Welcome

Samir Shah
Novartis Global Head Investor Relations

Karen King
Alcon Global Head Investor Relations & Communications
# Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Morning Session 1</th>
<th>Afternoon Session 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:30 – 9:00am</td>
<td>Registration, Breakfast and Product Booths</td>
<td>Samir Shah, Novartis Global Head Investor Relations; Karen King, Alcon Global Head IR &amp; Communications</td>
</tr>
<tr>
<td>9:00 – 9:10am</td>
<td>Welcome</td>
<td>Samir Shah, Novartis Global Head Investor Relations; Karen King, Alcon Global Head IR &amp; Communications</td>
</tr>
<tr>
<td>9:10 – 10:00am</td>
<td>Morning Session 1: Progress Report</td>
<td>Mike Ball, Chairman-Designate</td>
</tr>
<tr>
<td>9:10 – 10:00am</td>
<td>Strategy</td>
<td>David Endicott, CEO</td>
</tr>
<tr>
<td>10:00 – 10:30am</td>
<td>Q&amp;A on Morning Session 1</td>
<td>David Endicott, CEO</td>
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<tr>
<td>10:30 – 10:50am</td>
<td>BREAK / Visit Product Booths</td>
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<tr>
<td>10:50 – 12:20pm</td>
<td>Morning Session 2: Surgical</td>
<td>Michael Onuscheck, President, Global Business &amp; Innovation</td>
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<tr>
<td>10:50 – 12:20pm</td>
<td>Vision Care</td>
<td>Andy Pawson, President &amp; GM Global Vision Care</td>
</tr>
<tr>
<td>12:20 – 1:30pm</td>
<td>Lunch with Management &amp; Product Booths</td>
<td>Franck Leveiller, Senior Vice President, Head of Global R&amp;D</td>
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<tr>
<td>1:30 – 2:30pm</td>
<td>Afternoon Session 1: Innovation</td>
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<tr>
<td>1:30 – 2:30pm</td>
<td>Finance</td>
<td>David Murray, CFO</td>
</tr>
<tr>
<td>2:30 – 3:00pm</td>
<td>Transaction Overview</td>
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<td>3:00pm</td>
<td>Final Q&amp;A</td>
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<tr>
<td>3:00pm</td>
<td>Meeting concludes</td>
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</tbody>
</table>
Objectives for Capital Markets Day

1. Meet Alcon management
2. Discuss our strategy and key growth drivers
3. Provide 5-year financial goals
4. Explain the benefits of Alcon as a stand-alone company
5. Answer your questions
Legal Disclaimers

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 which indicate 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.

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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 at a glance

$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 Care\(^1\)

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

70+ years of success as a trusted brand

Legacy of industry firsts and technological advancements

Outstanding customer relationships

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**
In 2016, we outlined a turnaround plan...

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 growth over the last several quarters

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>1Q17</th>
<th>2Q17</th>
<th>3Q17</th>
<th>4Q17</th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>-1%</td>
<td>1%</td>
<td>3%</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

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

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

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

4. Voluntary employee turnover at a 6 year low

5. Note: 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
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

Fix The Foundation

- AT-IOLs
- Vitreoretinal
- DAILIES TOTAL1
- Dry Eye

Execute the growth plan

Deliver leading-edge solutions

- Accelerate Innovation
- Expand markets & adjacencies
- New business models

2016-2017

2018-2020

2021 & Beyond

1. AT-IOLs refer to advanced-technology intraocular lenses
David Endicott
Chief Executive Officer

Introduction to Alcon
Vision and Strategy
We aspire to lead the world in eye care innovations that enable extraordinary lives.

We help people see better.

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

Executive Committee: One additional position is currently vacant

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

415 / 210

Years in healthcare

Years in eye care
Sizeable opportunities with substantial unmet medical need

80% of visual impairment is preventable or curable\(^1\)

$102b could be saved with appropriate eye care services\(^1\)

People:

- **153 million** with uncorrected refractive errors\(^1\)
- **1.7 billion** have presbyopia\(^2\)
- **352 million** live with dry eye\(^3\)
- **20 million** are blind from cataracts\(^1\)
- **93 million** have diabetic retinopathy\(^4\)
- **67 million** live with glaucoma\(^5\)

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1. World Health Organization (WHO). [www.who.int/blindness](http://www.who.int/blindness)
5. Glaucoma Foundation. [http://glaucomafoundation.org/Get_Involved.htm](http://glaucomafoundation.org/Get_Involved.htm)
## Variety of ocular disorders that can cause visual impairment and loss of sight

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

1. Myopia (nearsightedness), Hyperopia (farsightedness) and Astigmatism (oddly shaped cornea)
<table>
<thead>
<tr>
<th>Conditions</th>
<th>Children - 25</th>
<th>25 - 40</th>
<th>40 - 60</th>
<th>60+</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REFRACTIVE ERRORS</strong></td>
<td></td>
<td></td>
<td></td>
<td>Contact Lenses &amp; Solutions</td>
</tr>
<tr>
<td><strong>PRESBYOPIA</strong></td>
<td></td>
<td>Contact Lenses &amp; Solutions</td>
<td>Presbyopia Correcting IOLs</td>
<td></td>
</tr>
<tr>
<td><strong>DRY EYE</strong></td>
<td></td>
<td>Systane Drops, Gels, Ointments</td>
<td>IOLs, Equipment and Consumables</td>
<td></td>
</tr>
<tr>
<td><strong>CATARACTS</strong></td>
<td></td>
<td></td>
<td></td>
<td>Equipment and Consumables</td>
</tr>
<tr>
<td><strong>RETINAL DISEASES</strong></td>
<td></td>
<td></td>
<td></td>
<td>Filtration device</td>
</tr>
<tr>
<td><strong>GLAUCOMA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Eye care devices represent a large and growing $23b market

### 2017 Industry Sales ($b)

<table>
<thead>
<tr>
<th>Category</th>
<th>Sales 2017 ($b)</th>
<th>CAGR:</th>
<th>2018E-2023E Industry CAGR¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market</td>
<td>$23b</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Surgical</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implantables²</td>
<td>3</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Consumables²</td>
<td>4</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Equipment / Other²</td>
<td>2</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Vision Care</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact Lenses</td>
<td>8</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Ocular Health²</td>
<td>6</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

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, cycloegics, 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

2. The unprecedented expansion of the global middle class an update, Kharas 2017
Alcon is the #1 eye care devices company in the world

2017 Sales by Business ($b)

Surgical

$9b market

Vision Care

$14b market

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

<table>
<thead>
<tr>
<th>Market Position</th>
<th>Surgical</th>
<th>Vision Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implantables</td>
<td>#1</td>
<td>#2</td>
</tr>
<tr>
<td>Consumables</td>
<td>#1</td>
<td>#1</td>
</tr>
<tr>
<td>Equipment / Other</td>
<td>#1</td>
<td>#1</td>
</tr>
<tr>
<td>Contact Lenses</td>
<td></td>
<td>#2</td>
</tr>
<tr>
<td>Ocular Health</td>
<td></td>
<td>#1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Brands</th>
<th>2017 Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>AcrySof</td>
<td>$1.0b</td>
</tr>
<tr>
<td>Alcon Custom Pak</td>
<td>$2.1b</td>
</tr>
<tr>
<td>Centurion Vision System</td>
<td>$0.6b</td>
</tr>
<tr>
<td>Dailies Total®</td>
<td>$1.8b</td>
</tr>
<tr>
<td>Systane</td>
<td>$1.2b</td>
</tr>
<tr>
<td>PanOptix</td>
<td></td>
</tr>
<tr>
<td>MIVS</td>
<td></td>
</tr>
<tr>
<td>Constellation Vision System</td>
<td></td>
</tr>
<tr>
<td>Air Optix</td>
<td></td>
</tr>
<tr>
<td>Opti-Free</td>
<td></td>
</tr>
<tr>
<td>Clear Care</td>
<td></td>
</tr>
</tbody>
</table>

Note: Numbers may not add up due to rounding
Global reach provides a significant competitive advantage

- Independent Optometrists
- Mass Merchandisers
- Optical Chains
- Pharmacies
- Distributors
- Internet Retailers
- Eye Clinics
- Surgeon Offices
- Public Hospitals
- Private Hospitals
- Ambulatory Surgery Centers
Leveraging our core strengths to win in the market

Global leader in highly attractive markets with the most complete product offering for eye care professionals

Experts in eye care with 20,000+ employees and a strong management team

Market leading development capabilities and investments in innovation with 100+ pipeline projects

Long standing partnerships by surrounding the customer with sales reps and technical, clinical and training support staff

Global scale and reach with significant commercial, manufacturing and research & development operations
The foundation has been strengthened and we have advanced to the next phase

Fix The Foundation

Execute the growth plan

AT-IOLs¹
Vitreoretinal
DAILIES TOTAL1
Dry Eye

Deliver leading-edge solutions

Accelerate Innovation
Expand markets & adjacencies
New business models

2016-2017  2018-2020  2021 & Beyond

¹. AT-IOLs refer to advanced-technology intraocular lenses
Focusing on 4 near term growth drivers

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

**Vision Care**
- **DAILIES TOTAL1**
  - Continue rapid growth of DAILIES TOTAL1 family
  - Accelerate growth of multifocal category
- **Dry Eye**
  - Continue roll-out of SYSTANE Complete
  - Drive consumer demand through DTC\(^1\) advertising

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1. DTC refers to direct-to-consumer
Expected to result in 80% of sales growth contribution

Illustrative Alcon Sales Growth Contribution

~80% of near-term growth

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

Working to bring exciting innovation to the market
Looking to capture opportunities to expand markets and pursue adjacencies

### Shift to Premium

Products & procedures to increase market size

<table>
<thead>
<tr>
<th>Market Phaco¹ Procedures²</th>
<th>US</th>
<th>China</th>
<th>Latin America</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>97%</td>
<td>47%</td>
<td>41%</td>
<td>38%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AT-IOL Penetration³</th>
<th>US</th>
<th>International⁶</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14%</td>
<td>6%</td>
</tr>
</tbody>
</table>

### Emerging Markets

Are under-penetrated and have favorable market trends

<table>
<thead>
<tr>
<th>Contact Lens Penetration⁴</th>
<th>US</th>
<th>International⁶</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16%</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cataract Surgery Rate⁵</th>
<th>US</th>
<th>International⁶</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.7</td>
<td>3.2</td>
</tr>
</tbody>
</table>

### Adjacency

Opportunities to enter new categories

- Diagnostics
- Consumer Driven Ocular Health Products
- Myopia Control Solutions

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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)
Poised to grow at or above market while expanding core operating margins

- **Sales**
  - Mid-single digit CAGR by 2023\(^1\)

- **Core Operating Margin**
  - Low-to-mid 20% by 2023\(^1,2\)

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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
Key takeaways

1. Sizeable markets, with large unmet medical needs
2. Core strengths and eye care expertise help us win in the market
3. Poised to deliver solid financial top & bottom line returns
4. #1 eye care devices company in the world
5. Significant opportunity for both near-term and long-term growth
Michael Onuscheck
President, Global Business & Innovation
Strong legacy of innovation

Introduced Balanced Salt Solution (BSS) all-purpose irrigating fluid for eye surgery

First synthetic aqueous humor (BSS Plus)

First digitally controlled pressurized infusion system (Accurus)

First combination OVD (DuoVisc)

First femtosecond laser assisted cataract surgery

First material developed specifically for use as an IOL\(^1\) (AcrySof)

First single piece acrylic hydrophobic IOL

First foldable blue light filtering IOL globally

Developed gold standard dispersive OVD\(^2\) (Viscoat)

First acrylic toric IOL to correct corneal astigmatism

First intraoperative aberrometry device

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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 Sales\(^1\) ($b)

- Others
- Alcon
- B&L
- ZEISS

\(~$9b\) Market

2017 Industry Sales\(^1\) ($b)

- Implantables: 3
- Consumables: 4
- Equipment/Other: 2
- Total: 9

2018E-2023E Industry CAGR\(^1\)

- 3.7% (Total)
- 3% (Consumables)
- 2% (Equipment/Other)
- 6% (Implantables)

1. Market Scope; Alcon internal estimates; see “Legal Disclaimers” on slide 5 for more information about future industry growth projections
Breakdown of Surgical market sub-categories

2017 Surgical Market Breakdown
% Sales

**EQUIPMENT / OTHER**
- $2b
- Cataract
- Vitreoretinal
- Service
- Other

**CONSUMABLES**
- $4b
- Vitreoretinal
- Refractive
- Cataract

**IMPLANTABLES**
- $3b
- AT-IOLs
- Monofocal IOLs
- Glaucoma devices

- Cyclical equipment sales with a ~7-10 year buying cycle
- Mid-lifecycle platform innovation, service contracts and expanded features help offset longer lifecycles
- Steady procedural growth
- Premium pricing supported by new equipment and accompanying consumables
- Market shifting from monofocal IOLs (3-4% unit growth) to AT-IOLs (11%)
- Sales per patient increases up to 8x for AT-IOLs

Source: Market Scope; Alcon internal estimates
The most complete line of ophthalmic surgical devices

<table>
<thead>
<tr>
<th>Surgical sales</th>
<th>Market position</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>$b</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.0</td>
<td><strong>#1</strong> Globally</td>
<td>AcrySof brand IOLs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>UltraSert pre-loaded IOL</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Clareon AutonoMe pre-loaded IOL</td>
</tr>
<tr>
<td>2.1</td>
<td><strong>#1</strong> Globally</td>
<td>Cataract consumables</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vitreoretinal instruments &amp; consumables</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Custom surgical packs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Refractive consumables</td>
</tr>
<tr>
<td>0.6</td>
<td><strong>#1</strong> Globally</td>
<td>Cataract Refractive Suite</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vitreoretinal Constellation Vision System</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Refractive Wavelight System</td>
</tr>
</tbody>
</table>

2017

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, cycloegics, diagnostics, and anesthetics.
Sound fundamentals for driving sustainable growth

**Industry-leading expertise** built on decades of driving technology and business innovation

**Leading portfolio** with **strong** future **pipeline**

**Best-in-class equipment** platforms and leading **equipment installed base** with continued expansion

**Large consumables business** alongside our leading **equipment installed base**

**World-class training, education, and service** with global scale and reach
Unmatched equipment installed base

Alcon equipment installed base (2001-2018)

2017 installed base share (%)  

- Phaco machines: 52%  
  #1 Globally

- Vitrectomy machines¹: 48%  
  #1 Globally

- Refractive lasers²: 34%  
  #1³ Globally

2017 new installs

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

Custom Surgical Packs combining Alcon & 3rd party products

Flexible contracting methods that enable adoption of latest technology

40% of consumables sales from dedicated items

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

1. Dedicated items include fluidic management system (FMS) packs and patient interfaces
#1 overall in 13 markets representing 80% of sales

<table>
<thead>
<tr>
<th>Customer Satisfaction</th>
<th>1st</th>
<th>1st</th>
<th>1st</th>
<th>1st</th>
<th>1st</th>
<th>1st</th>
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<th>1st</th>
<th>1st</th>
<th>1st</th>
<th>1st</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
</tr>
<tr>
<td>Innovation</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
</tr>
<tr>
<td>Sales Reps</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>2nd</td>
<td>1st</td>
<td>2nd</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
</tr>
<tr>
<td>Training and Education</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
<td>1st</td>
</tr>
</tbody>
</table>

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
Focusing on 2 near term growth drivers

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

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

Source: Market Scope quarterly
Note: All trademarks are property of the respective owner
New technologies driving near-term growth...

Growth of presbyopia correcting IOLs with PanOptix launch

Nordics
- 2x sales
  - 2017 Q2
  - 2018 Q2

Canada
- 5x sales
  - 2017 Q2
  - 2018 Q2

2-3x growth opportunity

Pending regulatory approval for PanOptix

Source: Market Scope
1. Alcon internal estimates
...could lead to significant market expansion

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

2017 AT-IOL market penetration\(^1\)

<table>
<thead>
<tr>
<th>Region</th>
<th>% of units</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>14%</td>
</tr>
<tr>
<td>Japan</td>
<td>10%</td>
</tr>
<tr>
<td>Latin America</td>
<td>10%</td>
</tr>
<tr>
<td>EMEA</td>
<td>7%</td>
</tr>
<tr>
<td>Asia</td>
<td>5%</td>
</tr>
</tbody>
</table>

Opportunity to further expand North American penetration

Growing OUS penetration to current North American levels (14%) translates to market expansion of ~$500m

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**

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

**Increased Access**
- Growing number of retinal specialists in underserved markets
  - China: 0.7
  - US: 7.3

Source: Market Scope 2017 Retinal Surgical Device Report
Alcon is well positioned to continue to capture this growth

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

- **Preferred Vitrectomy system**¹ %
  - Alcon
  - Competition

**Leading consumables share**² and a complete portfolio

- Vitreous cutters
- Forceps / Instruments
- Photocoagulation Laser Probes
- Intraocular Gases

**Strong innovation pipeline** of equipment and instruments

---

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 in markets and enter adjacencies

Expand Markets & Adjacencies

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

China

2017 IOL share
% of units

2017 IOL market growth
Units

China
US

+13%
+3%

Source: Market Scope
1. 2018 Ophthalmic Diagnostic Equipment Market Report, operating room microscopes and optical biometry

Expand share in Diagnostics and Visualization

$600m+
Global market
Develop new business models

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**
Key takeaways

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
Andy Pawson
President & General Manager, Global Vision Care
Strong legacy of innovation

First to create a visibly tinted soft contact lens

First to develop a silicone hydrogel (SiHy) lens

First to develop dual disinfectants to a multipurpose contact lens care solution

First to introduce an in-eye gelling lubricant

First to develop an emulsion that addresses Meibomian Gland Dysfunction (MGD)

First (and only) to develop a one-bottle, peroxide lens care solution without added preservatives

First (and only) to develop a water gradient daily disposable (DD) SiHy lens

Today

First to develop soft bifocal contact lenses

First to develop a soft contact lens for periodic replacement

First to develop a contact lens with up to 30 nights of continuous wear

First to develop a water gradient soft contact lens designed for people with presbyopia
A leading position in the global Vision Care market

2017 Global Vision Care Sales\(^1\) ($b)

- **Alcon**: 3.1
- **Others**: ~$14b

2017 Industry Sales\(^1\) ($b)

- **Contact Lenses**: 8
- **Ocular Health**: 6
- **Total**: 14

2018E-2023E Industry CAGR\(^1\)

- **Contact Lenses**: 4%
- **Ocular Health**: 4%
- **Total**: 4%

---

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
Breakdown of Contact Lens Market sub-categories

2017 Contact Lens Market Breakdown¹

% Sales

MODALITY

- Reusable
- Daily

$8b

DESIGN

- Sphere
- Toric
- Cosmetic
- Multi-Focal

$8b

GEOGRAPHY

- International
- US

$8b

• Market shifting from reusable to daily disposable lenses
• Sales per patient increases 2-3x for daily disposable wearers
• Increasing demand for premium lenses (Toric, Multi-Focal, Cosmetic)
• Premium lenses command ~15-30% premium over spherical lenses due to added benefits
• Accelerating growth in under-penetrated international markets
• North America, Western Europe, and Japan remain highest penetration markets

1. Source: GfK, third party research, and Alcon internal estimates
Significant opportunity for growth in Ocular Health

2017 Ocular Health Market Breakdown\(^1\)

<table>
<thead>
<tr>
<th>#1 Market position</th>
<th>Dry Eye</th>
<th>Contact Lens Care (CLC)</th>
<th>Vitamins</th>
<th>Allergy</th>
<th>Red Eye</th>
</tr>
</thead>
</table>

**Market forces**
- **Dry Eye**: Increased awareness of treatment options drives demand
- **Contact Lens Care (CLC)**: Growth in daily lenses inversely impacts CLC in developed markets
- **Vitamins**: Aging population leads to uptick in consumption
- **Allergy**: Growth in market with younger population and increased economic means
- **Red Eye**: 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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ocular Health</td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td>Contact Lenses</td>
<td>1.8</td>
<td></td>
</tr>
</tbody>
</table>

Market position

- **#1** Globally - SYSTANE family of Dry Eye products
- **#1** Globally - CLEAR CARE cleaning and disinfecting solution
- **#2** Globally - DAILIES AquaComfort Plus
- **#2** Globally - AIR OPTIX monthly reusable lenses
- **#2** Globally - AIR OPTIX COLORS cosmetic lenses
- **#2** Globally - FreshLook cosmetic lenses

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

<table>
<thead>
<tr>
<th>Market Position</th>
<th>Key Brands</th>
<th>Product highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Disposable</td>
<td>DAILIES TOTAL1®</td>
<td>• DAILIES TOTAL1 is first and only water-gradient lens, considered super-premium in SiHy</td>
</tr>
<tr>
<td>Reusable</td>
<td>AIR OPTIX®</td>
<td>• SmartShield protects against deposits</td>
</tr>
<tr>
<td></td>
<td>AquaComfort PLUS®</td>
<td>• HydraGlyde maintains moisture through end of day</td>
</tr>
</tbody>
</table>

### Ocular Health

<table>
<thead>
<tr>
<th>Dry Eye</th>
<th>Contact Lens Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>SYSTANE Complete: fast-acting, long lasting relief recommended by doctors and pharmacists</td>
<td></td>
</tr>
<tr>
<td>CLEAR CARE offers triple-action cleaning</td>
<td></td>
</tr>
<tr>
<td>OPTI-FREE: Most recommended brand among eye care professionals</td>
<td></td>
</tr>
</tbody>
</table>
Sound fundamentals for driving sustainable growth

**Strong brands in fastest growing categories**

- **Preferred manufacturer** among eye care professionals (ECP) in US and major European markets\(^1\)

- **Growing consumer capabilities** complimented with retail scale and *promotionally responsive* product line

- **Strong innovation pipeline** expected to deliver new platform and design innovations over the next 3-5 years

- **Next-generation contact lens manufacturing platform** designed for steady innovation and scalability

---

1. Third party research, key brand equity study, September 2018
Focusing on 2 near term growth drivers

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 – 2018E

$M, % share in DD SiHy segment

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Share of Sales</th>
<th>Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>33%</td>
<td></td>
</tr>
</tbody>
</table>

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

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

- Contact lens dropouts begin as early as 30 due to comfort and changing vision needs (e.g., dryer eyes)
- Large majority of presbyopes resort to “readers” to better see items up close

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

Source: Alcon internal estimates
Results of DAILIES TOTAL1 multifocal campaign have been promising

US DAILIES TOTAL1 Multifocal Sales

Growth in US Daily Contact Lens Market by Design¹
2017-2018 (% Change)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Sphere</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Toric</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Multifocal</td>
<td>21</td>
<td>20</td>
</tr>
</tbody>
</table>

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\(^1\)

**AWARENESS**

- 55% Undiagnosed
- 45% Diagnosed

194 million (55%) dry eye patients remain undiagnosed\(^2\)

**DIAGNOSIS**

- ECP-diagnosis 41%
- Self-diagnosis 59%

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

**TREATMENT**

- Products suitable for Dry Eye treatment 55%
- Products unsuitable for Dry Eye treatment 45%

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

Sources:
2. Kantar Health (Jun 2011)
SYSTANE is the world leading brand for dry eye

Comprehensive portfolio

Responsive to DTC advertising

$3.5b dry eye opportunity

Best-selling dry eye franchise in artificial tear solutions

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

Sources:
1. Nielsen – US & Canada
2. Alcon internal estimate, MarketScope

Doctor Recommended brand for dry eye symptom relief

ECP supported brand

#1
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
Vision Care has a strong pipeline

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

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

Projected growth of global daily disposable (DD) market by sub-category:

- **2018**: DD SiHy premium
- **2023**: DD Mainstream SiHy

Patient price:
- **$$$$** for DD SiHy premium
- **$$** for DD Mainstream SiHy
- **$** for DD Non-SiHy

Alcon product:
- **PRECISION1**

Accelerate Innovation
Opportunities to expand in new markets and adjacencies

Expand Markets & Adjacencies

Expand contact lens penetration

- U.S. Multifocal Penetration
  - % of units
  - 5%

- Asia CL Penetration
  - % of units
  - 3%

- >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

Source: 2016 Vision Needs Monitor Study (conducted by Market Probe), Alcon internal estimates

1. CL refers to contact lens. Penetration refers to number of contact lens wearers divided by number of people in need of vision correction
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

- Easy exam scheduling & prescription validation
- Easy order, ship and subscribe
- Easy pay options
- Easy shop and select
- Easy connect & access to education
Our Vision Care business has solid fundamentals... with strong near-term opportunities to drive growth... and a long-term strategy to drive accelerated growth

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

Winning in daily disposables

Leading in presbyopia with DAILIES TOTAL1 multifocal

Driving category growth of dry-eye

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
We aspire to lead the world in eye care innovation

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

Legacy of industry firsts and advancements have built a strong reputation

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Close partnerships with eye care professionals and key research institutions

Partner of choice for external innovation

Focused on eye care with leading talent and expertise

>1,200 employees in R&D with over 11,000 granted patents
## Advancing the field of optical design

### 1. Astigmatism Correcting

- Best in class stabilization of contact lenses and IOLs

### 2. Presbyopia Correcting

#### 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
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
Robust clinical development capabilities

**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

**Artificial Intelligence & optimization**
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:
  - Improved contact lens & IOL materials
  - Automated manufacturing
  - New equipment platforms
  - Integrated surgical diagnostics
  - New laser upgrades

*Line Extensions*

$2.5b over next 5 years
Partner of choice for external innovation

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

Note: All trademarks are property of the respective owner
# Rich pipeline to fuel growth into the future

**SELECTED LAUNCHES**

<table>
<thead>
<tr>
<th><strong>SURGICAL</strong></th>
<th><strong>2018 - 2020</strong></th>
<th><strong>2020+</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Clareon with AutonoMe (Intl)</td>
<td>PanOptix Trifocal (US)</td>
<td>4 major new IOL platforms (e.g. accommodating)</td>
</tr>
<tr>
<td>UltraSert</td>
<td>Non-diffractive presbyopia correcting IOL</td>
<td>Next generation cataract and vitreoretinal technology platforms</td>
</tr>
<tr>
<td>PanOptix Trifocal (Intl)</td>
<td>Clareon with AutonoMe (US)</td>
<td>Integrative technologies to connect the clinic to the operating room</td>
</tr>
<tr>
<td>ReSTOR Toric with ACTIVEFOCUS (US)</td>
<td>ORA System with VerifEye Lynk</td>
<td></td>
</tr>
<tr>
<td>NGENUITY 3D</td>
<td>CENTURION Active Sentry Handpiece</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Alcon first Digital Health Platform</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>VISION CARE</strong></th>
<th><strong>2018 - 2020</strong></th>
<th><strong>2020+</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>AIR OPTIX plus HydraGlyde</td>
<td>SYSTANE Complete</td>
<td>2 innovative new contact lens platforms</td>
</tr>
<tr>
<td>DAILIES Total1 Multifocal</td>
<td>FRESHLOOK – 5 new designs</td>
<td>Accommodating contact lens</td>
</tr>
<tr>
<td>Clear Care plus HydraGlyde</td>
<td>AIR OPTIX plus HydraGlyde (Toric and Multifocal lenses)</td>
<td>SYSTANE product line expansion</td>
</tr>
<tr>
<td></td>
<td>PRECISION1 new daily disposable contact lens platform</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DAILIES Total1 for Astigmatism</td>
<td></td>
</tr>
</tbody>
</table>

Note: Global launch unless otherwise indicated
Key takeaways

1. Alcon **aspires to lead the world in** **eye care innovation**

2. Alcon **balances investment**, both internally and externally to **diversify the portfolio and manage risk**

3. Alcon **leverages world class expertise** to bring new innovations to the market

4. Alcon has a **robust pipeline in development** to fuel **sustainable growth**
## Financial framework to deliver strong shareholder returns

### 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)<sup>1</sup> 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)<sup>2</sup>

---

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

---

90
Diversified portfolio across businesses and geographies

2017 Sales
$6.8b

Vision Care $3.1b
27%
Contact Lenses
18%
Ocular Health
9%
Equipment / Other
15%
Implantables
31%
Consumables

Surgical $3.7b

U.S. $2.8b
41%

International $4.0b
59%

Contact Lenses
Ocular Health
Equipment / Other
Implantables
Consumables
Several consecutive quarters of sales growth

Quarterly sales growth\(^1\)
(% growth constant currency)

<table>
<thead>
<tr>
<th></th>
<th>Q1'16</th>
<th>Q2'16</th>
<th>Q3'16</th>
<th>Q4'16</th>
<th>Q1'17</th>
<th>Q2'17</th>
<th>Q3'17</th>
<th>Q4'17</th>
<th>Q1'18</th>
<th>Q2'18</th>
<th>Q3'18</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1%</td>
<td>-3</td>
<td>0</td>
<td>-1</td>
<td>+1</td>
<td>+1</td>
<td>+3</td>
<td>+4</td>
<td>+5</td>
<td>+6</td>
<td>+5</td>
<td>+5</td>
</tr>
<tr>
<td>in 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 margin\(^1\) (% of sales)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1'16</td>
<td>19</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>Q2'16</td>
<td>17</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Q3'16</td>
<td>17</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>Q4'16</td>
<td>15</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>Q1'17</td>
<td>16</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>Q2'17</td>
<td>16</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Q3'17</td>
<td>17</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>Q4'17</td>
<td>15</td>
<td>15</td>
<td>16</td>
</tr>
</tbody>
</table>

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

- 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
Financial performance in 2018 year-to-date

<table>
<thead>
<tr>
<th></th>
<th>9M 2017A</th>
<th>9M 2018A</th>
<th>Variance¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total sales</strong></td>
<td>$5.0bn</td>
<td>$5.4bn</td>
<td>6% (cc)</td>
</tr>
<tr>
<td><strong>Surgical</strong></td>
<td>$2.7bn</td>
<td>$3.0bn</td>
<td>8% (cc)</td>
</tr>
<tr>
<td><strong>Vision Care</strong></td>
<td>$2.3bn</td>
<td>$2.4bn</td>
<td>3% (cc)</td>
</tr>
<tr>
<td><strong>Core gross margin¹</strong></td>
<td>62.5%</td>
<td>63.7%</td>
<td>+125bps</td>
</tr>
<tr>
<td><strong>Core operating margin¹</strong></td>
<td>16.2%</td>
<td>17.8%</td>
<td>+156bps</td>
</tr>
</tbody>
</table>

- 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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Alcon core operating income within Novartis</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core operating margin (% of sales)</td>
<td>23%</td>
<td>18%</td>
<td>17%</td>
<td>17%</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Adjustments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocations&lt;sup&gt;2&lt;/sup&gt;</td>
<td>-49</td>
<td>-22</td>
<td>-82</td>
<td>-50</td>
<td>-46</td>
</tr>
<tr>
<td><strong>Alcon core operating income standalone</strong>&lt;sup&gt;3&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core operating margin (% of sales)</td>
<td>22%</td>
<td>17%</td>
<td>16%</td>
<td>16%</td>
<td>18%</td>
</tr>
</tbody>
</table>

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.
2018 – 2023 outlook assumptions

**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 costs

**Outlook does not assume**

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

---

1. As defined in historical carve-out financials
# 2023 financial outlook

<table>
<thead>
<tr>
<th></th>
<th>2023E¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales growth</strong> (% CAGR 2018-2023)</td>
<td>Mid-single digit</td>
</tr>
<tr>
<td><strong>Core operating margin</strong> (%)</td>
<td>Low-to-mid 20s</td>
</tr>
<tr>
<td><strong>Capex</strong> (as % of sales)</td>
<td>Mid-single digit</td>
</tr>
<tr>
<td><strong>Core tax rate</strong> (%)</td>
<td>High-teens</td>
</tr>
</tbody>
</table>

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 Sales

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.
Committed to delivering significant margin expansion

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Mid-to-high teens %</th>
<th>Operational efficiency and P&amp;L leverage</th>
<th>2023E</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018E</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Margin improvement</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 2023E     | +迫使
to-mid 20%          |                                        |       |

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

Free cash flow\(^1,2\) ($)

- **2018E**
- **2023E**

\[ 2.5 - 3.0x \]

**Drivers**

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

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

---

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
Clearly defined capital allocation framework

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 income

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
Opportunity to leverage Alcon’s global footprint/scale

Flexibility to execute different investment structures

Innovation driven with particular interest in next-generation technologies

Focus on bolt-on acquisitions to surgical, vision care and adjacencies

Agnostic to source of innovation

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
# Key takeaways

<table>
<thead>
<tr>
<th>Category</th>
<th>Points</th>
</tr>
</thead>
</table>
| 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                                                                       |

Note: Forward-looking statements that involve risks and uncertainties; see "Legal Disclaimers" on slide 5 for more information
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
Dual listing on Swiss and New York stock exchange

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

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

¹. SMI is a registered trademark of the SIX Swiss Exchange
In summary, the global market leader in eye care devices

- Favorable market trends with significant opportunities to grow and expand
- World leading expertise, focused strategy and strong management team
- Strong pipeline filled with significant innovation
- Partner of choice to secure external technologies
- Disciplined capital allocation framework with growth on top and bottom line
Objectives for Capital Markets Day

1. Meet Alcon management
2. Discuss our strategy and key growth drivers
3. Provide 5-year financial goals
4. Explain the benefits of Alcon as a stand-alone company
5. Answer your questions
Appendix
## Appendix: Core gross profit bridge

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reported gross profit</strong></td>
<td>3,247</td>
<td>3,111</td>
<td>3,204</td>
<td>2,384</td>
<td>2,313</td>
</tr>
<tr>
<td><strong>Adjustments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of intangibles</td>
<td>1,005</td>
<td>1,006</td>
<td>1,007</td>
<td>755</td>
<td>751</td>
</tr>
<tr>
<td>Impairment charges</td>
<td>0</td>
<td>19</td>
<td>0</td>
<td>0</td>
<td>376</td>
</tr>
<tr>
<td>Restructuring</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Legal-related items/Other</td>
<td>0</td>
<td>-13</td>
<td>0</td>
<td>0</td>
<td>-25</td>
</tr>
<tr>
<td><strong>Core gross profit</strong></td>
<td>4,254</td>
<td>4,123</td>
<td>4,211</td>
<td>3,139</td>
<td>3,415</td>
</tr>
</tbody>
</table>

**Note:** Non-IFRS measures
## Appendix: Core operating income bridge

<table>
<thead>
<tr>
<th>($m)</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>9M 2017</th>
<th>9M 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported operating income</td>
<td>417</td>
<td>10</td>
<td>-77</td>
<td>-20</td>
<td>-173</td>
</tr>
</tbody>
</table>

### Adjustments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of intangibles</td>
<td>1,015</td>
<td>1,018</td>
<td>1,017</td>
<td>763</td>
<td>759</td>
</tr>
<tr>
<td>Impairment charges</td>
<td>2</td>
<td>23</td>
<td>86</td>
<td>77</td>
<td>333</td>
</tr>
<tr>
<td>Restructuring</td>
<td>29</td>
<td>29</td>
<td>30</td>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td>Legal-related items/Other</td>
<td>43</td>
<td>48</td>
<td>30</td>
<td>-19</td>
<td>34</td>
</tr>
<tr>
<td><strong>Core operating income</strong></td>
<td><strong>1,506</strong></td>
<td><strong>1,128</strong></td>
<td><strong>1,086</strong></td>
<td><strong>816</strong></td>
<td><strong>954</strong></td>
</tr>
</tbody>
</table>
Appendix: Several consecutive quarters of sales growth

Quarterly sales growth
(% growth reported)

<table>
<thead>
<tr>
<th></th>
<th>Q1'16</th>
<th>Q2'16</th>
<th>Q3'16</th>
<th>Q4'16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1'16</td>
<td>-7</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
</tr>
<tr>
<td>Q2'16</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Q3'16</td>
<td>-1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Q4'16</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Q1'17</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Q2'17</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Q3'17</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Q4'17</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Q1'18</td>
<td>+11</td>
<td>+6</td>
<td>+3</td>
<td>0</td>
</tr>
<tr>
<td>Q2'18</td>
<td>+6</td>
<td>+3</td>
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<tr>
<td>Q3'18</td>
<td>+3</td>
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</tr>
</tbody>
</table>

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