expand markets and pursue adjacencies

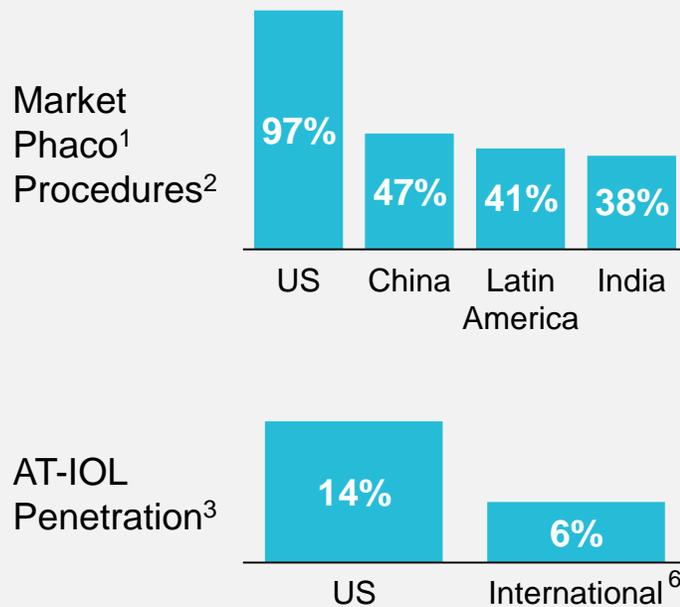


Expand Markets & Adjacencies



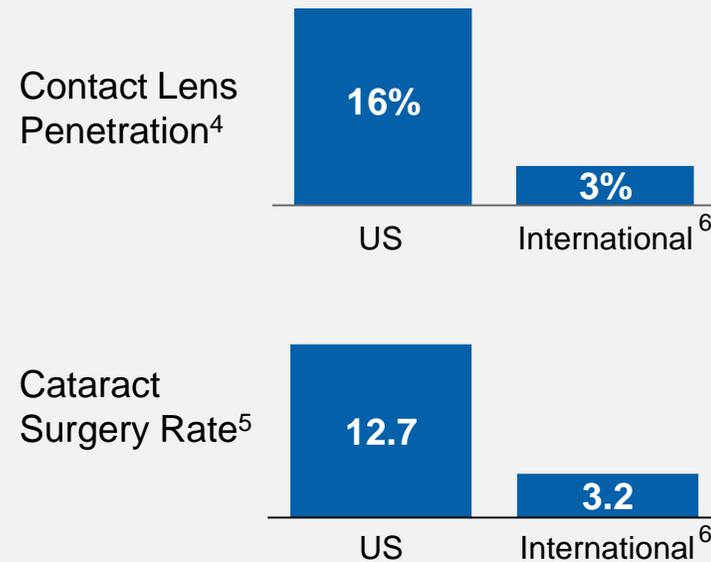
Shift to Premium

products & procedures to increase market size



Emerging Markets

are under-penetrated and have favorable market trends



Adjacency

opportunities to enter new categories



Diagnostics



Consumer Driven Ocular Health Products



Myopia Control Solutions

1. Phaco refers to cataract surgery using phacoemulsification

2. Market Scope May 2018 Cataract Equipment report, percent of total cataract procedures

3. Market Scope Quarterly, 2017 full year, percent of units divided by total IOLs

4. 2016 Vision Needs Monitor Study (conducted by Market Probe), penetration equals # of contact lens wearers divided by people who need vision correction

5. Market Scope May 2018 Cataract Equipment report, cataract surgery rate refers to the number of cataract surgeries per thousand people

6. International represents all countries outside the United States

Working to develop new business models to improve access to our leading product portfolio



Develop New Business Models



Innovative Go-To-Market Solutions



- Building solutions for eye care professionals (ECP) and patients
- Creating contracting opportunities that utilize our portfolio

Digital Health Offerings



- Focusing on connectivity, integration, and analytics through an ecosystem of networked equipment
- Expanding access to contact lenses through digital solutions (e.g. subscription, online refraction)



Sales

Mid-single digit CAGR by 2023¹



Core Operating Margin

Low-to-mid 20% by 2023^{1,2}

1. 5 year outlook is subject to various risks and uncertainties. See “Legal Disclaimers” on slide 5 and the assumptions underlying our outlook on slide 96 for more information

2. For additional information regarding core operating margin above, which is a non-IFRS measure, see “Appendix” starting on slide 112 and “Legal Disclaimers” on slide 5

Margin growth expected to be based on 3 primary levers

Gross margin improvement

Favorable product mix

Pricing discipline

Manufacturing productivity

Operational efficiency

Process and cost efficiencies

Leveraging SAP

Global Business Services (GBS)

P&L Leverage

Growing sales

SG&A improvement

Leveraging existing infrastructure





Alcon

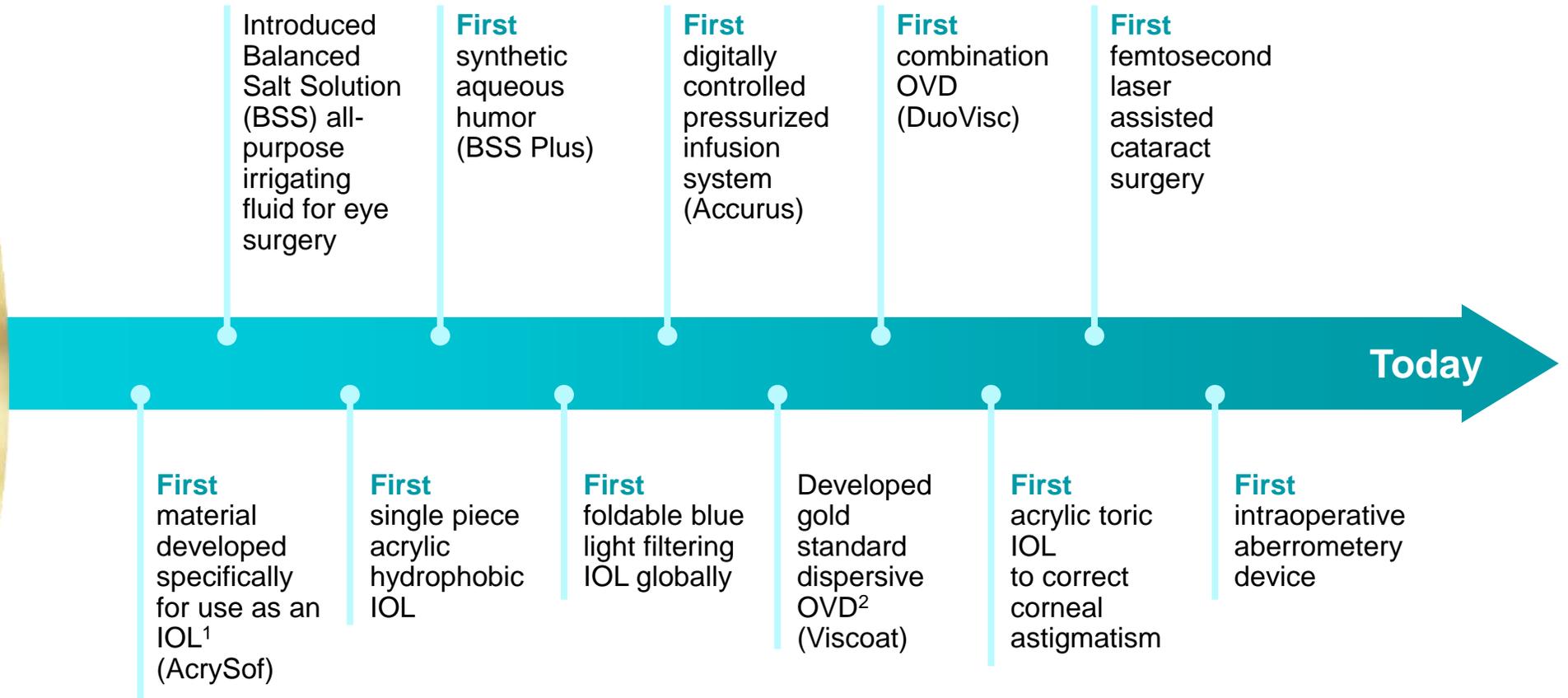
Surgical



Michael Onuscheck

President, Global Business & Innovation

Strong legacy of innovation

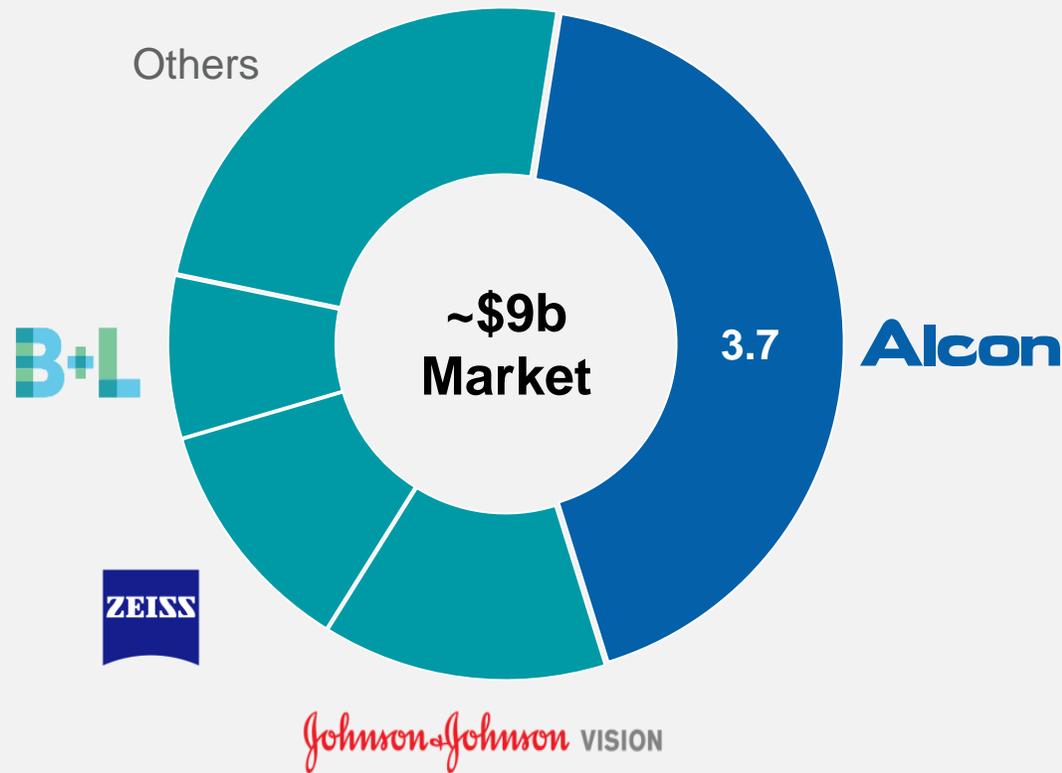


1. IOL refers to intraocular lens

2. OVD refers to Ophthalmic Viscosurgical Devices that protect internal eye tissues during surgery

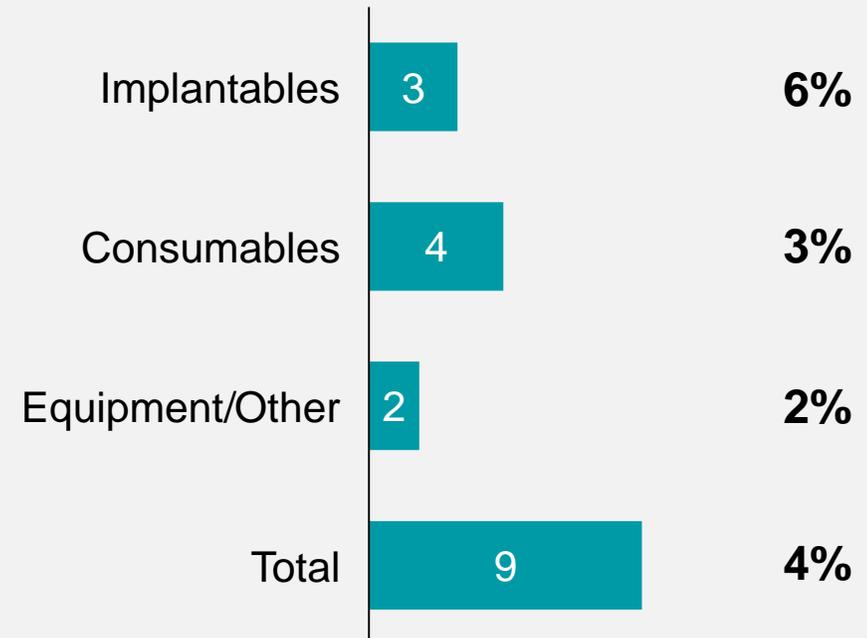
Leading position in the global Surgical market

2017 Global Surgical Sales¹ (\$b)



2017 Industry Sales¹ (\$b)

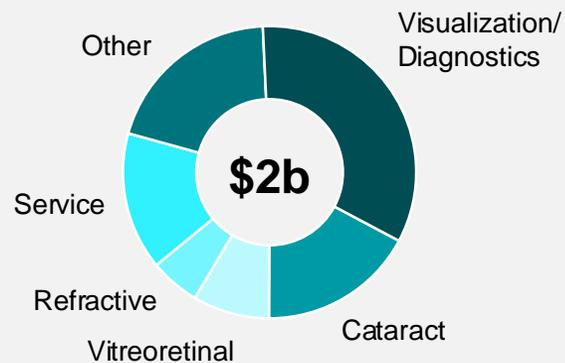
2018E-2023E Industry CAGR¹



1. Market Scope; Alcon internal estimates; see "Legal Disclaimers" on slide 5 for more information about future industry growth projections

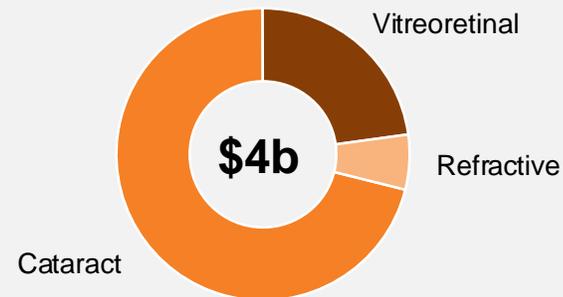
2017 Surgical Market Breakdown % Sales

EQUIPMENT / OTHER



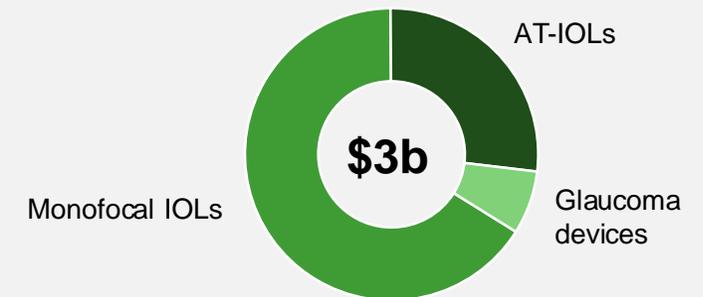
- Cyclical equipment sales with a ~7-10 year buying cycle
- Mid-lifecycle platform innovation, service contracts and expanded features help offset longer lifecycles

CONSUMABLES



- Steady procedural growth
- Premium pricing supported by new equipment and accompanying consumables

IMPLANTABLES



- Market shifting from monofocal IOLs (3-4% unit growth) to AT-IOLs (11%)
- Sales per patient increases up to 8x for AT-IOLs

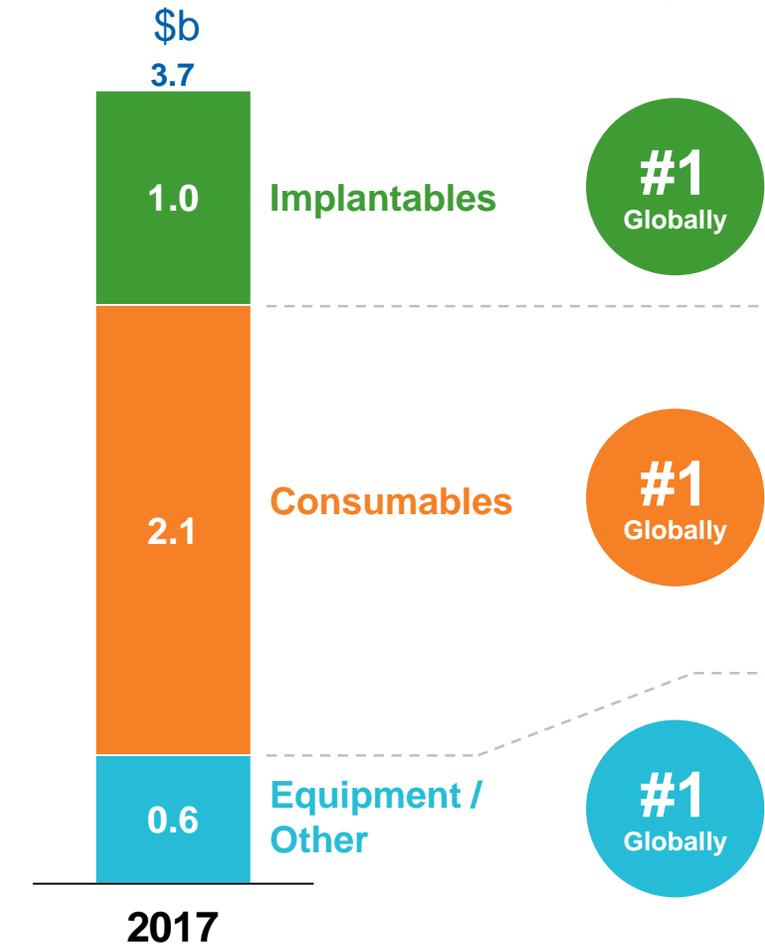
The most complete line of ophthalmic surgical devices



Surgical sales

Market position

Products



AcrySof brand IOLs
 UltraSert pre-loaded IOL
 Clareon AutoNoMe pre-loaded IOL



Cataract consumables
 Vitreoretinal instruments & consumables
 Custom surgical packs
 Refractive consumables

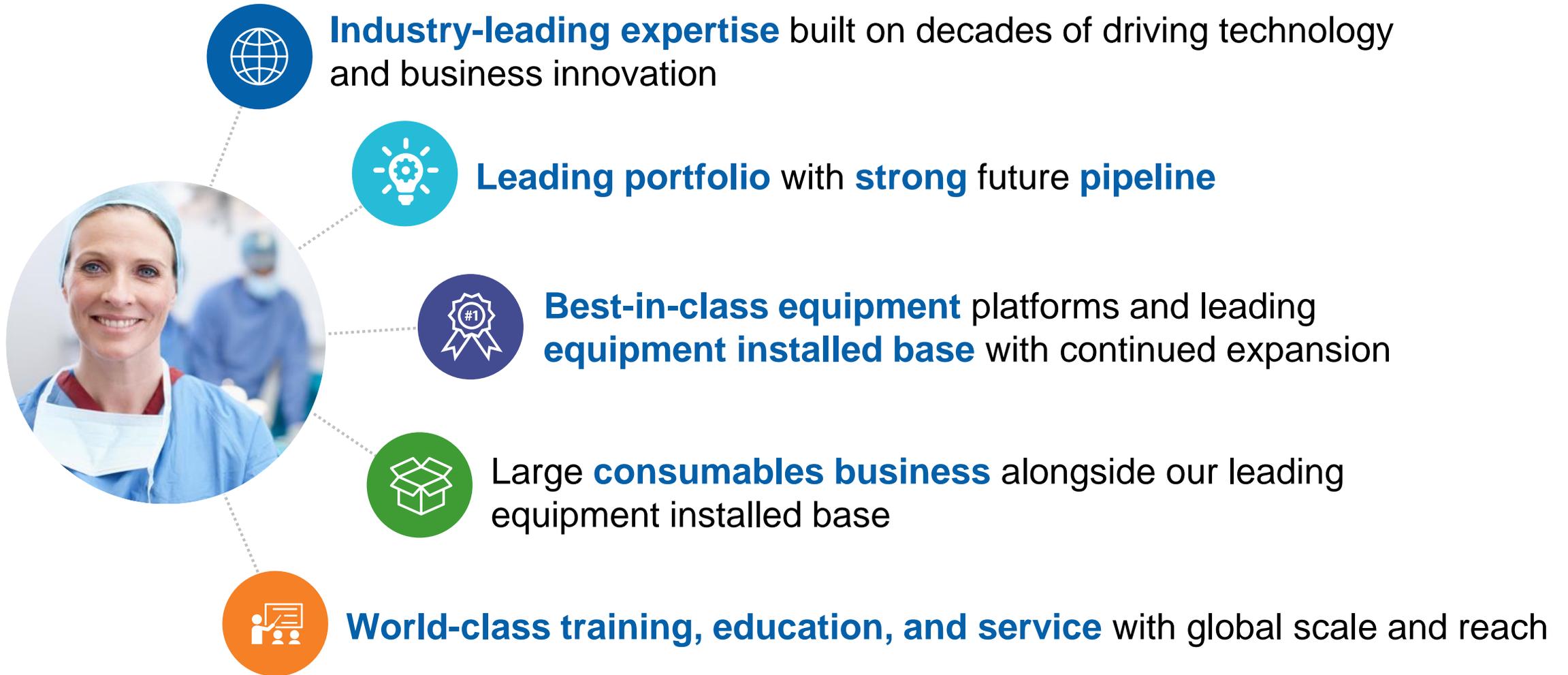


Cataract Refractive Suite
 Vitreoretinal Constellation Vision System
 Refractive Wavelight System



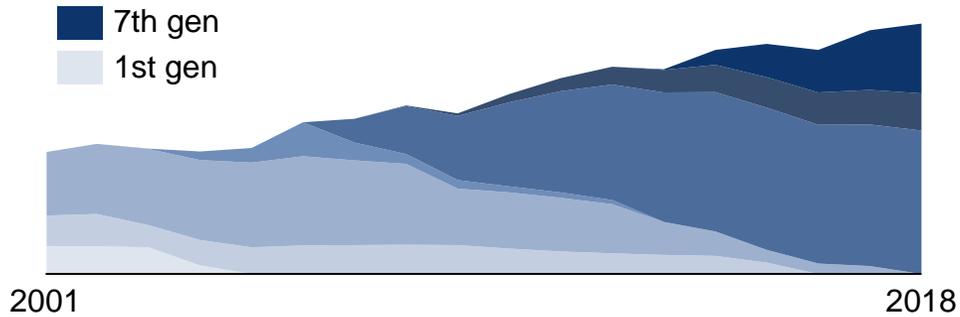
Source: Market Scope, Alcon internal estimates

Note: Implantables include IOLs, surgical glaucoma devices; Consumables include cataract, vitreoretinal, and refractive disposable instruments; Equipment includes cataract and vitreoretinal consoles and accessories, FLACS lasers, refractive lasers, equipment service & maintenance, microscopes, diagnostics, and drops for mydriatics, cyclogeics, diagnostics, and anesthetics

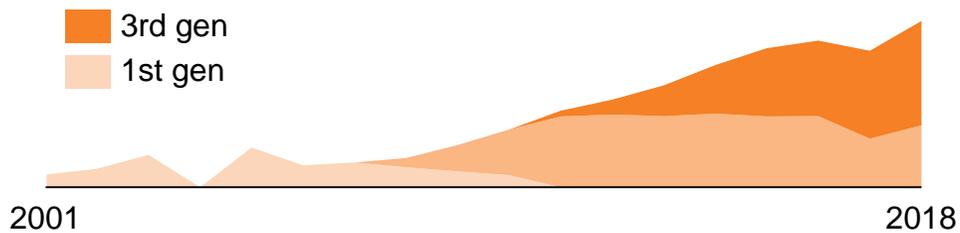
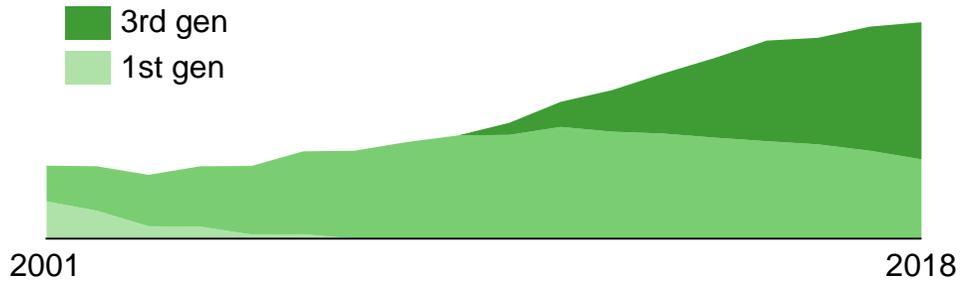


Unmatched equipment installed base

Alcon equipment installed base (2001-2018)



2017 installed base share (%)

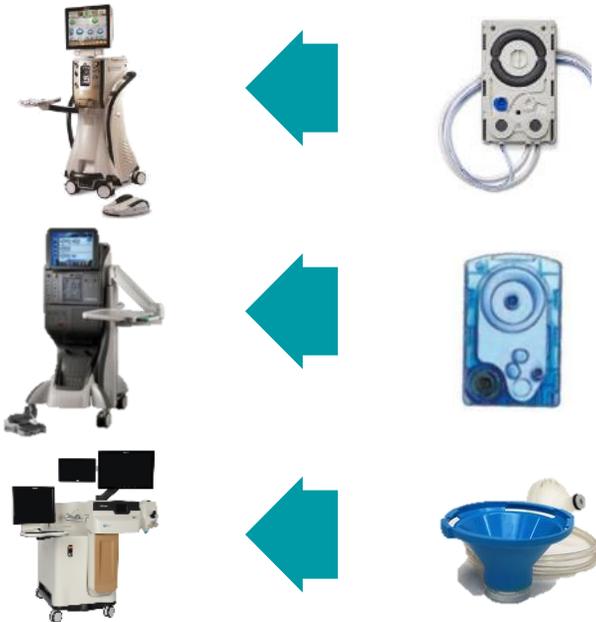


Source: Market Scope; Alcon internal estimate
 Note: All trademarks are property of the respective owner

1. Includes combined units that can perform both cataract and vitrectomy procedures
 2. Includes excimer and femtosecond lasers
 3. Refers to new installs of excimer lasers

Equipment footprint delivers a recurring consumable contribution

Consumables that work with Alcon equipment



40% of consumables sales from dedicated items¹

1. Dedicated items include fluidic management system (FMS) packs and patient interfaces

Custom Surgical Packs combining Alcon & 3rd party products



- Reduces operating room complexity, improves inventory management
- Alcon delivers over 11,000 configurations using >2,500 components worldwide

Flexible contracting methods that enable adoption of latest technology



Highest ranking of customer satisfaction in major markets



#1 overall in 13 markets representing 80% of sales



	USA	Canada	Japan	China	Germany	UK	Spain	France	Italy	India	Australia	Brazil	Mexico
Customer Satisfaction	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st
Value	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st*	1st	1st
Innovation	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st
Sales Reps	1st	1st	1st	1st	2nd	1st	1st	2nd	1st	1st	1st*	1st	1st
Training and Education	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st	1st
Number surveyed (company blinded)	203	37	110	100	86	99	117	100	118	98	99	87	96

Source: Alcon 2018 Customer Survey (n=1,299); *Asterisks indicate tie as defined by 2 percentage points; Data on file



1

Advanced Technology IOLs



- Build on new product launches to drive AT-IOL share and increase margins
- Address barriers to adoption with new technologies and business models

2

Vitreoretinal



- Deepen technology penetration in key markets
- Advance smaller incision surgery and safer vitrectomy instruments
- Accelerate conversion from optical to digital surgery

Leading global IOL share with room to grow AT-IOLs

Global IOL Segment Share % , 2017

31

22

6

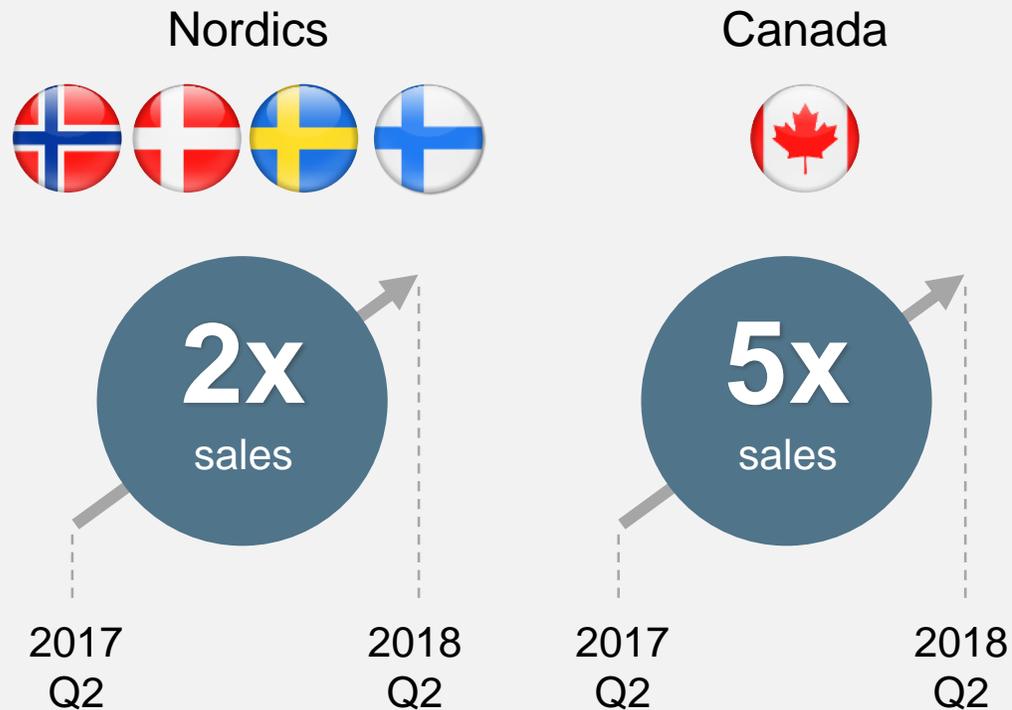
4

Segment	Description	% of Market units	Value per lens	% of Market revenue
AT-IOLs	Presbyopia Correcting (multi-focal)	8%	5-8x	30%
	Astigmatism Correcting (toric)		3-4x	
Monofocals	Myopia/Hyperopia Correcting	92%	Base Value	70%

Source: Market Scope quarterly

Note: All trademarks are property of the respective owner

Growth of presbyopia correcting IOLs with PanOptix launch



Pending regulatory approval for PanOptix

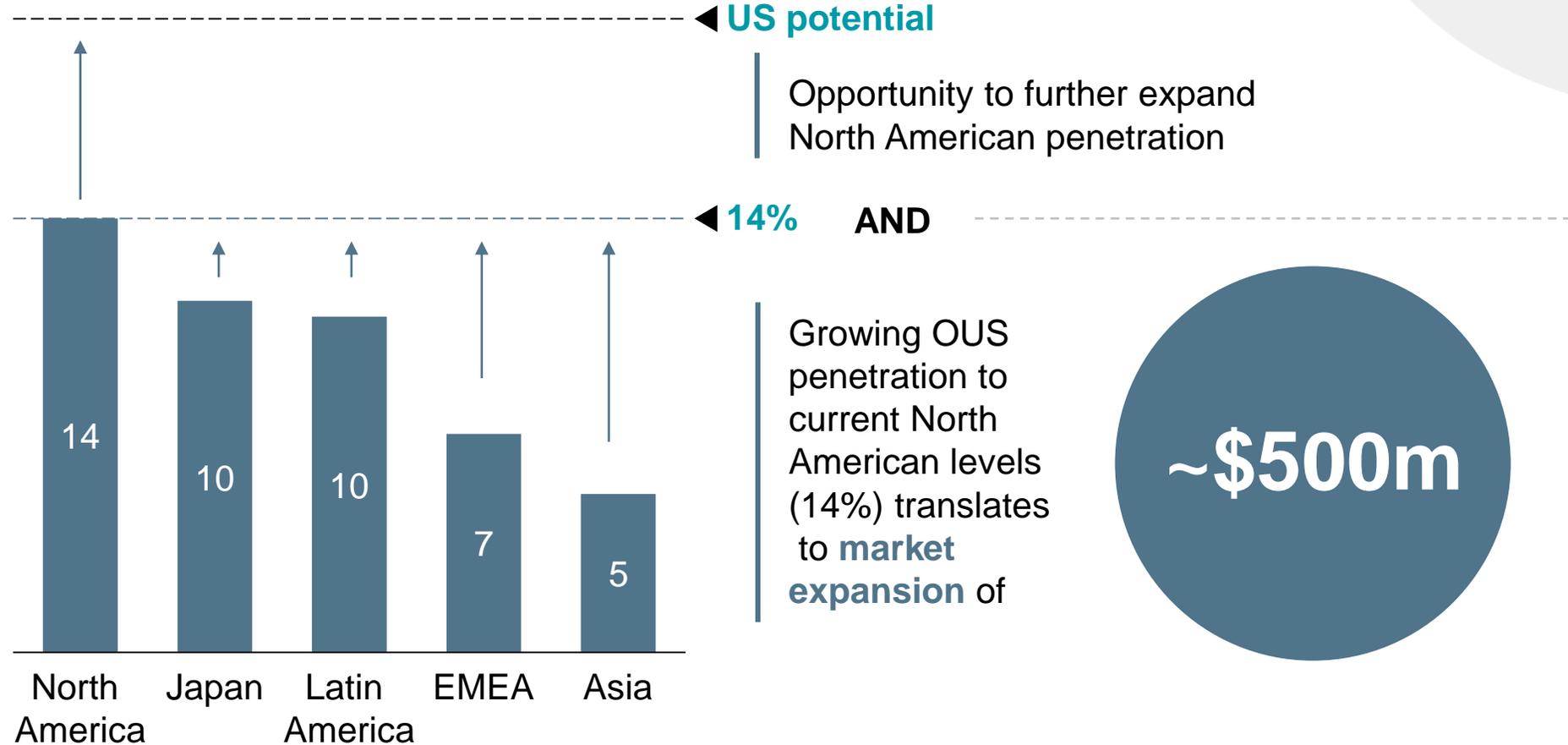
Source: Market Scope

1. Alcon internal estimates

...could lead to significant market expansion

2017 AT-IOL market penetration¹ % of units

- New innovations and technologies improve patient outcomes
- Lifestyle-driven consumers desiring spectacle independence
- Training and practice development programs to enable patient-pay



Source: Market Scope, Alcon internal estimates

1. Market Scope Quarterly, 2017 full year, percent of units divided by total IOLs

Strong vitreoretinal market growth driven by disease burden, technology advancement, and growing access

Disease Growth

Diabetes and an aging population driving **retinal disease growth**

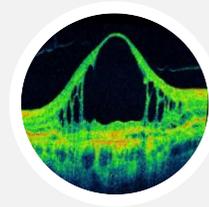


+3.4%

vitrectomy procedure growth

Technology Advancement

Improved diagnostics and advancements with safer **micro-gauge instruments**



OCT



Increased Access

Growing number of retinal specialists in underserved markets

Retina specialists
per million population

China



US



Best-in-class console preferred by a wide majority of surgeons

Preferred Vitrectomy system¹ %



Leading consumables share² and a complete portfolio

Vitreous cutters



Forceps / Instruments



Photocoagulation Laser Probes



Intraocular Gases



Strong innovation pipeline of equipment and instruments



NOENUITY
DIGITALLY ASSISTED VITREORETINAL SURGERY

FINESSE SHARKSKIN
ILM Forceps



Source: Market Scope; ASRS

1. ASRS Preferences and Trends Membership Survey (2015)

2. Share of global vitrectomy packs sold, 2018 Market Scope Quarterly

Longer term growth expected to be driven by innovation, market expansion and new business models



Accelerate Innovation

Deliver a balance of breakthrough and incremental innovation leveraging core strengths and expertise



Expand Markets & Adjacencies

Expand presence in key underpenetrated geographies and move into whitespace categories



Develop New Business Models

Create new models to maximize portfolio, reward outcomes and reduce complexity

Surgical has a broad and robust pipeline



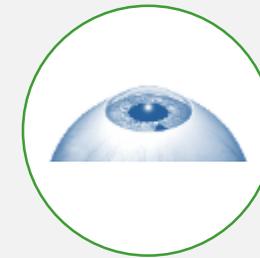
Accelerate Innovation



Next generation
AT-IOL technologies



Next generation
equipment platforms to refresh our capital equipment base and drive future consumables sales



Novel techniques for
presbyopia correction



Next generation **lasers and robotics** for cataract and vitreoretinal surgery



Technologies to bring **efficiency** to surgical planning, using **predictive technologies** and **artificial intelligence** to improve diagnostics and outcomes



Expand Markets & Adjacencies

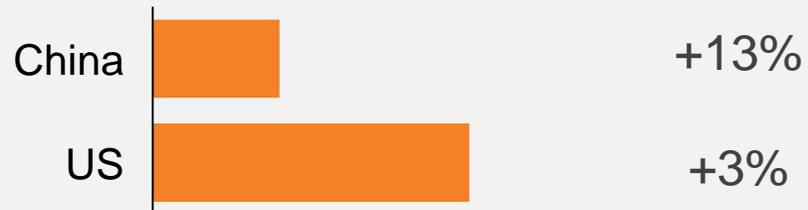


Invest in **fast-growing** and **underpenetrated** markets (e.g., China)



2017 IOL share
% of units

2017 IOL market growth
Units



Expand share in
Diagnostics and Visualization



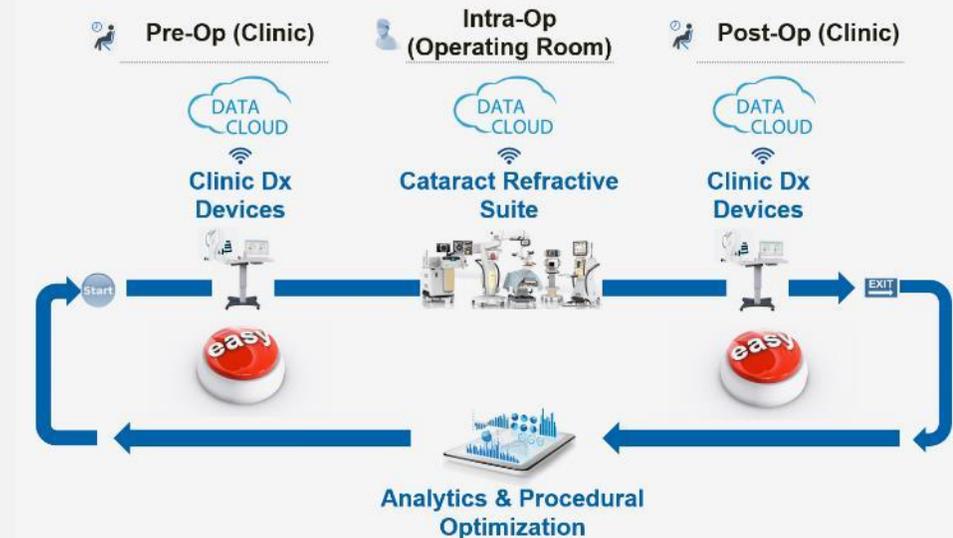
\$600m+
Global market¹



Develop New Business Models



Shift from individual product to **full procedure contracts**
Value-based models that reward improved **patient outcomes**



Digital health offerings delivered as a service through an ecosystem of **networked equipment**

Our Surgical business has **solid fundamentals...**



- #1 global installed base
- Stable equipment footprint delivering a recurring consumable business
- Solid procedural growth

...with strong **near-term opportunities** to drive growth...



Share gains from AT-IOL launches

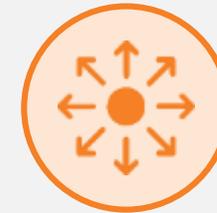
Vitreoretinal technology upgrades and share expansion



...and a **long-term strategy** to drive **accelerated growth**



Broad and robust pipeline with new technologies coming to market



Leading positions in underpenetrated markets with opportunities in adjacencies



New business models to improve efficiency and outcomes

A close-up photograph of a human eye. The eye is looking directly at the camera. A contact lens is visible on the eye, reflecting a landscape scene with trees and a bright sky. The iris is a light brown color. The eyelashes are dark and well-defined. The background is a soft, out-of-focus grey.

Alcon

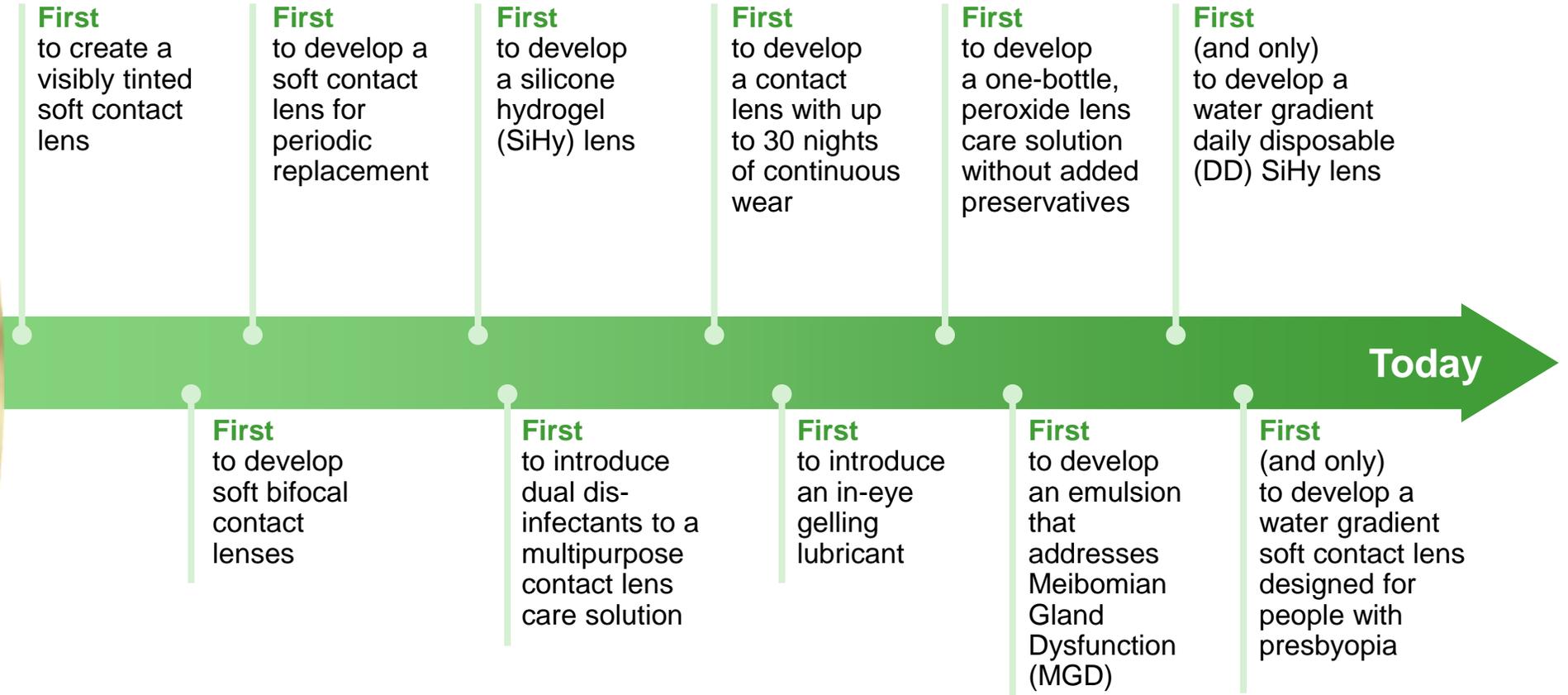
Vision Care

A horizontal bar composed of several rectangular segments in various colors: green, yellow-green, teal, dark teal, blue, purple, and magenta.

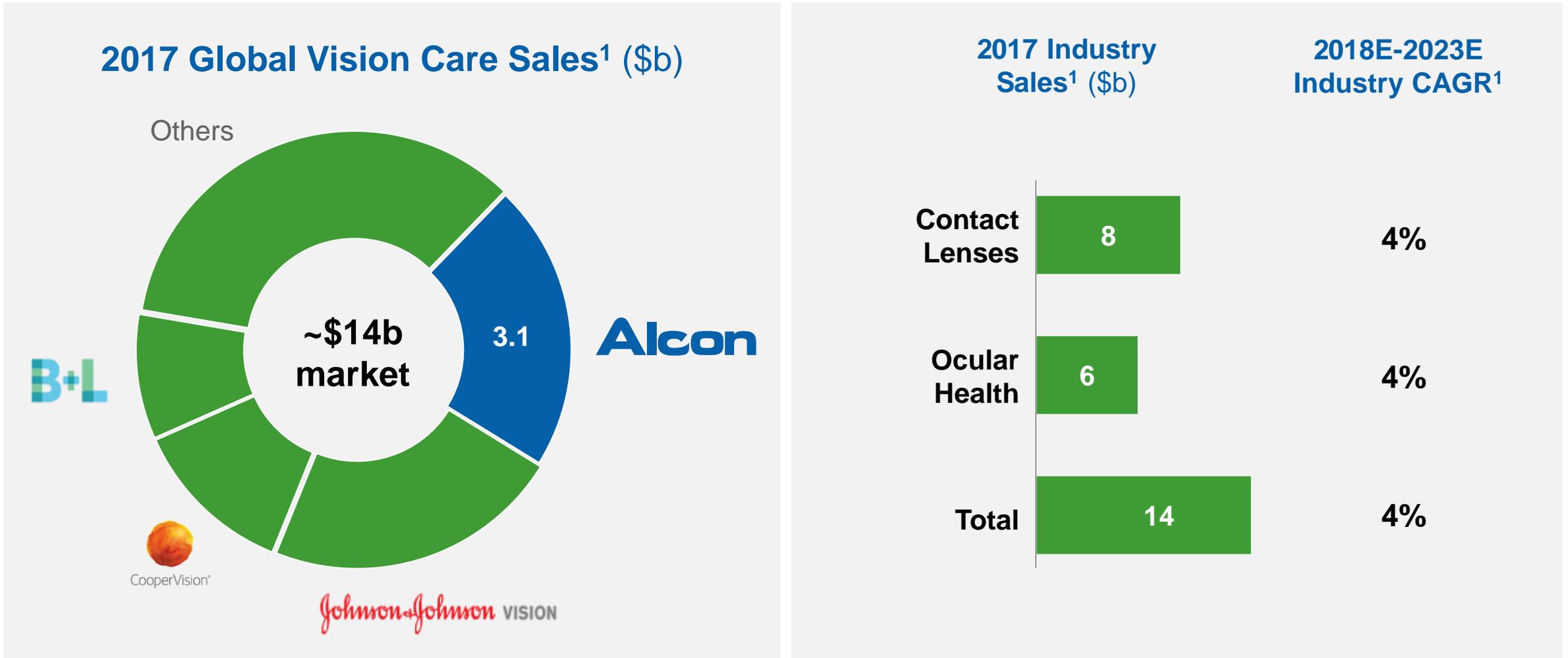
Andy Pawson

President & General Manager, Global Vision Care

Strong legacy of innovation



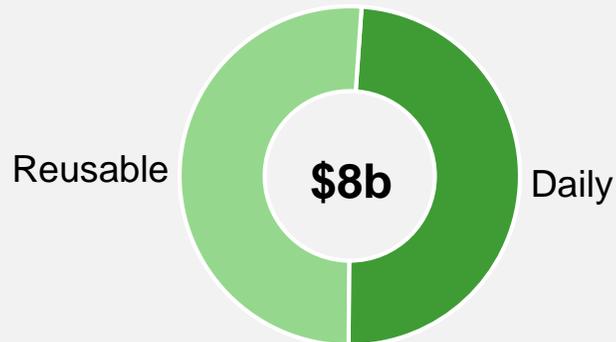
A leading position in the global Vision Care market



1. Source: GFK, Nielsen, IQVIA, CBG, Euromonitor data, Market Scope, Company filings, Alcon internal estimates; see "Legal Disclaimers" on slide 5 for more information about future industry growth projections
 Note: All trademarks are property of the respective owner

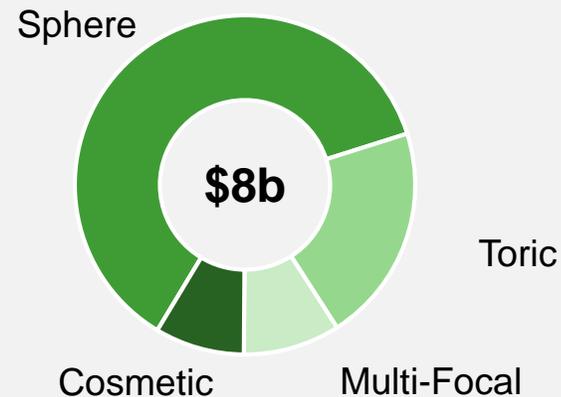
2017 Contact Lens Market Breakdown¹ % Sales

MODALITY



- Market shifting from reusable to daily disposable lenses
- Sales per patient increases 2-3x for daily disposable wearers

DESIGN



- Increasing demand for premium lenses (Toric, Multi-Focal, Cosmetic)
- Premium lenses command ~15-30% premium over spherical lenses due to added benefits

GEOGRAPHY

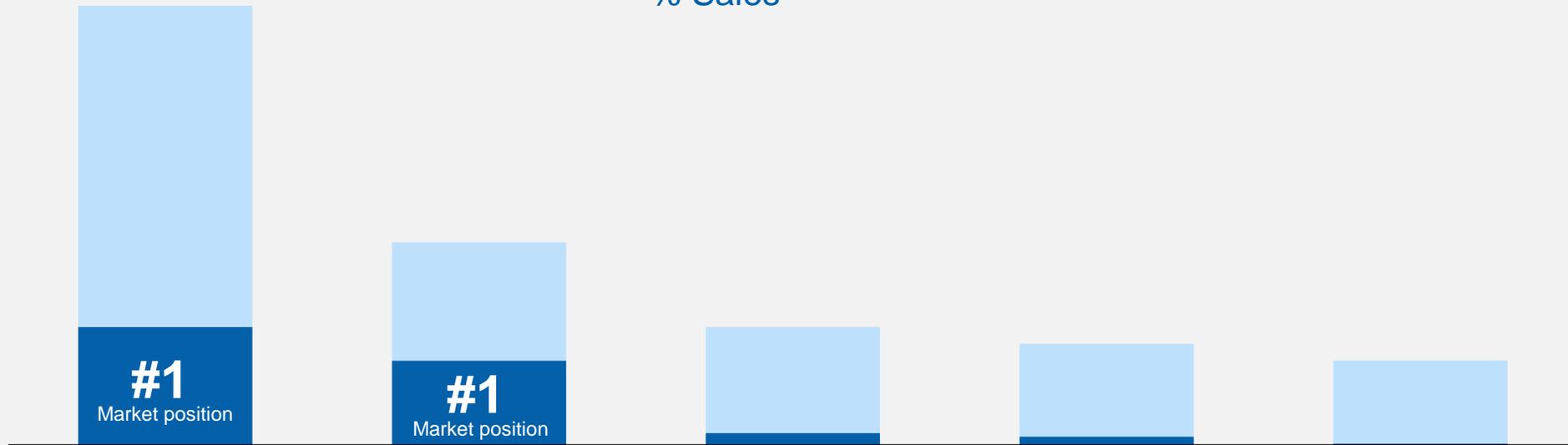


- Accelerating growth in under-penetrated international markets
- North America, Western Europe, and Japan remain highest penetration markets

Significant opportunity for growth in Ocular Health

2017 Ocular Health Market Breakdown¹
% Sales

Alcon



Dry Eye



Contact Lens Care (CLC)



Vitamins



Allergy



Red Eye



Market forces

Increased awareness of treatment options drives demand

Growth in daily lenses inversely impacts CLC in developed markets

Aging population leads to uptick in consumption

Growth in market with younger population and increased economic means

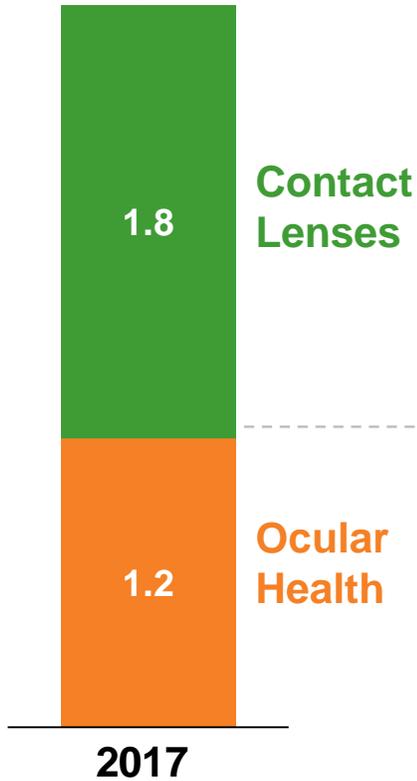
New technology revitalizing growth, disadvantages older mechanisms

1. Source: Nielsen, IQVIA, CBG, Euromonitor data, Market Scope, third party research, and Alcon internal estimates

A leading portfolio of recognizable brands

Vision Care sales

\$b
3.1



Contact Lenses

Ocular Health

Market position¹



Portfolio includes:

DAILIES TOTAL1
water gradient lenses

DAILIES AquaComfort Plus

AIR OPTIX monthly reusable lenses

AIR OPTIX COLORS cosmetic lenses

FreshLook cosmetic lenses



SYSTANE family of Dry Eye products

CLEAR CARE cleaning and disinfecting solution

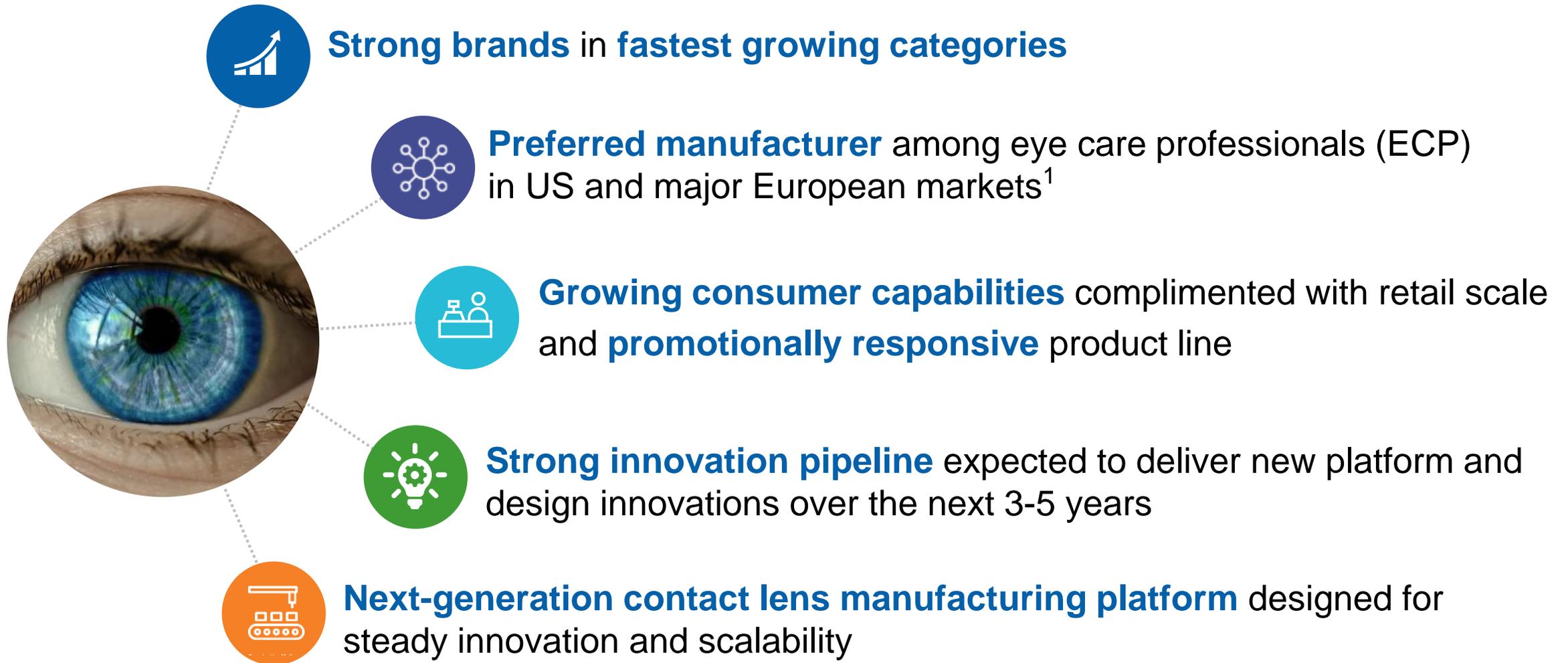
OPTI-FREE family of multi-purpose solution and rewetting drops



Note: Numbers may not add up due to rounding

1. Source: Nielsen, IQVIA, CBG, Euromonitor data, Market Scope, third party research, and Alcon internal estimates

	Contact Lenses		Ocular Health	
	Daily Disposable	Reusable	Dry Eye	Contact Lens Care
Market Position	#2	#2	#1	#1
Key Brands	 	 		
Product highlights	<ul style="list-style-type: none"> DAILIES TOTAL1 is first and only water-gradient lens, considered super-premium in SiHy Industry-leading multifocal design 	<ul style="list-style-type: none"> SmartShield protects against deposits HydraGlyde maintains moisture through end of day 	<ul style="list-style-type: none"> SYSTANE Complete: fast-acting, long lasting relief recommended by doctors and pharmacists 	<ul style="list-style-type: none"> CLEAR CARE offers triple-action cleaning OPTI-FREE: Most recommended brand among eye care professionals



1

DAILIES TOTAL1



- Grow DAILIES TOTAL1 family of products
- Expand presbyopia category through increased consumer awareness, lens comfort and quality
- Capitalize on market shift to daily disposable

2

Dry Eye

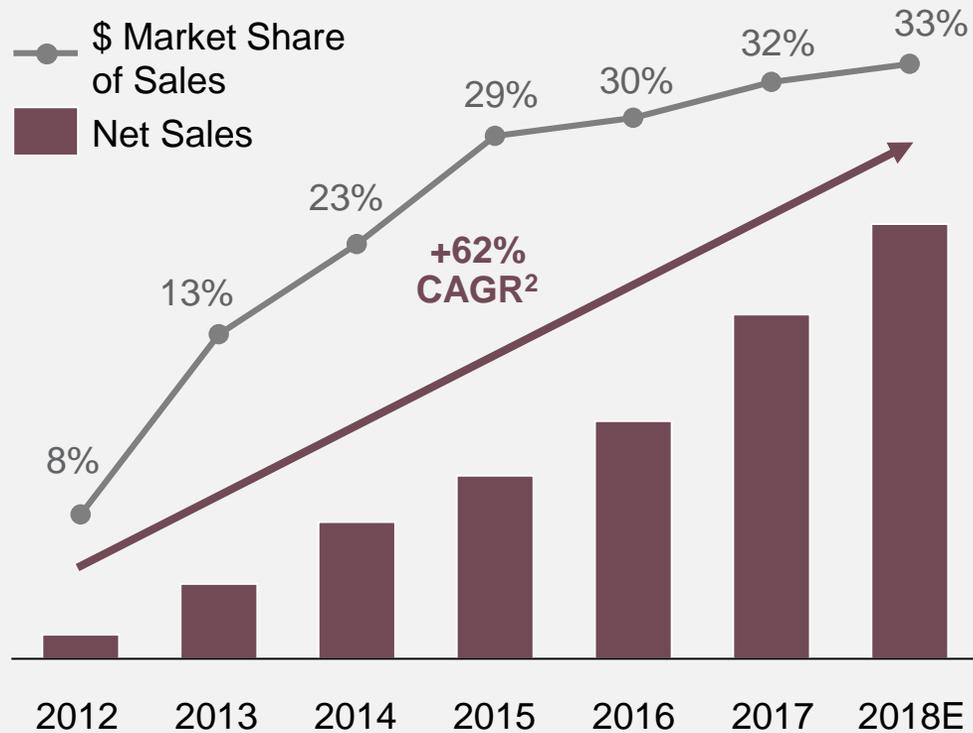


- Continue global roll-out of SYSTANE Complete
- Leverage #1 position in Dry Eye
- Grow consumer demand with investments in DTC marketing

Building on the success of DAILIES TOTAL1 and its proprietary technology

DAILIES TOTAL1 Sales and Market Share, 2012 – 2018E¹

\$m, % share in DD SiHy segment



Source: GfK, Alcon internal estimates

1. Revenue and share numbers for 2018 are projected based on August 2018 year-to-date data.

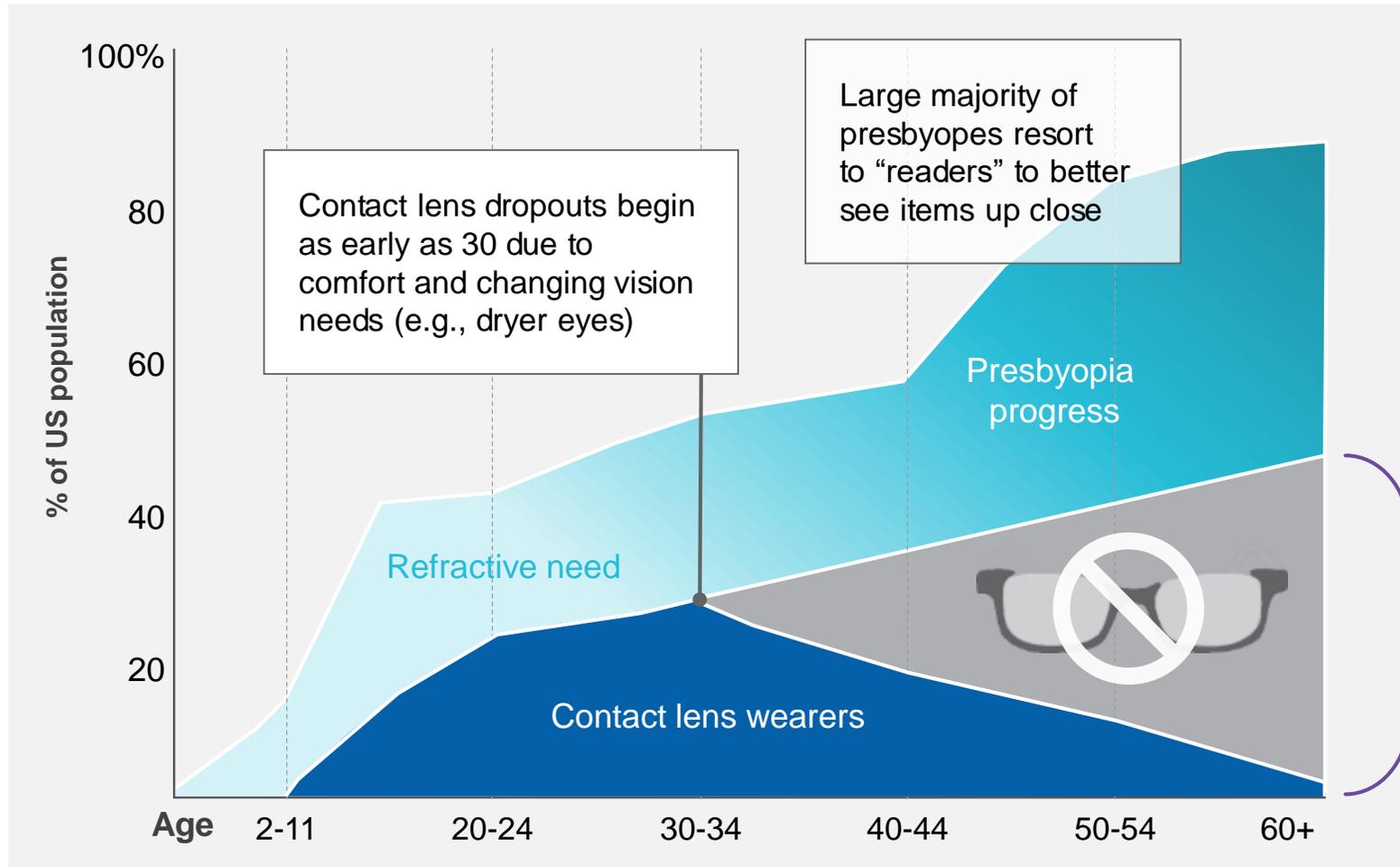
2. For additional information regarding the constant currency (cc) figures presented above, which is a non-IFRS measure, see "Appendix" starting on slide 112

Growth outlook remains strong:

- #1 brand in category with \$1b+ sales potential
- Shift to daily disposable lenses
- Continued growth in multifocal
- Increased DTC investment behind the brand



With age, eyes get dryer and presbyopia sets in, creating an opportunity for DAILIES TOTAL1 multifocal



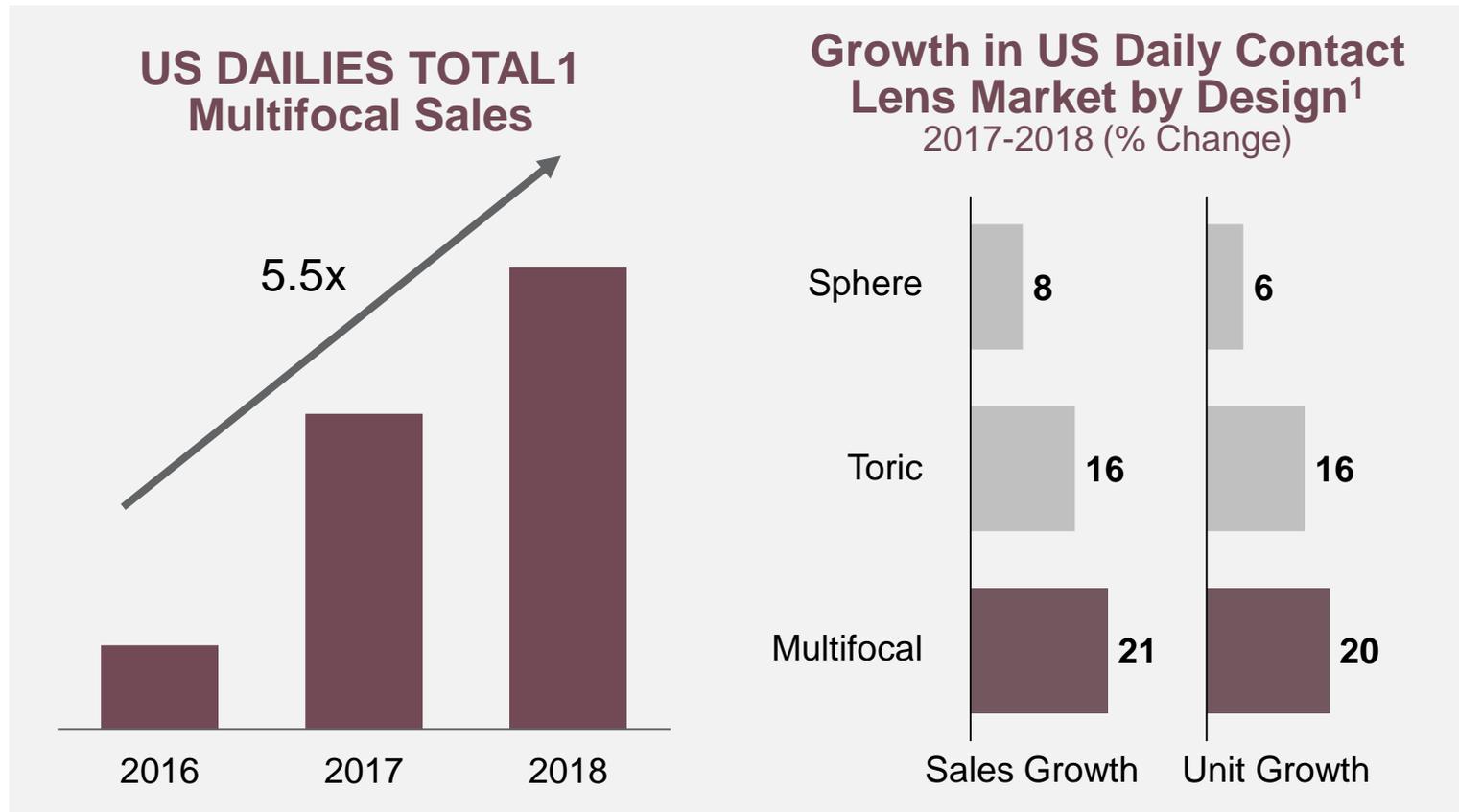
Alcon's right to win:

- Proprietary multifocal design with high-performing DAILIES TOTAL1 technology
- New awareness and education campaign for consumers
- Intuitive fitting tools for ECPs

Results of DAILIES TOTAL1 multifocal campaign have been promising

DAILIES TOTAL1[®]
MULTIFOCAL

DAILIES TOTAL1[®]
ONE-DAY CONTACT LENSES



Alcon's "Lose Your Readers" campaign

Source: Internal figures, GfK; Coverage includes retail sales, excludes internet sales
1. H1 2017 vs H1 2018

'Lose Your Readers'
Commercial

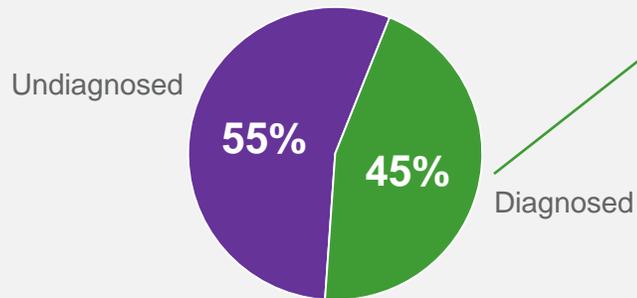
Dry eye is a large market with untapped potential

Overall Opportunity

352 million people worldwide suffer from **dry eye symptoms**¹

Untapped Opportunity

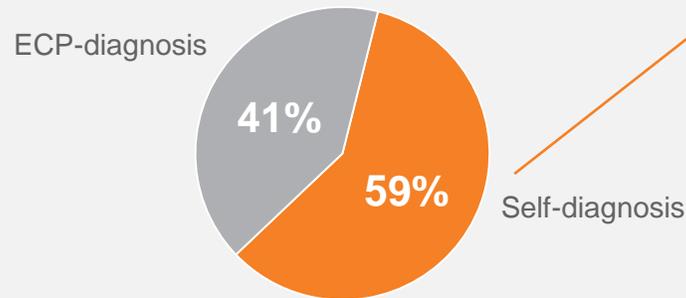
AWARENESS



194 million (55%) dry eye patients remain undiagnosed²

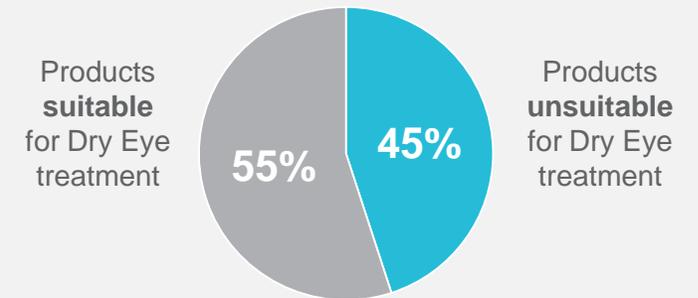


DIAGNOSIS



Of the patients that are diagnosed, **93 million (59%) self-diagnose**²

TREATMENT



42 million patients (45% of self-diagnosed patients) self-select products that are unsuitable for dry eye treatment^{3,4}



Sources:

1. Market Scope – 2017 Dry Eye Products Report

2. Kantar Health (Jun 2011)

3. Global eye drop segmentation study (01-2017) Global eye drop segmentation study (01-2017). Directions Research. Fielded among 2,861 eye drop shoppers in US, UK, RU, JP, DE, BZ

4. Systane Global ATU- ECP Report (Dec 2016). Novartis Product Lifecycle Service Primary Research. Fielded among 536 ophthalmologists, 134 optometrists in US, FR, DE, SP, UK, CA, BZ, MX, AUS, IN, TU, CN

Opportunity areas

SYSTANE is the world leading brand for dry eye

Alcon

Systane
COMPLETE
LUBRICANT EYE DROPS

Comprehensive portfolio

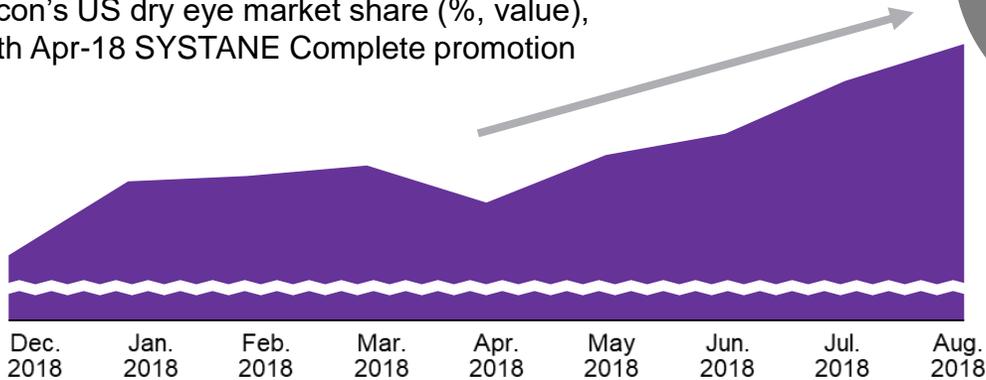


Responsive to DTC advertising



\$3.5b
dry eye
opportunity²

Alcon's US dry eye market share (% value), with Apr-18 SYSTANE Complete promotion



Best-selling dry eye franchise in artificial tear solutions¹

Sources:

- Nielsen – US & Canada
- Alcon internal estimate, MarketScope

#1

Doctor Recommended
brand for dry eye
symptom relief



ECP supported brand

Longer term growth expected to be driven by innovation, expansion and new business models



Accelerate Innovation

Launch a wave of products across new platforms that better address consumer needs



Expand Markets & Adjacencies

Expand presence in key underpenetrated categories and move into adjacent areas



Develop New Business Models

Develop new omni-channel go to market business solutions that empower eye care professionals and consumers



Accelerate Innovation



HydraGlyde
expansion for
AIR OPTIX



PRECISION1 to
enter the daily
disposable
mainstream SiHy
segment



DAILIES TOTAL1
for **astigmatism** to
complete the
premium offering



Next generation reusable **water
gradient** lens



Novel designs for **presbyopia
correction**

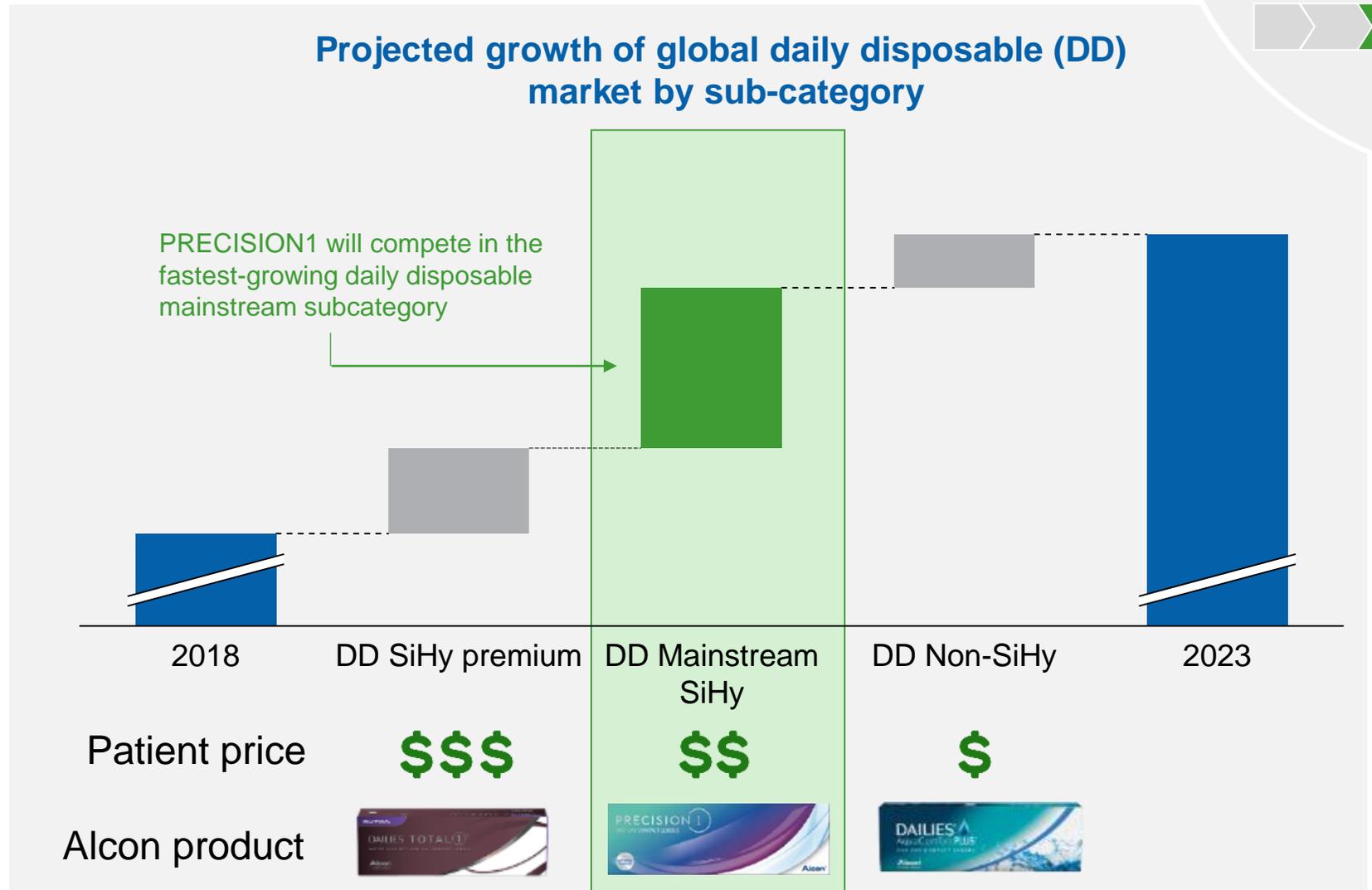
PRECISION1 expected to be a top performing contact lens in its class



Accelerate Innovation



PRECISION1 contact lenses will aim to offer **top performance** in its class





Expand Markets & Adjacencies

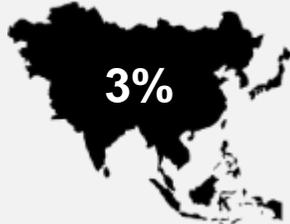


Expand contact lens penetration

U.S. Multifocal Penetration¹
% of units



Asia CL Penetration¹
% of units



>6X
market
opportunity

\$300m+
for a percentage
point increase

Filling SYSTANE portfolio



- Launch new SYSTANE products and technology to address physician and consumer preference
- Complete global offering

Innovation in new spaces



- Utilize dry eye as a foundation to expand in adjacent areas
- Continue to explore nascent technologies

Developing digital platforms to address ECP and consumer 'pain points'



Develop New Business Models

Current market challenge

- E-commerce seen by ECP's as a threat versus opportunity
- Inadequate tools to fully address changing patient and ECP needs
- Patients only seeing appointments as a transaction
- Multiple digital platforms, with limited integration

Alcon solutions



Our Vision Care business has **solid fundamentals...**



- Growing market with low penetration rates and favorable trends
- Strong brands in the fastest growing categories
- Innovative pipeline to capture future growth

...with strong **near-term opportunities** to drive growth...



Winning in daily disposables

Leading in presbyopia with DAILIES TOTAL1 multifocal

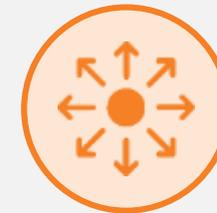


Driving category growth of dry-eye

...and a **long-term strategy** to drive **accelerated growth**



New **contact lens technologies** on an **innovative platform**



Category penetration, portfolio expansion, and adjacent areas



Digital business models with **ECP at the center** of the consumer experience



Alcon

Innovation



Franck Leveiller

Sr. Vice President, Head of Global R&D

We aspire to lead the world in eye care innovation

Alcon

Commitment
to innovation



with increased
investments in R&D

Pipeline fueled
for growth

100+

active projects and 35+ with
positive proof of concept or
under regulatory review

Close partnerships with eye
care professionals



and key
research institutions

Partner of choice for
external innovation

>20

deals since 2016

Legacy of industry firsts
and advancements



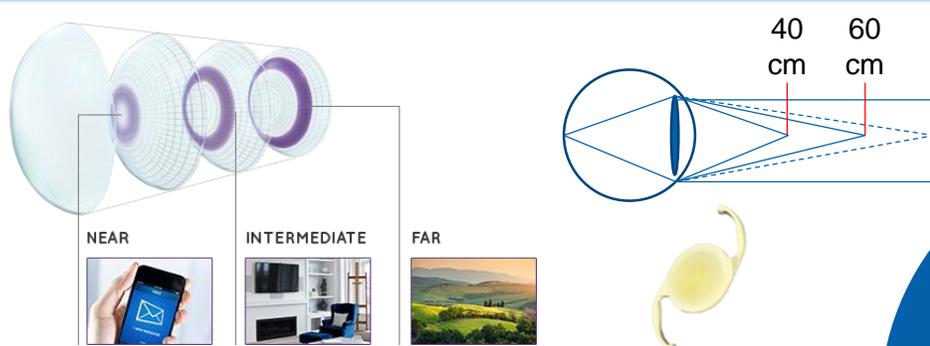
have built a
strong reputation

Focused on eye care with
leading talent and expertise

>1,200

employees in R&D with over
11,000 granted patents

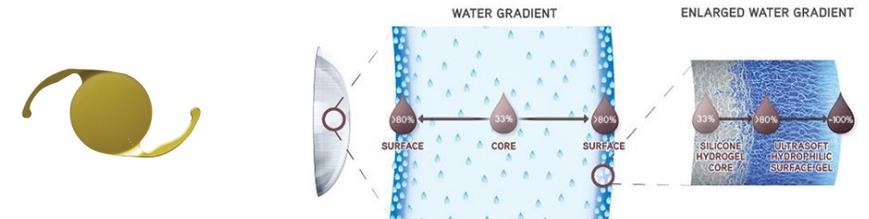
Optics



Material & Surface Chemistry

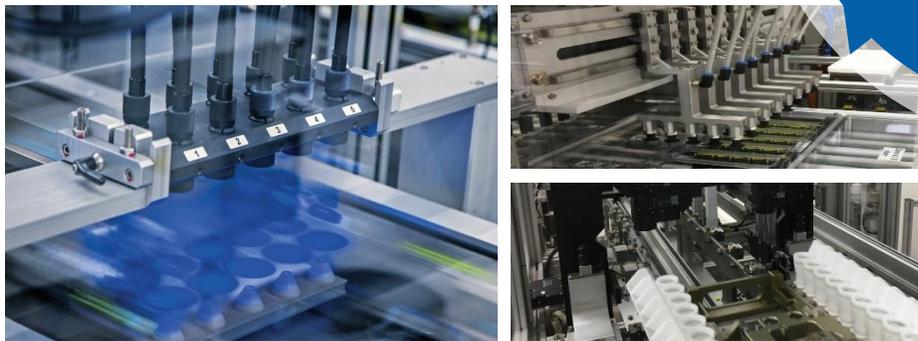


DAILIES TOTAL1®



Clinical Development

Automation



Equipment & Instrumentation



Optics

2 Presbyopia Correcting

1 Astigmatism Correcting

Best in class stabilization of contact lenses and IOLs



Diffractive

Best in class IOL
PanOptix ENLIGHTEN



Non-Diffractive

Market leading contact lens design
Novel IOL proprietary design



Accommodating, Adjustable & Modular

Innovative new technologies
PowerVision Fluid Lens Technology



Material & Surface Chemistry



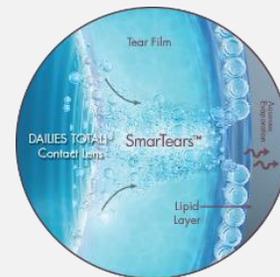
Blink activated moisture to preserve the tear film



Superior protection against deposits while maintaining moisture



1st in class water gradient with ultrasoft hydrophilic surface gel



Aqueous extraction and surface treatment



Next generation water gradient





Clinical Development

Patient Reported Outcomes



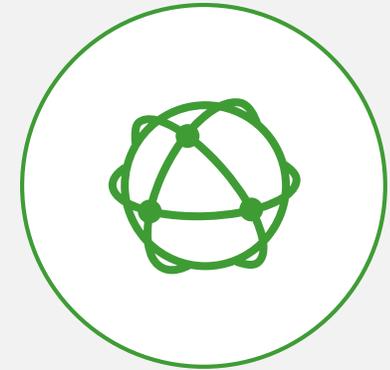
Validated, proprietary tools to measure subjective outcomes

Exploratory Studies



Ability to iterate designs quickly through an internal innovation model

Global Footprint



Strong relationships with health authorities and regulatory agencies

New contact lens manufacturing platform expected to provide flexibility, efficiencies and rapid scalability

Automation



Improving cycle times



Increasing flexibility

Developing quality (no-touch)



Delivering productivity



New Contact Lens Platform

Output per line



~40%
improvement

Cost per lens



~40%
improvement

CAPEX per line



~35%
improvement

The future of cataract surgery relies on seamless data exchange and cloud-based decision support

Equipment & Instrumentation



Connected equipment seamlessly moving data from clinic to the OR

Applications to simplify the complexity of eye surgery and add efficiency

Cloud-based decision support to improve screening and outcomes



PHILIPS

SMART Suite by Alcon
DIGITAL HEALTH SOLUTIONS

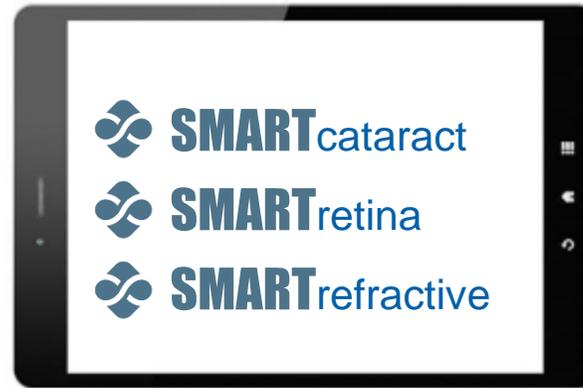
Artificial Intelligence & optimization



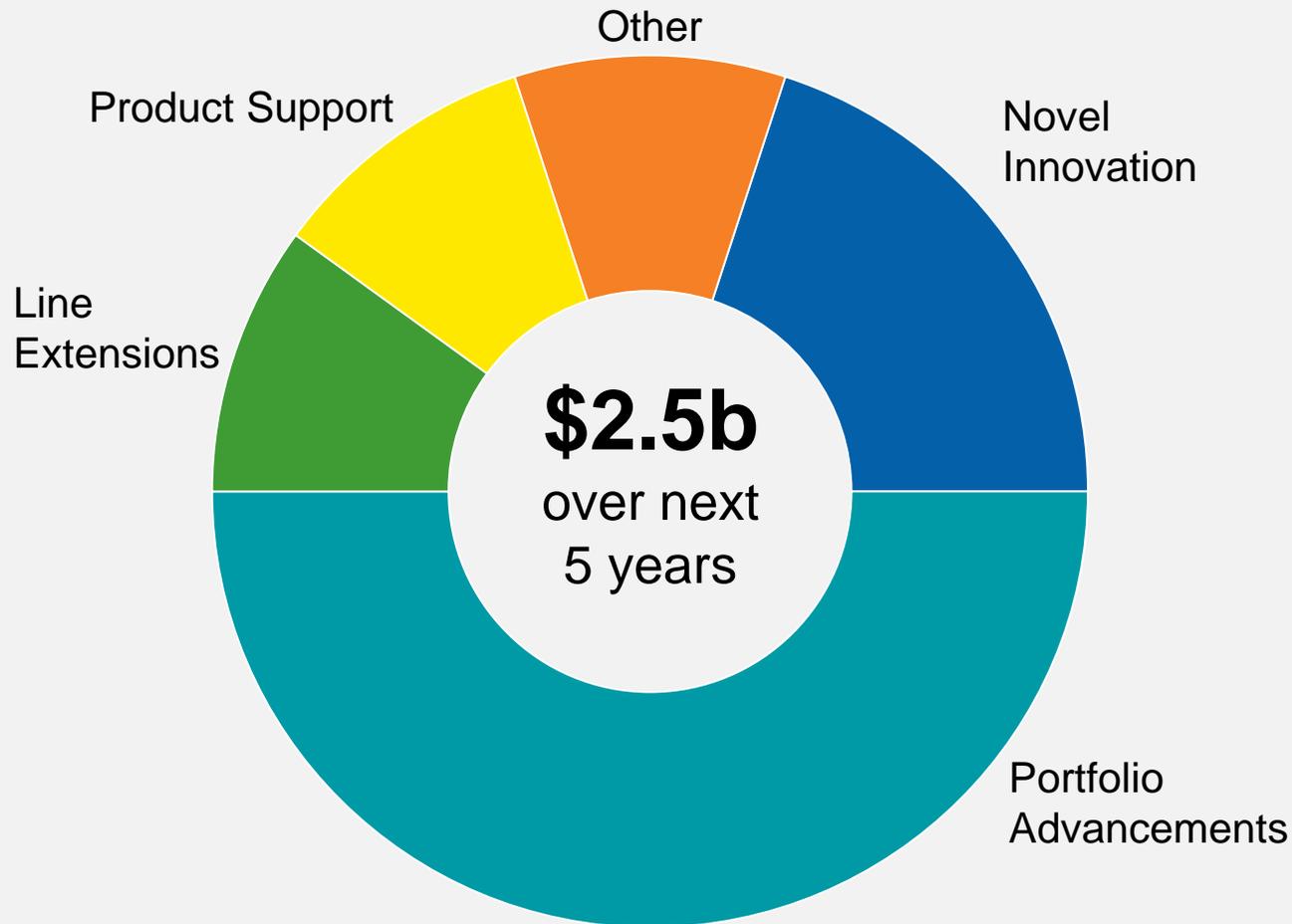
Clinic devices



Operating room devices



Majority of investments support novel innovation and portfolio advancements



Novel Innovation

Advanced technology programs:

- Customized & novel optics
- Robotics & digital health solutions
- New presbyopia solutions
- Unique delivery devices
- Laser enhanced surgery



Portfolio Advancements

Incremental improvements:

- Improved contact lens & IOL materials
- Automated manufacturing
- New equipment platforms
- Integrated surgical diagnostics
- New laser upgrades



Leading reputation and strong relationships in ophthalmology



Commercial strength and global reach to maximize potential of new technologies



Execute a range of agreements, e.g. equity stakes, options, licenses, acquisitions

Examples of recent agreements

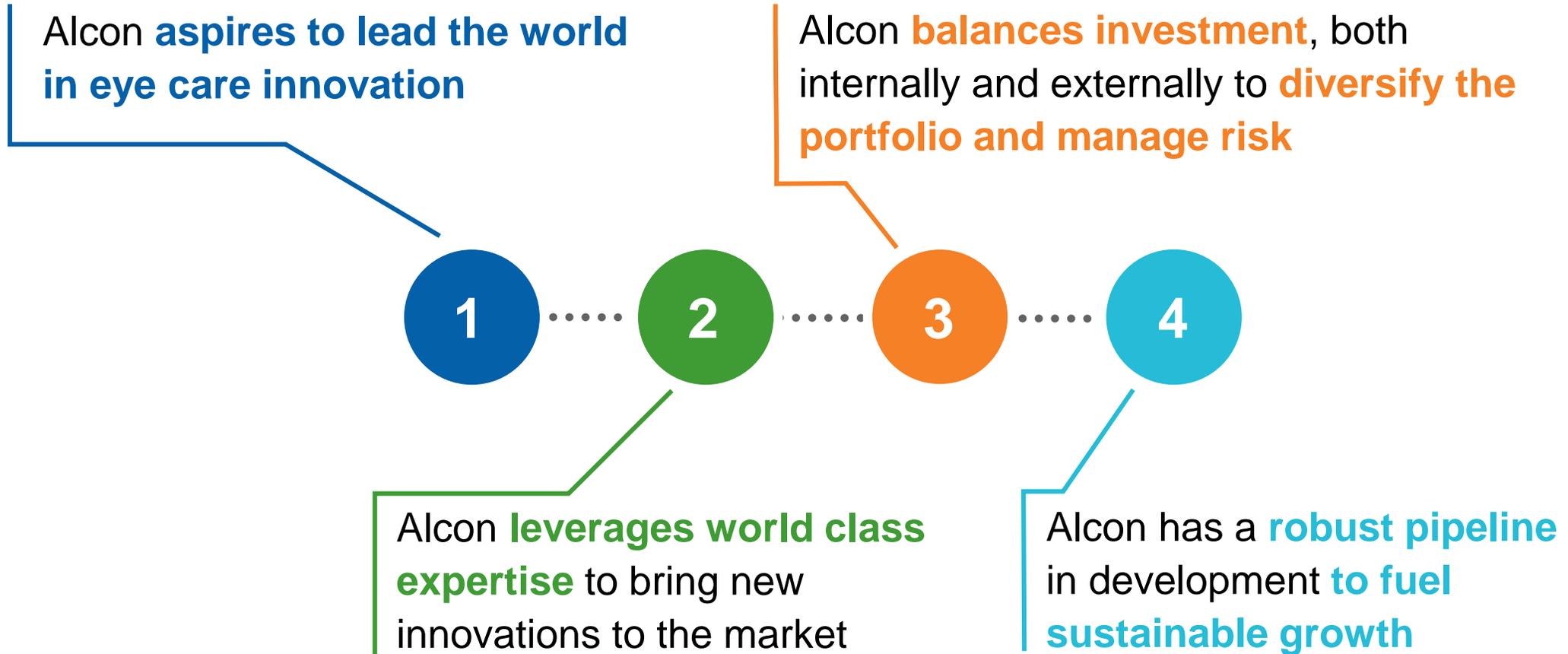


Rich pipeline to fuel growth into the future

SELECTED LAUNCHES

	Recent	2018 - 2020	2020+
SURGICAL	<p>Clareon with AutonoMe (Intl)</p> <p>UltraSert</p> <p>PanOptix Trifocal (Intl)</p> <p>ReSTOR Toric with ACTIVEFOCUS (US)</p> <p>NGENUITY 3D</p>	<p>PanOptix Trifocal (US)</p> <p>Non-diffractive presbyopia correcting IOL</p> <p>Clareon with AutonoMe (US)</p> <p>ORA System with VerifEye Lynk</p> <p>CENTURION Active Sentry Handpiece</p> <p>Alcon first Digital Health Platform</p>	<p>4 major new IOL platforms (e.g. accommodating)</p> <p>Next generation cataract and vitreoretinal technology platforms</p> <p>Integrative technologies to connect the clinic to the operating room</p>
VISION CARE	<p>AIR OPTIX plus HydraGlyde</p> <p>DAILIES Total1 Multifocal</p> <p>Clear Care plus HydraGlyde</p>	<p>SYSTANE Complete</p> <p>FRESHLOOK – 5 new designs</p> <p>AIR OPTIX plus HydraGlyde (Toric and Multifocal lenses)</p> <p>PRECISION1 new daily disposable contact lens platform</p> <p>DAILIES Total1 for Astigmatism</p>	<p>2 innovative new contact lens platforms</p> <p>Accommodating contact lens</p> <p>SYSTANE product line expansion</p>

Note: Global launch unless otherwise indicated





Alcon

Financial Overview



David Murray

Chief Financial Officer

Sales growth

- Attractive market fundamentals
- Clear focus on 4 product initiatives to drive near term growth
- Accelerate innovation, expand markets & adjacencies and develop new business models to drive mid-to long-term growth

Operational excellence

- Operating leverage through sales growth
- Disciplined cost management and increased productivity
- Focusing resources towards customers

Free cash flow (FCF)¹ generation

- Growth, efficiencies and disciplined cash management
- Expect to drive 2.5 to 3.0 fold increase in FCF over the next five years

Value maximizing capital allocation

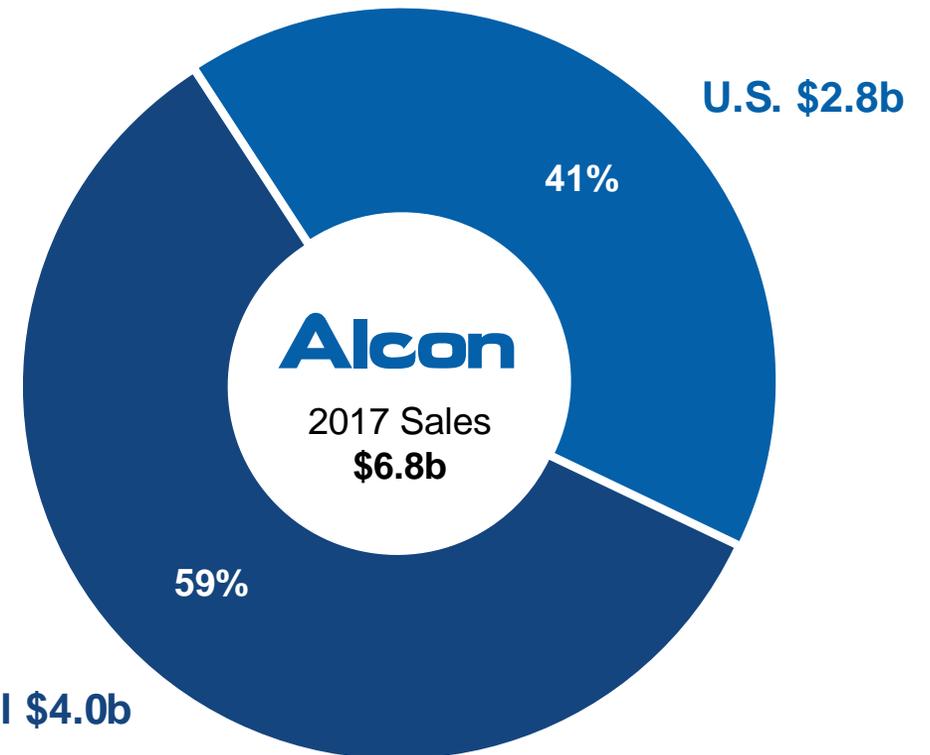
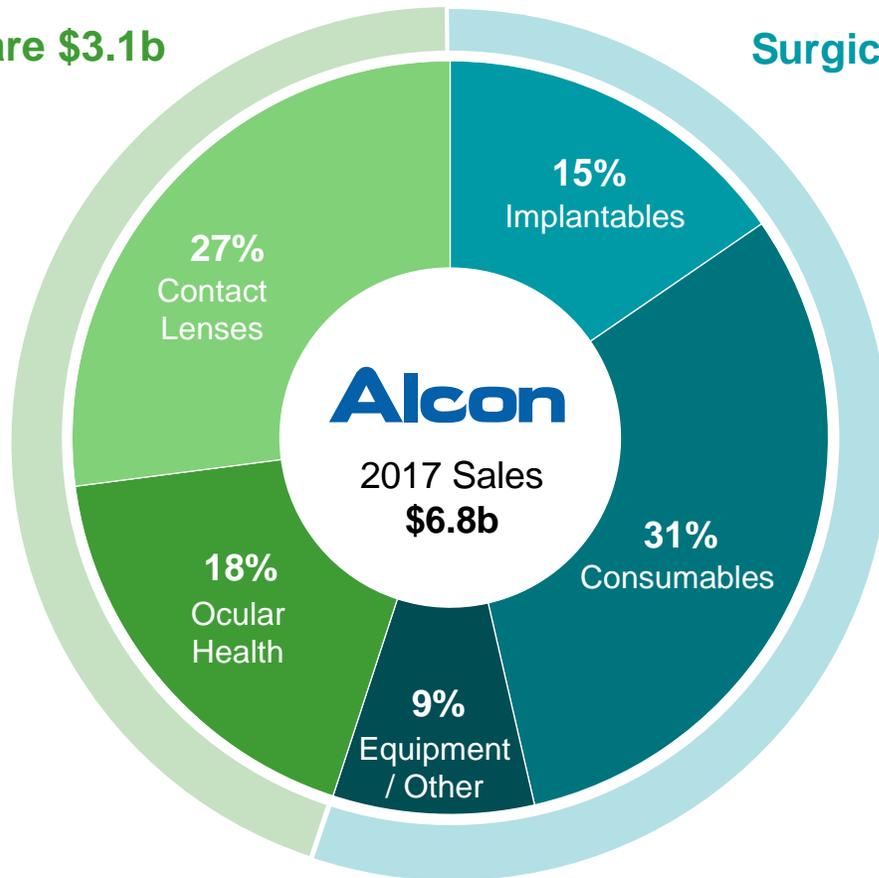
- Focus on shareholder value creation
- Investing in future growth via well-defined capital allocation plan
- Expect to pay regular cash dividend beginning in 2020 (for business year 2019)²

1. For additional information regarding free cash flow, which is a non-IFRS measure, see "Appendix" starting on slide 112 and "Legal Disclaimers" on slide 5

2. Note: Regardless of the separation of Alcon, Novartis intends to continue paying a strong and growing dividend in Swiss francs, building on the CHF2.80 per share paid in March 2018

Vision Care \$3.1b

Surgical \$3.7b



Several consecutive quarters of sales growth

Quarterly sales growth¹ (% growth constant currency)



Invested in people



Invested in direct-to-consumer advertising



Improved supply and service levels



Launched new products

Note: Numbers may not add up due to rounding. Some quarterly growth rates have been impacted by inventory movements.

1. Sales growth figures presented in constant currency (cc), which is a non-IFRS measure. For additional information regarding the constant currency figures presented see "Appendix" starting on slide 112

Progressive annual improvement in core operating margin

Quarterly core operating income margin¹ (% of sales)



Focus has been primarily on top-line growth to drive margin improvement



Allocated more investment & resources to the front line



Invested to reinvigorate the pipeline



Implementing productivity measures

Note: Numbers may not add up due to rounding

1. For additional information regarding core operating income margin, which are non-IFRS measures, see "Appendix" starting on slide 112

Financial performance in 2018 year-to-date

	9M 2017A	9M 2018A	Variance ¹
Total sales	\$5.0bn	\$5.4bn	6% (cc)
Surgical	\$2.7bn	\$3.0bn	8% (cc)
Vision Care	\$2.3bn	\$2.4bn	3% (cc)
Core gross margin ¹	62.5%	63.7%	+125bps
Core operating margin ¹	16.2%	17.8%	+156bps

- Surgical driven by double digit growth of AT-IOLs & continued growth in consumables and equipment
- Vision care driven by double digit growth of DAILIES TOTAL1 and growth of Systane due to the launch of Systane Complete
- Operating margin improvement from sales growth, product mix and manufacturing / commercial efficiencies

Note: Numbers may not add up due to rounding

1. For additional information regarding the core results and the constant currency (cc) figures presented, which are non-IFRS measures, including a reconciliation to the most directly comparable measures presented in accordance with IFRS, see "Appendix" starting on slide 112

Core operating income bridge from Novartis to standalone Alcon



(\$m)	FY2015	FY2016	FY2017	9M '17	9M '18
Alcon core operating income within Novartis¹	1,555	1,150	1,168	866	999
<i>Core operating margin (% of sales)</i>	23%	18%	17%	17%	19%
Adjustments					
Allocations ²	-49	-22	-82	-50	-46
Alcon core operating income standalone³	1,506	1,128	1,086	816	954
<i>Core operating margin (% of sales)</i>	22%	17%	16%	16%	18%

Note: Numbers may not add up due to rounding

1. Restated to reflect the product transfers between Innovative Medicines and Alcon divisions as announced on October 24, 2017 and January 24, 2018. The FY restated figures have been published on the Novartis website on November 1, 2018
2. Incremental costs for a standalone Alcon and other adjustments
3. For additional information regarding the core results presented above, which are non-IFRS measures, including a reconciliation to the most directly comparable measure presented in accordance with IFRS in the case of Alcon core operating income standalone, see "Appendix" starting on slide 112

Outlook assumes

- Successful execution of four near-term organic growth drivers
- Continued strength in equipment and consumables
- Ability to outgrow the market in the latter years driven by pipeline launches
- Faster pace of growth in certain international/emerging markets
- Sufficient capital spend to support daily disposable contact lens growth
- No customer or supply disruption due to separation from Novartis / full implementation of ERP system
- Constant foreign currency and consistent standalone costs¹

Outlook does not assume

- New M&A and business development opportunities
- Entry into new whitespaces

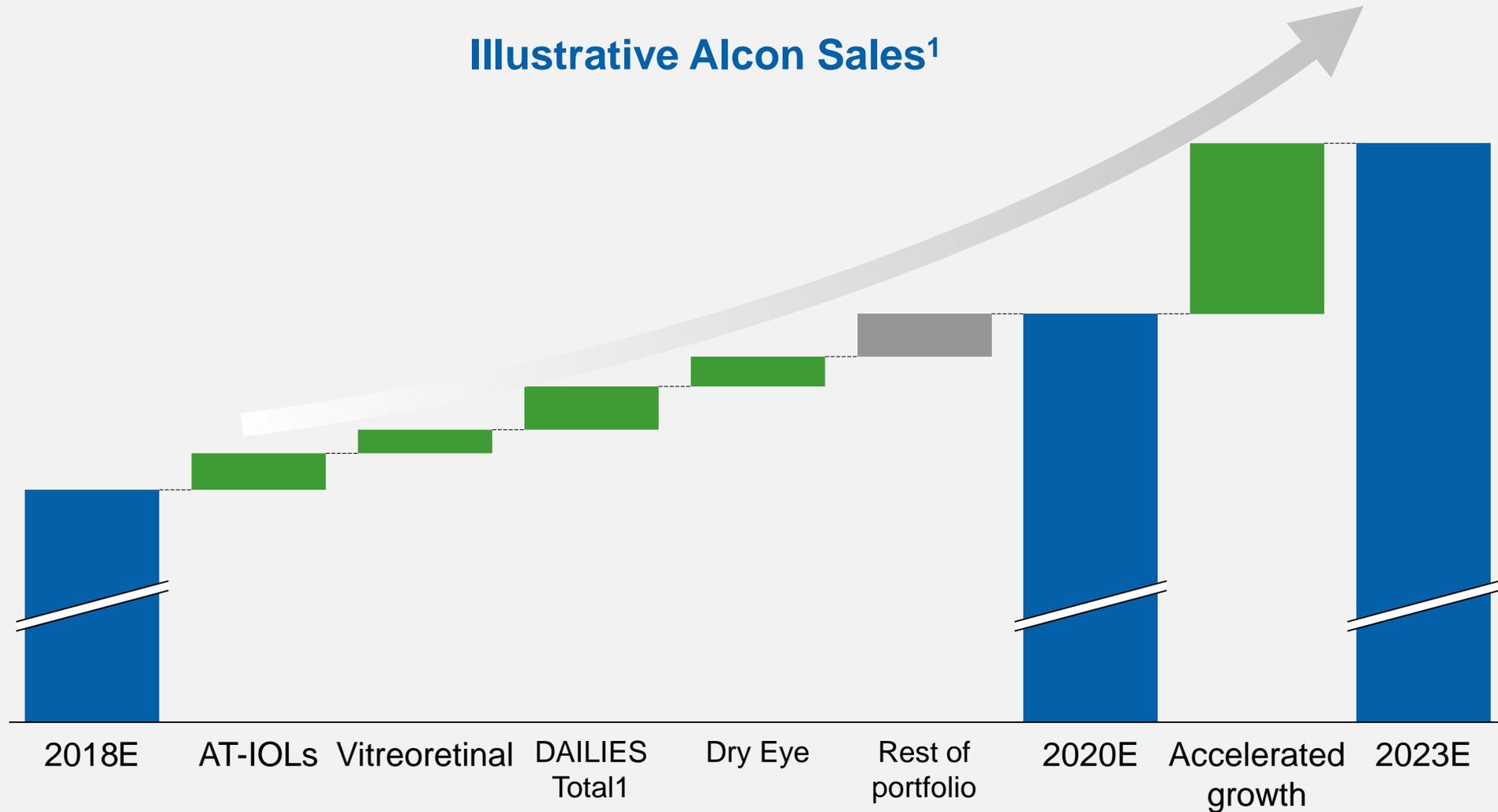
	2023E ¹
Sales growth (% CAGR 2018-2023)	Mid-single digit
Core operating margin² (%)	Low-to-mid 20s
Capex (as % of sales)	Mid-single digit
Core tax rate² (%)	High-teens

1. 5 year outlook is subject to various risks and uncertainties. See "Legal Disclaimers" on slide 5 and the assumptions underlying our outlook on slide 96 for more information.

2. For additional information regarding the core measures discussed above, which are non-IFRS measures, see "Appendix" starting on slide 112

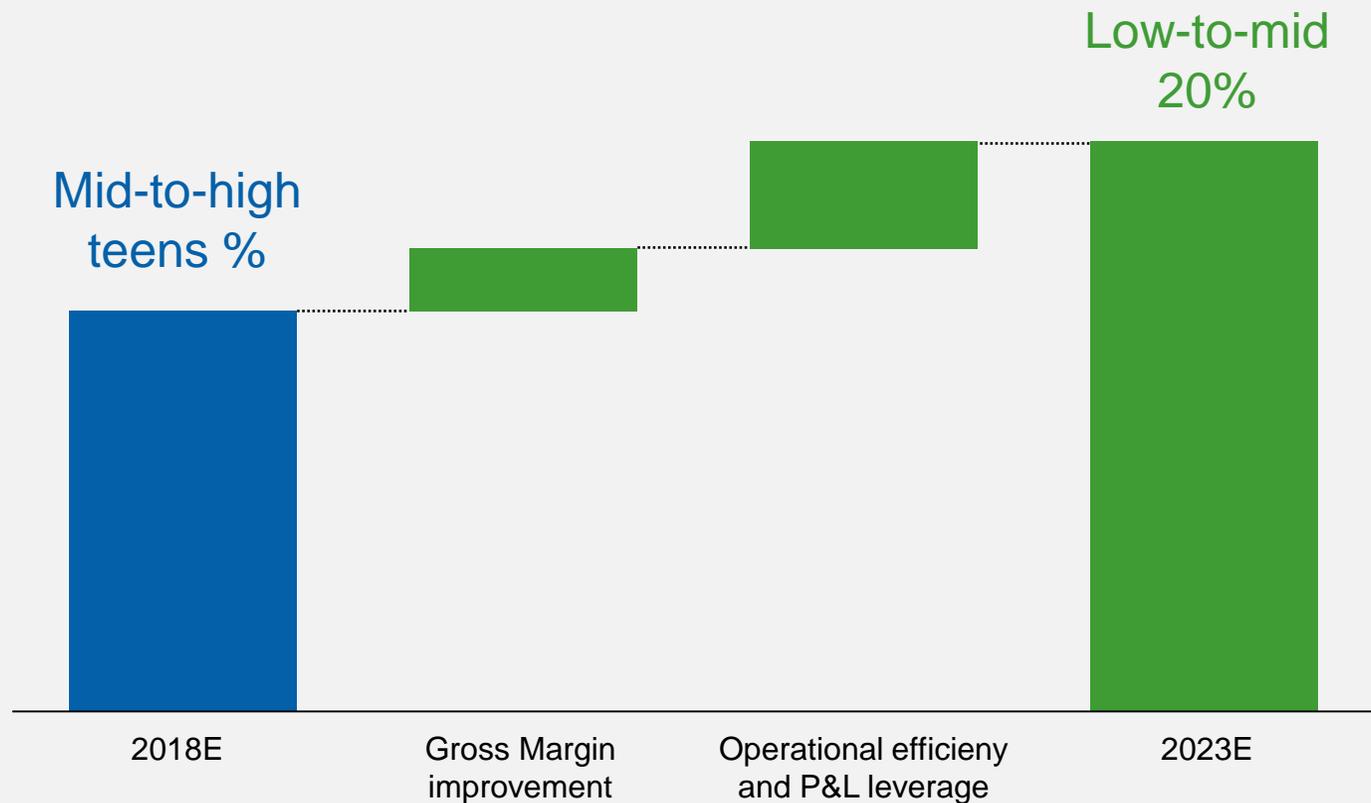
Sales growth to accelerate in 2021 and beyond

Illustrative Alcon Sales¹



1. 5 year outlook for our sales growth is subject to various risks and uncertainties. See "Legal Disclaimers" on slide 5 and the assumptions underlying our outlook on slide 96 for more information.

Core operating margin^{1,2} (% of sales)



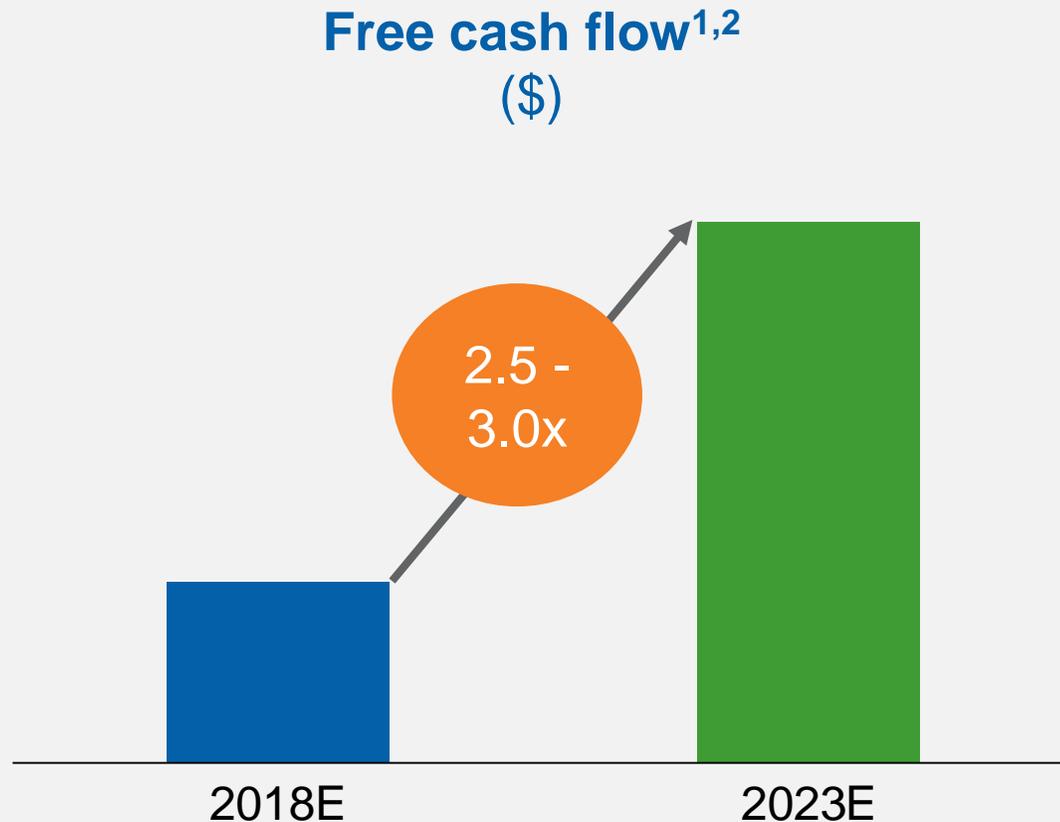
Drivers of margin improvement

- + Sales acceleration on the back of near term growth drivers and new innovation
- + Favorable product mix
- + Manufacturing efficiencies from new lower cost contact lens platforms
- + SG&A improvement as we leverage existing infrastructure (built up during turnaround phase)
- + Process & cost efficiencies from global business services and reaping benefits of SAP implementation

1. For additional information regarding core operating margin, which is a non-IFRS measure, see "Appendix" starting on slide 112

2. 5 year outlook for our core operating margin expansion is subject to various risks and uncertainties. See "Legal Disclaimers" on slide 5 and the assumptions underlying our outlook on slide 96 for more information.

Cash flow generation expected to increase 2.5x – 3.0x by 2023



*Including separation costs
in 2019-2020 of ~\$0.3b*

Drivers

- + Sales growth
- + Margin expansion
- + Stabilization of capital and IT investments

1. 5 year outlook for our free cash flow generation is subject to various risks and uncertainties. See "Legal Disclaimers" on slide 5 and the assumptions underlying our outlook on slide 96 for more information.

2. For additional information regarding free cash flow, which is a non-IFRS measure, see "Appendix" starting on slide 112

Key priorities



Invest in organic growth drivers



Invest in R&D

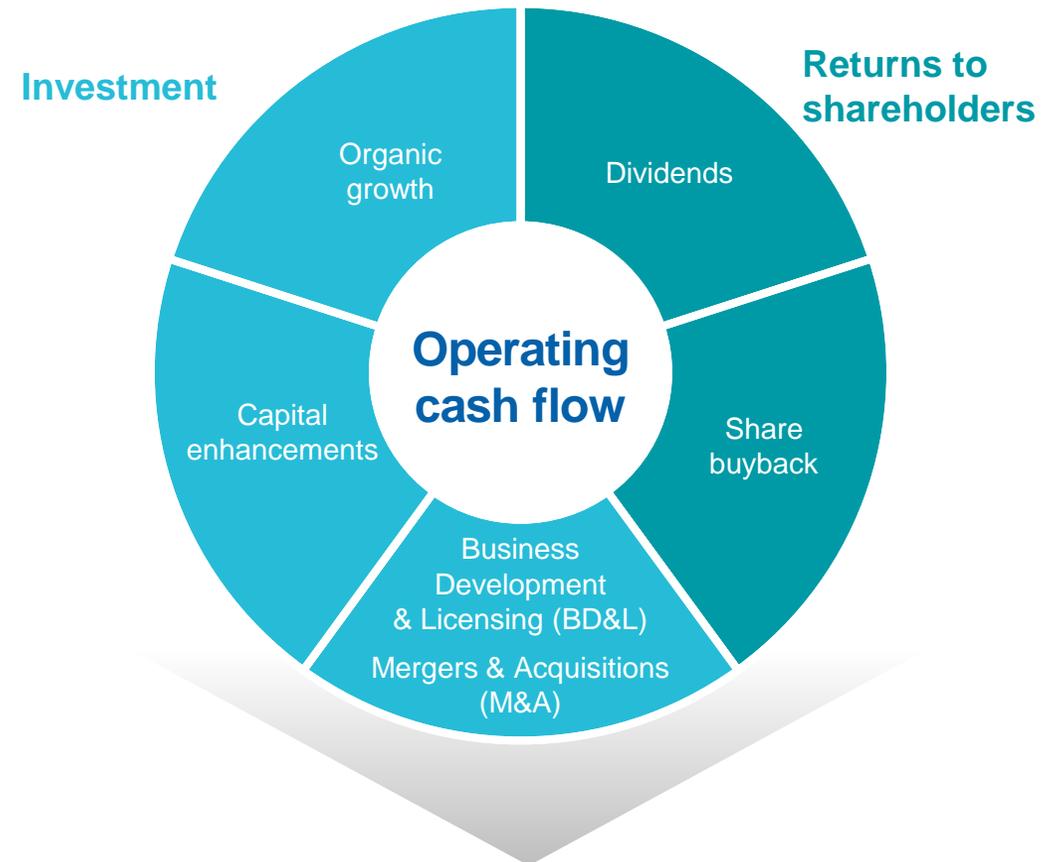


Disciplined BD&L and M&A



Return to shareholders

- Expect to pay regular cash dividend beginning in 2020 at approximately 10% of 2019 core net income¹

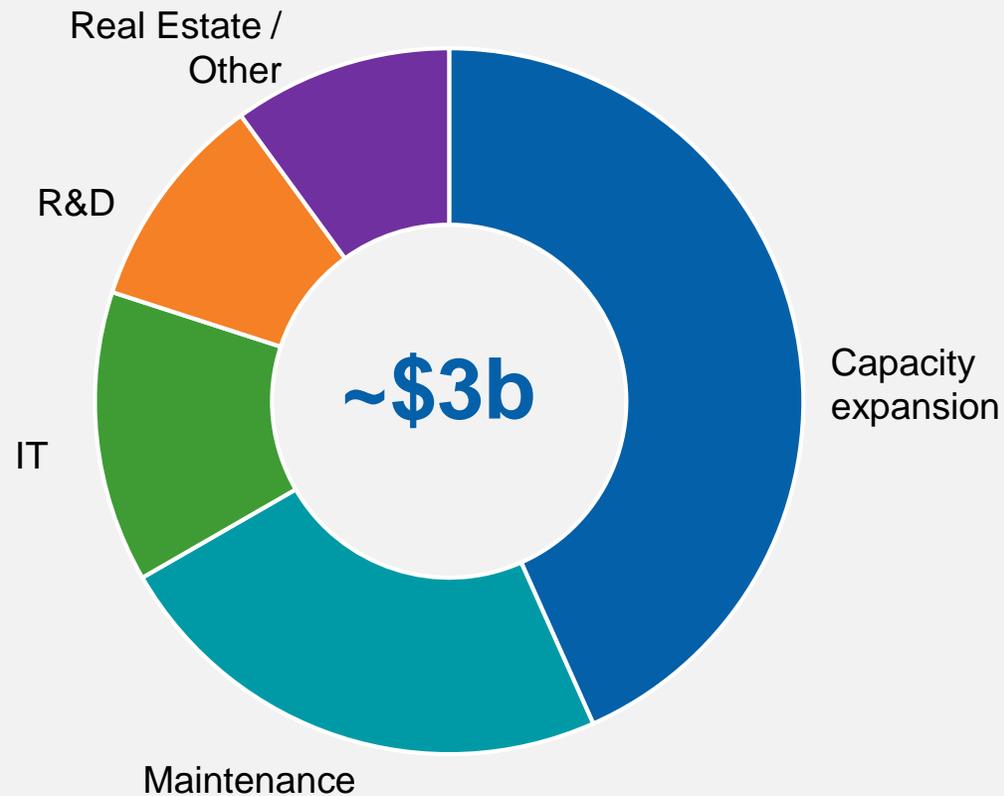


Maintain investment grade credit rating

1. Future dividend policy, including potential dividend increases, will be subject to recommendation by the new Alcon Board of Directors and shareholder approval

Capital enhancements of over \$3b over six years

Capital Spend 2018E - 2023E



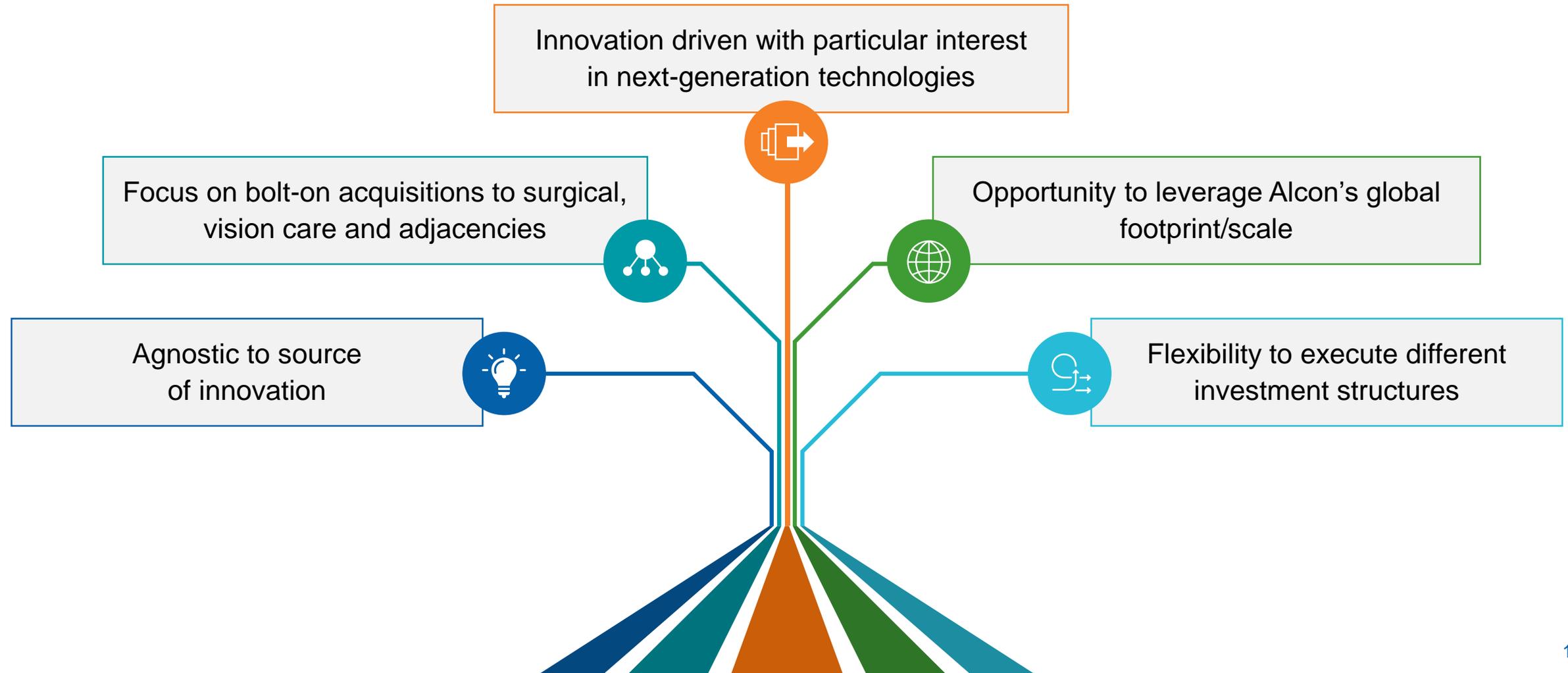
+ Capacity to support sales growth

+ Recapitalization of asset base

+ Investment in global ERP system

- Capital expenditures expected to reduce as a % of sales as larger projects, such as SAP implementation, are completed

BD&L and M&A strategy primarily focused on new technologies



Maintaining flexibility with our balance sheet and investment grade profile

1

Alcon will be externally financed at spin-off



2

Financing at spin will be provided by bank debt / loans



3

Part of this bank debt is expected to be re-financed in the capital markets



4

Net financial debt of \$3b at the time of spin



5

Targeting investment grade credit rating from ratings agencies



Sales

- In line with market growth in near term
- Accelerates in mid-to-long term, above market growth

Core Operating Margins

- Future margins in-line with medical device peers
- Sales growth and gross margin improvement
- Spend leverage

Operating Free Cash Flow

- Growth, efficiencies and disciplined cash management
- Expect to drive 2.5 – 3.0 fold increase in operating free cash flow

Capital Allocation

- Clearly defined framework
- Expect to pay regular cash dividend beginning in 2020
- Targeting investment grade credit rating from rating agencies



Alcon

Transaction
Overview and
Final Thoughts



David Endicott

Novartis' strategic review of Alcon concluded that a 100% spinoff will be in the best interest of shareholders



Alcon incorporated and headquartered in Switzerland; Fort Worth will continue to be a key location



Dual listing on SIX Swiss Exchange and NYSE with one global share



Expected completion in H1 2019



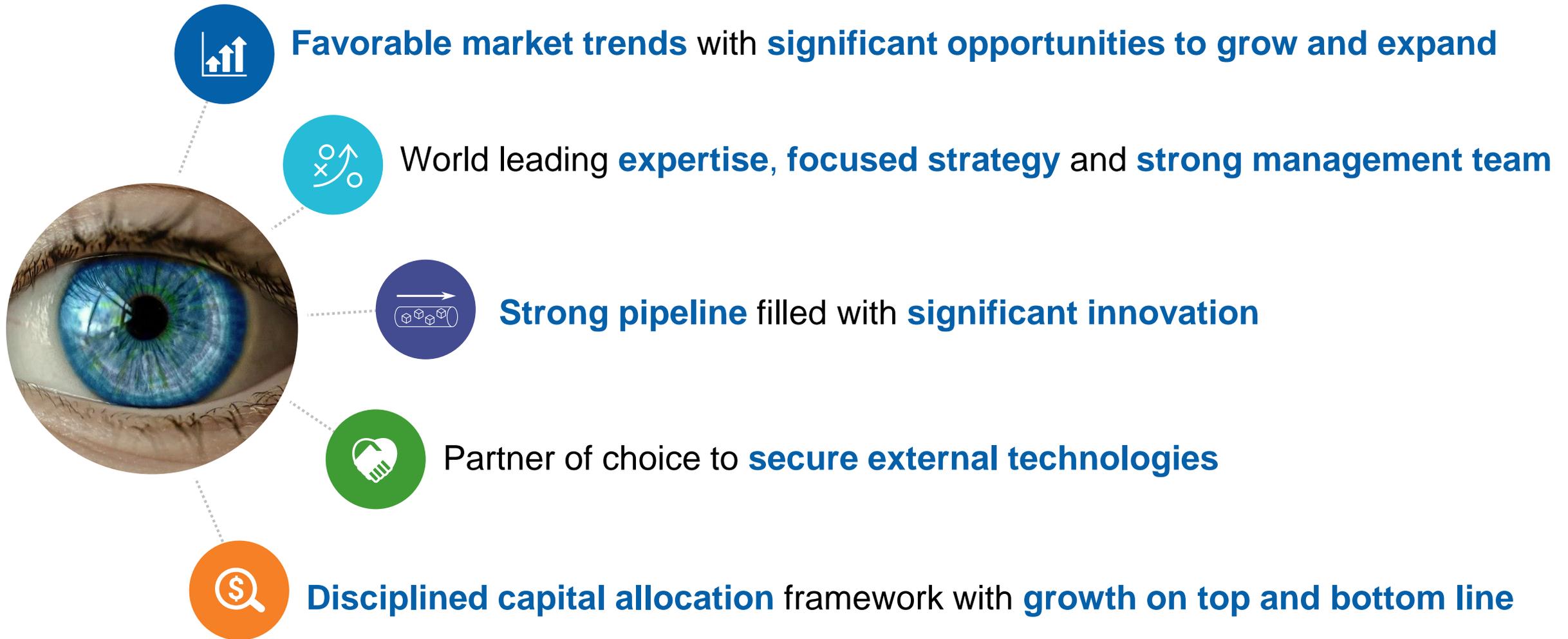
Subject to general market conditions, tax rulings, final Novartis BoD endorsement and shareholder approval at 2019 Novartis Annual General Meeting

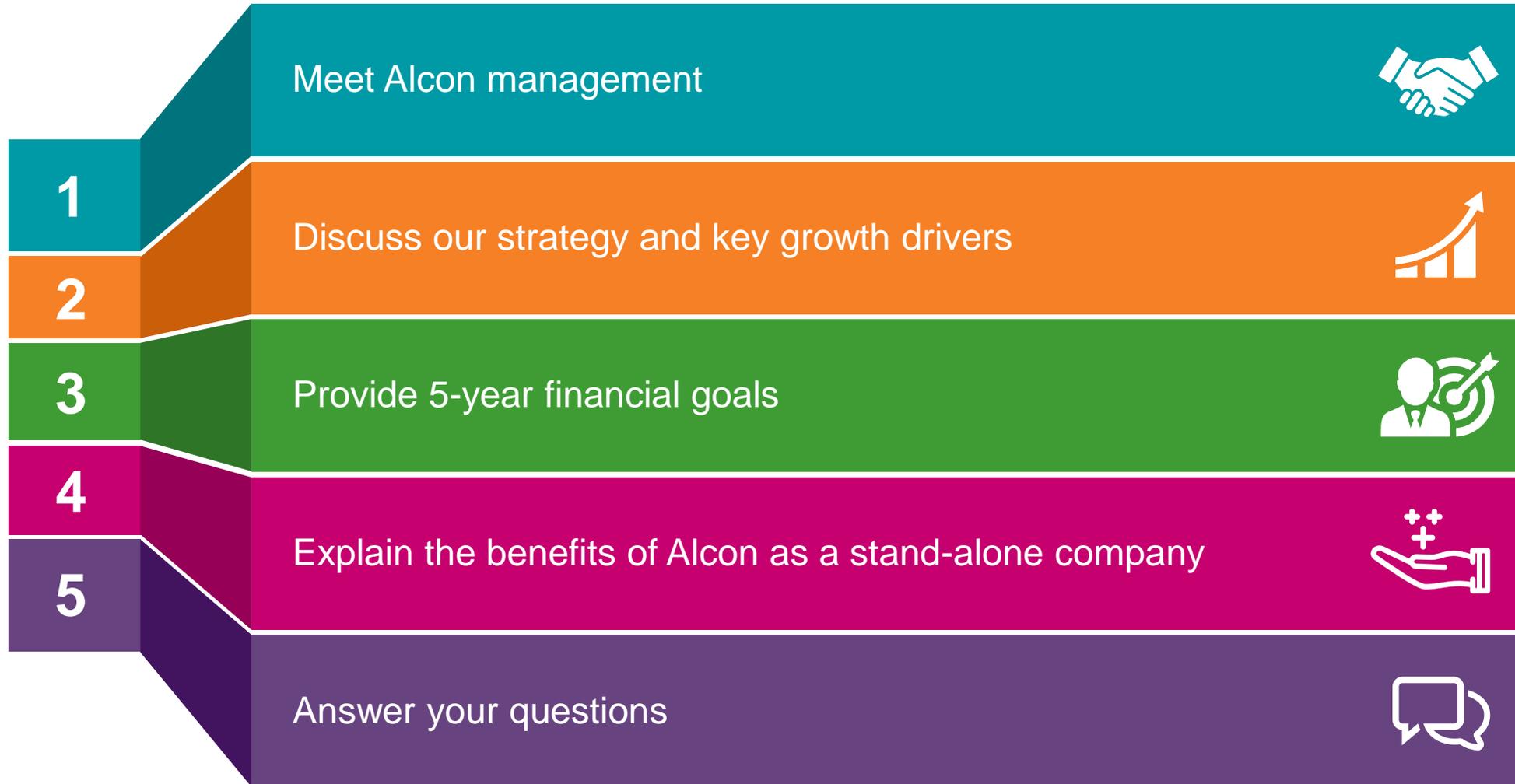


- ✓ Natural listing location for a Swiss company
- ✓ Main listing location of Novartis
- ✓ Enables maximum number of Novartis shareholders to remain invested
- ✓ SMI¹ inclusion expected

Alcon
listing

- ✓ Access to large US investor base
- ✓ Enables geographically restricted shareholders to invest
- ✓ Main listing venue for large cap MedTech peers
- ✓ Global registered share





Alcon



Q&A

Alcon



Appendix

Appendix: Core gross profit bridge

(\$m)	FY2015	FY2016	FY2017	9M 2017	9M 2018
Reported gross profit	3,247	3,111	3,204	2,384	2,313
<u>Adjustments</u>					
Amortization of intangibles	1,005	1,006	1,007	755	751
Impairment charges	0	19	0	0	376
Restructuring	2	0	0	0	0
Legal-related items/Other	0	-13	0	0	-25
Core gross profit	4,254	4,123	4,211	3,139	3,415

Appendix: Core operating income bridge

(\$m)	FY2015	FY2016	FY2017	9M 2017	9M 2018
Reported operating income	417	10	-77	-20	-173
<u>Adjustments</u>					
Amortization of intangibles	1,015	1,018	1,017	763	759
Impairment charges	2	23	86	77	333
Restructuring	29	29	30	15	1
Legal-related items/Other	43	48	30	-19	34
Core operating income	1,506	1,128	1,086	816	954

Appendix: Several consecutive quarters of sales growth

Quarterly sales growth (% growth reported)



Invested in people



Invested in direct-to-consumer advertising



Improved supply and service levels



Launched new products

Appendix: Non-IFRS financial definitions included in this presentation

Core results

Alcon's core results, which include core operating income, core net income and related margin calculations, fully exclude all amortization and impairment charges of intangible assets, with the exception of software, and certain acquisition related items. The following items that exceed a threshold of \$10 million are also excluded: integration and divestment related income and expenses, divestment gains and losses, restructuring charges/releases, legal related items, impairments of property, plant and equipment and financial assets, 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. Alcon defines core tax rate as core taxes as a percentage of core income before taxes. Core taxes reflect taxes on the adjustments between IFRS and core results and take into account, for each individual item included in the adjustment, the tax rate that will apply to the item based on the jurisdiction where the adjustment will finally have a tax impact.

Free cash flow

Alcon defines free cash flow as cash flow from operating activities and cash flow associated with the purchase or sale of property, plant and equipment, and intangible, other non-current and financial assets, excluding marketable securities. Cash flows in connection with the acquisition or divestment of subsidiaries, associated companies and non-controlling interests in subsidiaries are not taken into account to determine free cash flow. Free cash flow is presented as additional information because Alcon considers it to be a useful indicator of its ability to operate without reliance on additional borrowing or use of existing cash. Free cash flow is a measure of the net cash generated that is available for debt repayment, investment in strategic opportunities and for returning value to shareholders. Free cash flow is not intended to be a substitute measure for cash flow from operating activities as determined under IFRS.

Constant currencies

Changes in the relative values of non-US currencies to the US dollar can affect our financial results and financial position. To provide additional information that may be useful to investors, including changes in sales volume, Alcon presents information about its net sales 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 combined income statement excluding the impact of fluctuations in exchange rates:

- The impact of translating the income statements of combined entities from their non-US dollar functional currencies to US dollar.
- The impact of exchange rate movements on the major transactions of combined entities performed in currencies other than their functional currency.

We calculate constant currency measures by translating the current year's foreign currency values for sales into US dollars, using the average exchange rates from the prior year and comparing them to the prior year values in US dollar. We use these constant currency measures in evaluating Alcon's performance, since they may assist us in evaluating our ongoing performance from year to year. However, in performing our evaluation, we also consider equivalent measures of performance that are not affected by changes in the relative value of currencies.