Meet Novartis Management
Alcon Division
May 31, 2017
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Key Messages

1. Alcon is the global market leader in eye care, with #1 or #2 positions in Surgical and Vision Care in every region around the world.

2. We are accelerating innovation and investing behind key growth drivers as well as foundational systems and capabilities.

3. With continued innovation, investment, and improved operations, Alcon expects to return to long-term, sustainable growth.
## Agenda

<table>
<thead>
<tr>
<th>Alcon overview</th>
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<tbody>
<tr>
<td>Surgical</td>
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<tr>
<td>Vision Care</td>
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</table>
Alcon is the global market leader in eye care
With #1 position in Surgical and #2 in Vision Care

Ophthalmology revenue by eye care segment
FY 2016, USD billion

Source: Company filings and Alcon internal estimates
1. Formerly AMO
A leader in growing eye care market, which offers attractive returns

**Favorable megatrends**

Patient desire for spectacle independence

Aging population with high unmet need

Emerging market opportunities

**Large, profitable, growing market**

~USD 20bn

USD 20 bn market projected to grow ~3-4% per annum\(^1\)

Medical device industry mean ROS\(^2\) of low-mid 20%

Significant untapped market potential

**Short term**

Complete the turnaround to growth

**Long term**

Drive Alcon to sustainable growth, in line with industry ROS\(^2\)

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1. Source: Market Scope, LLC forecast, Alcon and competitors financial results, Contact Lens Institute/Euromcontact Factory Sales Sharing Program / GfK, Alcon internal estimate, Company filings
2. Return on Sales
Alcon offers the most complete lineup of eye care products, with significant scale in each.

**Net sales**
FY 2016, USD billion

### Surgical
Strong equipment base drives pull-through of high-margin IOLs and consumables
- Further growth expected through new product launches and IOL innovation

### Vision Care
Strong position in contact lenses, which has synergies with lens care business
- Growth fueled by DTC investments behind key contact lens brands
Alcon: Fixing the foundation to drive customer satisfaction

Service levels 2015-16

2-year high

Customer training & field service

~10% increase in personnel

Equipment quote turnaround

60% improvement

Custom pak disassociation

~80% decline in rate 2016 vs 2015

Systems improvements
SAP deployments now span 50% of Alcon revenue

Customer ordering made easy

e-commerce platform launched in US

Establishing a nimble, customer-centric device culture

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1. Disassociations refer to instances when individual items within a custom pak arrive at the customer separately from the remainder of the custom pak.
Alcon 2017 top priorities

1. Return to growth
2. Reinvigorate our pipeline
3. Improve product quality and availability
4. Delight our customers
5. Simplify how we work
Alcon returned to sales growth in Q1 2017

+1% (cc) Q1 2017 Net Sales Growth vs PY

- 4th consecutive quarter of contact lens growth
- Strong momentum in Dailies Total1® with double-digit growth in all regions
- Continued rollout of new innovation:
  - Dailies Total1® Multifocal
  - AirOptix® Plus HydraGlyde®
- Slight decline due to competitive pressure on IOLs
- Cataract consumables and vitreoretinal continued to grow
- Customer focus improving:
  - Supply back to optimal levels
  - Faster quote turnaround time
  - Increasing training and education
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</table>
## Surgical franchise overview

### FY 2016 net sales

**USD billion**

<table>
<thead>
<tr>
<th>Category</th>
<th>USD billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refractive / Other</td>
<td>3.5</td>
</tr>
<tr>
<td>Vitreoretinal</td>
<td>0.6</td>
</tr>
<tr>
<td>Intraocular Lenses (IOLs)</td>
<td>1.0</td>
</tr>
<tr>
<td>Cataract Consumables¹</td>
<td>1.4</td>
</tr>
<tr>
<td>Cataract Equipment</td>
<td>0.3</td>
</tr>
</tbody>
</table>

1. Includes “Other Cataract”

### Key products

- **Wavelight® LASIK and refractive correction equipment**
- **Constellation® platform, numerous devices and instrumentation**
- **AcrySof® IQ IOLs, UltraSert™, PanOptix®**
- **Visco-elastics, cutting instruments, custom paks**
- **Centurion®, Infiniti® phaco platforms, LenSx® femtosecond laser**
Surgical market expected to grow 4% CAGR 2016-21

### 2016 industry sales

**USD billion**

<table>
<thead>
<tr>
<th></th>
<th>Projected industry CAGR 2016-21</th>
<th>2016 net sales USD bn</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cataract</strong></td>
<td>5.7</td>
<td>3%</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Vitreoretinal</strong></td>
<td>1.3</td>
<td>5%</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Refractive</strong></td>
<td>0.4</td>
<td>2%</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Glaucoma</strong></td>
<td>0.2</td>
<td>29%</td>
<td>n/m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Market growth drivers

- Demographic trends with aging of global population
- Steady cataract procedural growth at ~3.5%
- Advancements in AT-IOL\(^3\) technologies and delivery options
- Improved diagnostics and visualization
- Growing access in emerging markets

### Planned Alcon growth drivers

- Expanded IOL offerings (best-in-class pre-loaded, toric, multifocal, and new materials)
- Higher AT-IOL penetration
- Strong consumables pull-through on growing install base of Centurion\(^\circledR\) phaco platform
- Vitreoretinal consumables with expansion in emerging markets
- Market expansion into surgical glaucoma with CyPass\(^\circledR\) device

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1. Source: Alcon internal estimates. CAGR: Compound annual growth rate  
2. Includes additional categories (e.g., diagnostics, service)  
3. AT-IOL: Advanced technology intraocular lenses, e.g., toric, multifocal
Alcon’s Cataract Refractive Suite covers every stage of surgery and drives improved outcomes.
Strong installed base of equipment drives pull-through of high margin IOLs and consumables

Quality and breadth of Alcon portfolio drives “one-stop shopping” and is a key differentiator
Alcon is advancing and strengthening its IOL pipeline

<table>
<thead>
<tr>
<th>Recent launches</th>
<th>Short-term pipeline</th>
<th>Long-term pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>UltraSert™ (pre-loaded IOL delivery)</td>
<td>Next-generation pre-loaded IOL system</td>
<td>Next-generation IOL platform</td>
</tr>
<tr>
<td>PanOptix® (trifocal IOL)</td>
<td>Clareon™ (new material IOL platform)</td>
<td>Accommodating IOL</td>
</tr>
</tbody>
</table>
AcrySof® ReSTOR® 2.5D Toric with ACTIVEFOCUS™
Provides uncompromised distance vision

The unique optical design of the ACTIVEFOCUS™ Toric IOL gives cataract patients with astigmatism quality distance vision and an increased range of vision to potentially reduce dependence on glasses.

Leverages the proven AcrySof® IQ Toric IOL platform that delivers unrivaled rotational stability.

Launched in the US in Q2.
Clareon™ IOL with AutonoMe™ delivery system

Creating a solution for intuitive delivery of the most advanced optic material

The Clareon™ monofocal IOL delivers unsurpassed optical clarity

The AutonoMe™ IOL delivery system provides instinctive control to the surgeon through a single-handed delivery of the Clareon IOL via a one-touch control lever

AutonoMe™ Delivery System
Pre-loaded with Clareon™ IOL
Collaboration with PowerVision to develop an accommodating IOL

- Utilizes the body’s natural ciliary muscle movement
- Targeting full accommodation for all distances (which would eliminate the need for glasses)
- Targeting contrast sensitivity/visual quality comparable to monofocal IOLs
- Targeting minimal visual disturbances comparable to monofocal IOLs
Intraocular Lens regulatory pathway

- IOLs are considered Class III devices (high risk) in US and Class IIb (moderate-high risk) in EU.
- Both require a substantial level of supporting evidence and considerable scrutiny by regulatory agencies.
First major advance for vitreoretinal surgeons since Alcon introduced Constellation®

Breakthrough platform for ophthalmic surgical visualization to enhance the surgeon’s ability to perform complex procedures in the back of the eye

Expands digital visualization and diagnostic capabilities beyond traditional optical microscope

Improves surgeon ergonomics

Excellent teaching tool for new surgeons
CyPass® micro-stent establishes Alcon’s presence in surgical glaucoma therapy

CyPass® micro-stent – surgical glaucoma device designed to be implanted during cataract surgery

Designed to provide continuous control of intraocular pressure

May reduce or eliminate the need for glaucoma medications

Designed to preserve conjunctival and scleral tissue

Launching in US and EU
Agenda

Alcon overview

Surgical

Vision Care
# Vision Care overview

## FY 2016 net sales

<table>
<thead>
<tr>
<th>Category</th>
<th>Net Sales (USD billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact lens care</td>
<td>0.5</td>
</tr>
<tr>
<td>Contact Lenses</td>
<td>1.8</td>
</tr>
</tbody>
</table>

## Key brands

![Key brands images]

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Vision Care market expected to grow 3% CAGR 2016-2021

2016 industry sales¹
USD billion

<table>
<thead>
<tr>
<th>Projected industry CAGR¹ 2016-21</th>
<th>2016 net sales USD bn</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact Lenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.0</td>
<td>1.8</td>
<td>#2</td>
</tr>
<tr>
<td>Lens Care</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>0.5</td>
<td>#1</td>
</tr>
<tr>
<td>Total</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

Market growth drivers
- Continued trade-up to daily disposable lenses and premium SiHy² materials
- Uptake of toric and multifocal specialty lenses
- Increasing emerging markets penetration

Planned Alcon growth drivers
- Increased promotion behind best-in-class innovation portfolio
  - Dailies Total1® water gradient SiHy
  - Dailies Total1® Multifocal launched in 2016
  - DACP³ toric and multifocal
  - AirOptix® Colors and AirOptix® plus HydraGlyde
- Continued focus on core products performance

¹ Source: Alcon internal estimates on manufacturers sell-out global market, based on CLI/GFK/Nielsen data. CAGR: Compound annual growth rate
² Silicone hydrogel
³ DACP: DAILIES® AquaComfort Plus®
### Alcon has a broad contact lens offering

<table>
<thead>
<tr>
<th>Tier</th>
<th>Daily disposable contact lenses</th>
<th>Weekly / monthly contact lenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>Premium water gradient technology</td>
<td>SmartShield™ technology; also with color options</td>
</tr>
<tr>
<td>Tier 2</td>
<td>Blink-activated moisture technology</td>
<td></td>
</tr>
<tr>
<td>Tier 3</td>
<td>Entry-level daily disposable lens</td>
<td>Entry-level daily silicon hydrogel lens</td>
</tr>
</tbody>
</table>
Dailies Total1® continues to generate strong sales growth

Double-digit sales growth

Multifocal launched in 2H 2016, contributing to continued double-digit growth; breakthrough combination of industry-leading multifocal design and state-of-the-art water gradient technology

Launched expanded parameters1 in North America, Europe, and Australia

Launching in Japan, Singapore, Malaysia and Russia in 2017

1 Expanded parameters (plus powers) include +0.5 to +6.0 diopters
Alcon is exploring additional opportunities for market expansion

- Penetration of presbyopia market
- Contact lens market expansion
Summary

• Alcon is the global market leader in eye care

• Alcon is accelerating innovation and investing behind key growth drivers

• Alcon expects to return to long-term, sustainable growth