



# First-Quarter 2025 Earnings Presentation

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May 14, 2025

**Alcon**

# Safe harbor

## Forward-looking statements

This press release contains, and our officers and representatives may from time to time make, certain "forward-looking statements" within the meaning of the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "anticipate," "intend," "commitment," "look forward," "maintain," "plan," "goal," "seek," "target," "assume," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding our 2025 outlook, liquidity, revenue, gross margin, operating margin, effective tax rate, foreign currency exchange movements, earnings per share, our plans and decisions relating to various capital expenditures, capital allocation priorities and other discretionary items such as our market growth assumptions, our social impact and sustainability plans, targets, goals and expectations, and generally, our expectations concerning our future performance.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties and risks that are difficult to predict such as: cybersecurity breaches or other disruptions of our information technology systems; our ability to effectively manage the risks associated with the ethical use of disruptive technologies; compliance with data privacy, identity protection and information security laws, particularly with the increased use of artificial intelligence; the impact of a disruption in our global supply chain, including the effect of tariffs, or important facilities, particularly when we single-source or rely on limited sources of supply; our ability to manage social impact and sustainability matters; our reliance on outsourcing key business functions; global and regional economic, financial, monetary, legal, tax, political and social change; the increasingly challenging economic, political and legal environment in China; terrorism, war and other resulting events such as economic sanctions and trade restrictions; our ability to manage the risks associated with operating as a third party contract manufacturer; our ability to forecast sales demand and manage our inventory levels and the changing buying patterns of our customers; our success in completing and integrating strategic acquisitions, including equity investments in early-stage companies; the success of our research and development efforts, including our ability to innovate to compete effectively; our ability to comply with the US Foreign Corrupt Practices Act of 1977 and other applicable anti-corruption laws; pricing pressure from changes in third party payor coverage and reimbursement methodologies; our ability to properly educate and train healthcare providers on our products; our ability to protect our intellectual property; our ability to comply with all laws to which we may be subject; the ability to obtain regulatory clearance and approval of our products as well as compliance with any post-approval obligations, including quality control of our manufacturing; the effect of product recalls or voluntary market withdrawals; the accuracy of our accounting estimates and assumptions, including pension and other post-employment benefit plan obligations and the carrying value of intangible assets; the impact of unauthorized importation of our products from countries with lower prices to countries with higher prices; our ability to service our debt obligations; the need for additional financing through the issuance of debt or equity; the effects of litigation, including product liability lawsuits and governmental investigations; supply constraints and increases in the cost of energy; our ability to attract and retain qualified personnel; legislative, tax and regulatory reform; the impact of being listed on two stock exchanges; the ability to declare and pay dividends; the different rights afforded to our shareholders as a Swiss corporation compared to a US corporation; the effect of maintaining or losing our foreign private issuer status under US securities laws; and the ability to enforce US judgments against Swiss corporations.

Additional factors are discussed in our filings with the United States Securities and Exchange Commission, including our Form 20-F. Should one or more of these uncertainties or risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated. Therefore, you should not rely on any of these forward-looking statements. Forward-looking statements in this press release speak only as of the date of its filing, and we assume no obligation to update forward-looking statements as a result of new information, future events or otherwise. We also undertake no obligation to update the 2025 outlook as circumstances evolve.

## Intellectual property

This report may contain references to our proprietary intellectual property. All product names appearing in *italics* or ALL CAPS are trademarks owned by or licensed to Alcon Inc. Product names identified by a ® or a ™ are trademarks that are not owned by or licensed to Alcon or its subsidiaries and are the property of their respective owners.

## Non-IFRS measures

Alcon uses certain non-IFRS metrics when measuring performance, including when measuring current period results against prior periods, including core results, percentage changes measured in constant currencies and free cash flow. Because of their non-standardized definitions, the non-IFRS measures (unlike IFRS measures) may not be comparable to the calculation of similar measures of other companies. These non-IFRS measures are presented solely to permit investors to more fully understand how Alcon management assesses underlying performance. These non-IFRS measures are not, and should not be viewed as, a substitute for IFRS measures.

# Agenda

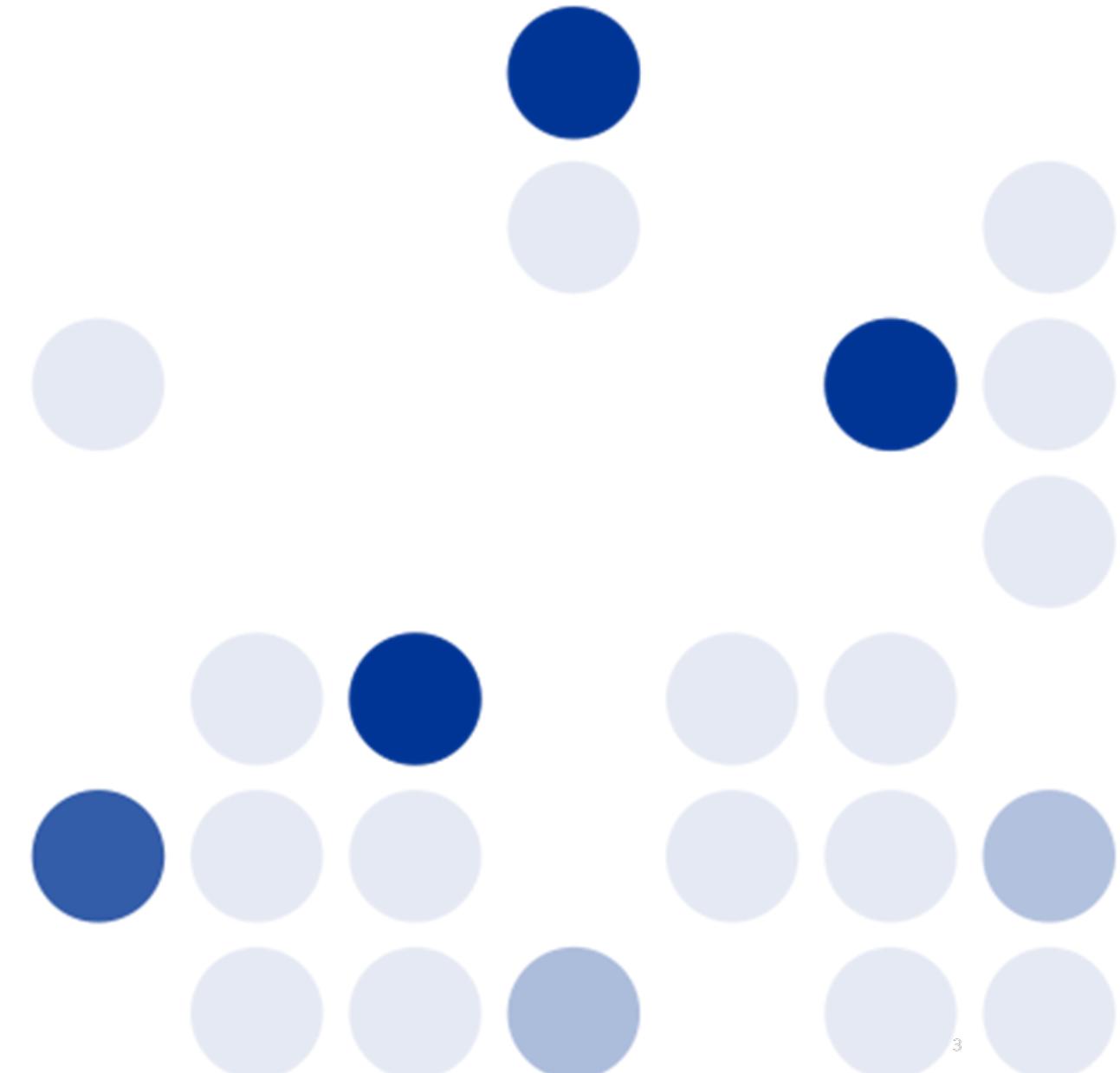
01 Key topics

02 Sales

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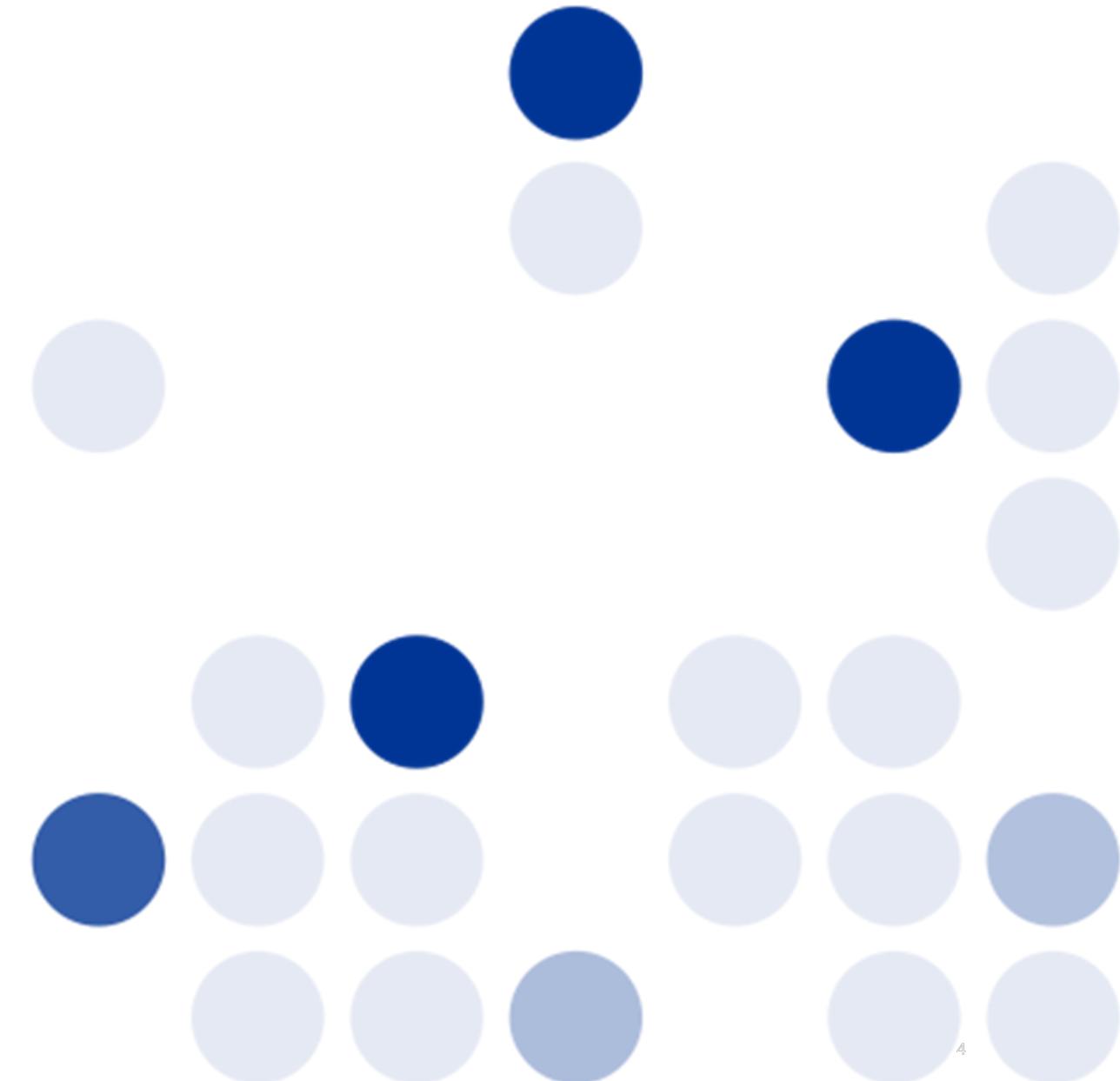
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# Select financial highlights

## Net sales



## Core diluted EPS<sup>1</sup>



## Core operating margin<sup>1</sup>



## Free cash flow<sup>1</sup>



**1Q25 Sales** of \$2.5B, in line year-over-year on a reported basis; up 3% cc<sup>1</sup>

**1Q25 Operating margin** of 19.1%, up 400 basis points (bps) y/y; up 470 bps cc

**1Q25 Core operating margin** of 20.8%, down 120 bps; down 40 bps cc

**1Q25 Diluted EPS** of \$0.70

**1Q25 Core diluted EPS** of \$0.73

**1Q25 Cash from operating activities** of \$384 million

**1Q25 Free cash flow** of \$278 million

# Agenda

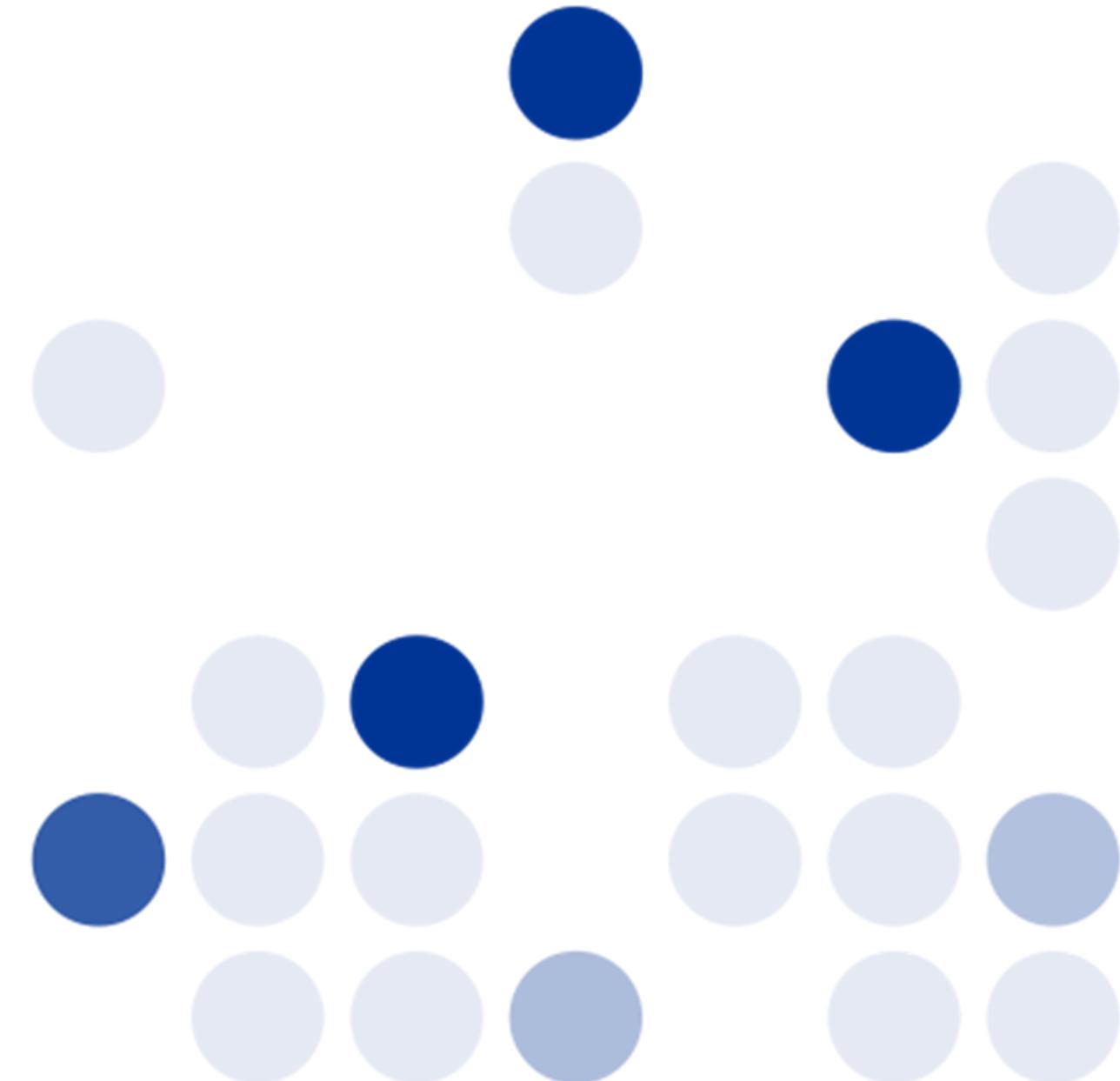
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# Q1 2025 Product mix<sup>1</sup>



## Vision Care \$1.1B (46%)

### Ocular health (39%)

Dry eye products

Allergy eye drops

Steroid eye drops

Glaucoma eye drops

Contact lens care

### Contact lenses (61%)

Daily lenses

Reusable lenses

Cosmetic lenses

## Surgical \$1.3B (54%)

### Implantables (32%)

Monofocal IOLs

Advanced technology IOLs

Glaucoma implants

### Consumables (53%)

Dedicated consumables

Custom surgical packs

Procedural products

### Equipment/other (15%)

Cataract equipment

Retinal equipment

Refractive equipment

Glaucoma equipment

Diagnostics & visualization

Equipment service

Procedural eye drops

# Q1 2025 Surgical

Surgical reflects strength in international markets and consumables



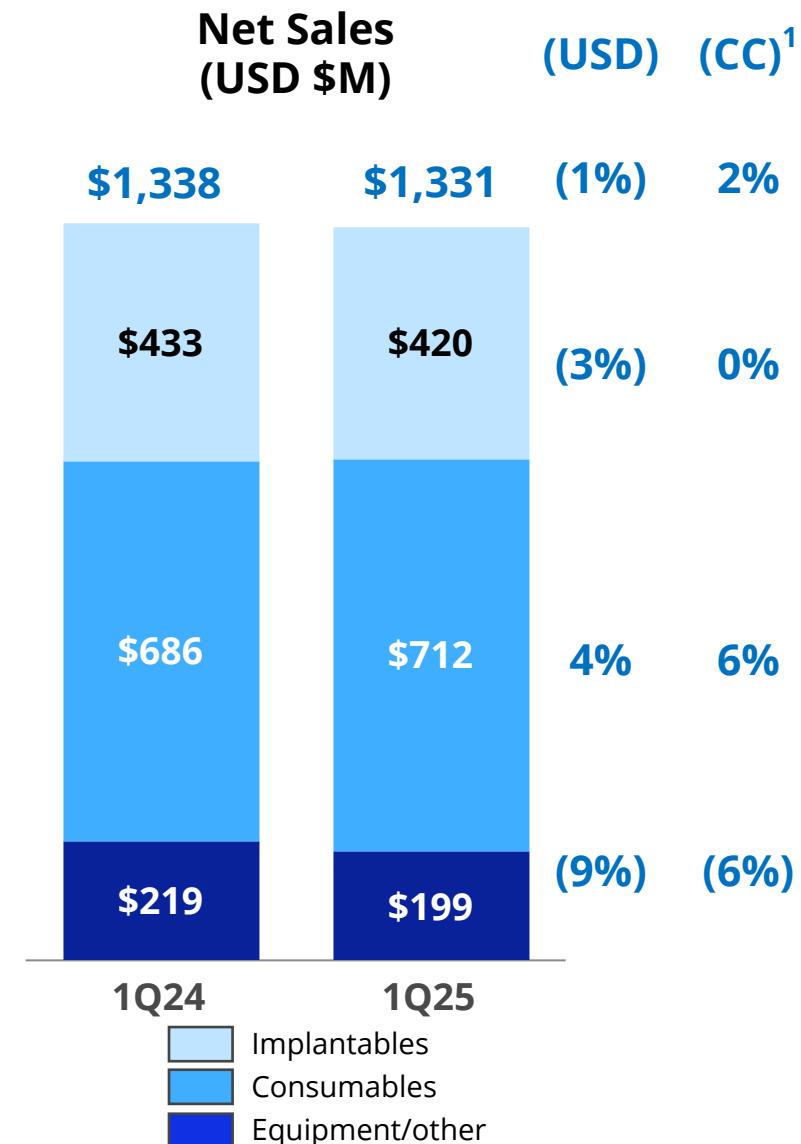
- Growth in advanced technology intraocular lenses in international markets



- Consumables growth driven by vitreoretinal and cataract consumables, particularly in international markets, and price increases



- Soft cataract market conditions and competitive pressures in US implantables offset international ATIOL performance
- Demand moderated for legacy cataract and vitreoretinal equipment



# Q1 2025 Vision Care

Vision Care reflects strength from *Systane* and pricing



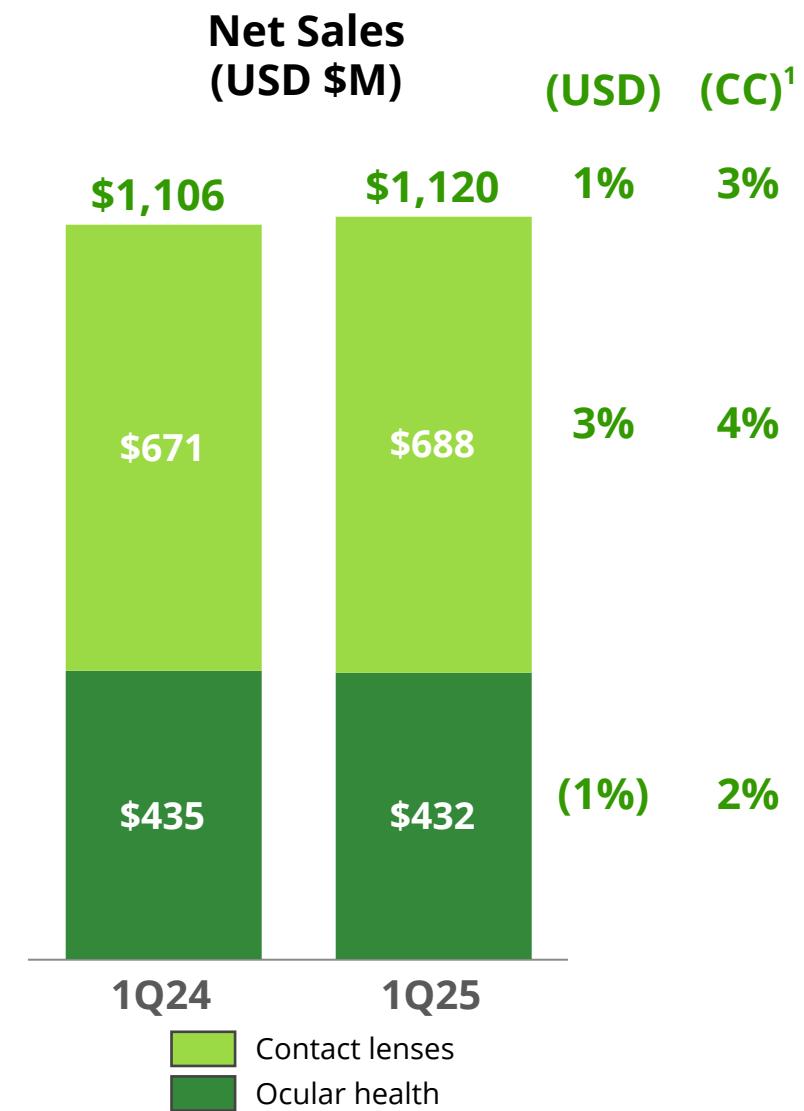
- Product innovation drove sales of contact lenses, including toric and multifocal modalities
- Price increases in contact lenses



- Strong performance of *Systane* family of artificial tears
- Price increases in eye drops



- Declines in legacy contact lens brands
- Unfavorable impact of ~3% following the divestiture and out-licensing of rights to certain eye drops in China



# Agenda

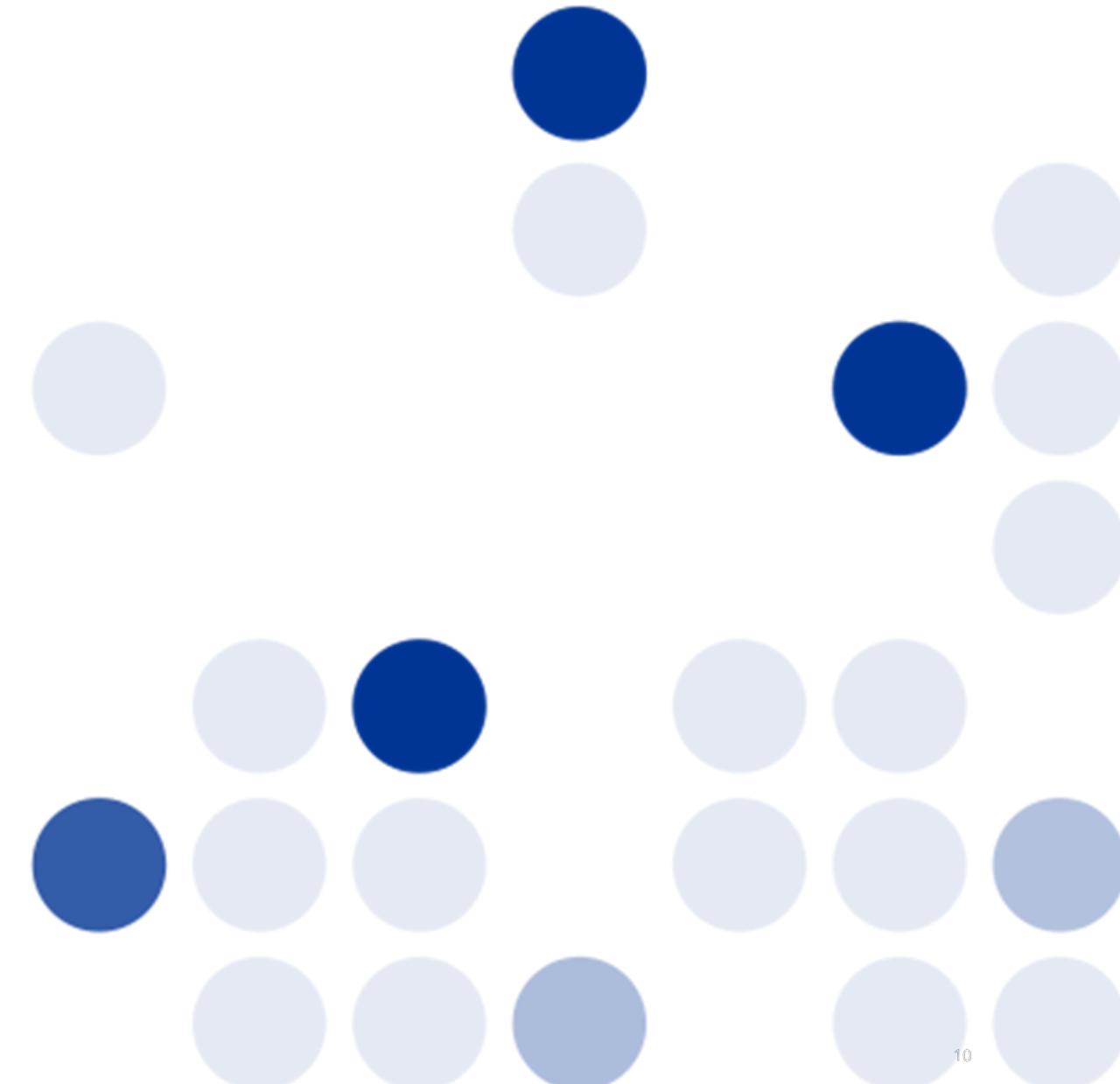
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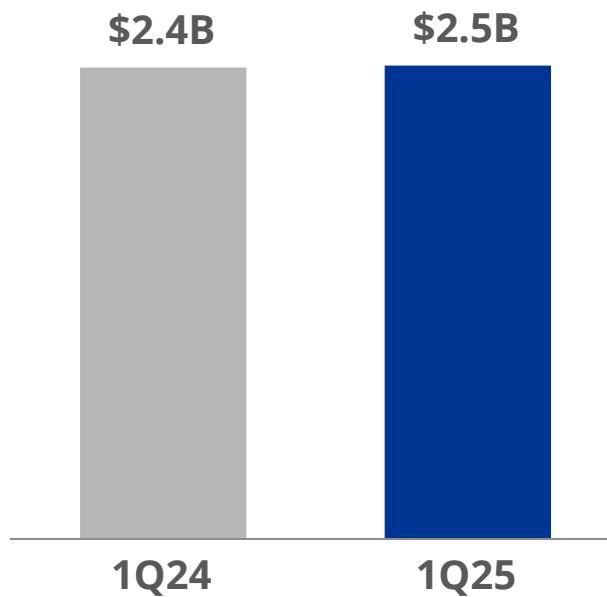
04 Core results

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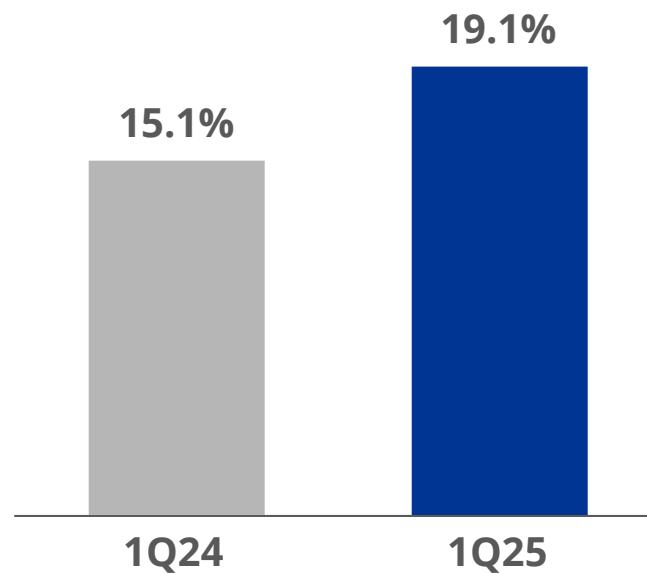


# Q1 2025 IFRS results

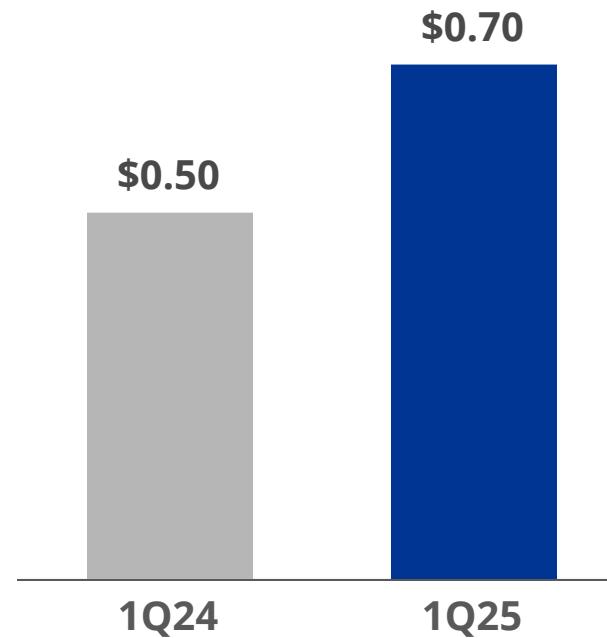
## Worldwide net sales



## Operating margin



## Diluted EPS



Y/Y change (USD):

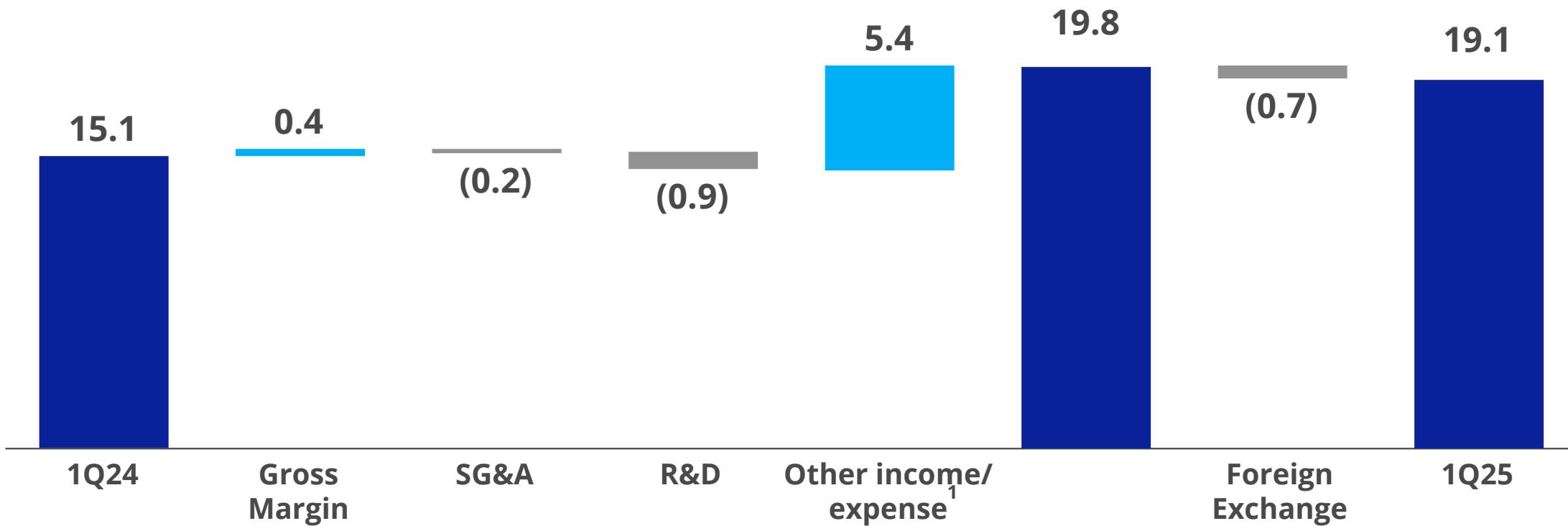
0%

+400 bps

+40%<sup>1</sup>

# Q1 2025 IFRS operating margin bridge

1Q25 vs. 1Q24, % of net sales



# Agenda

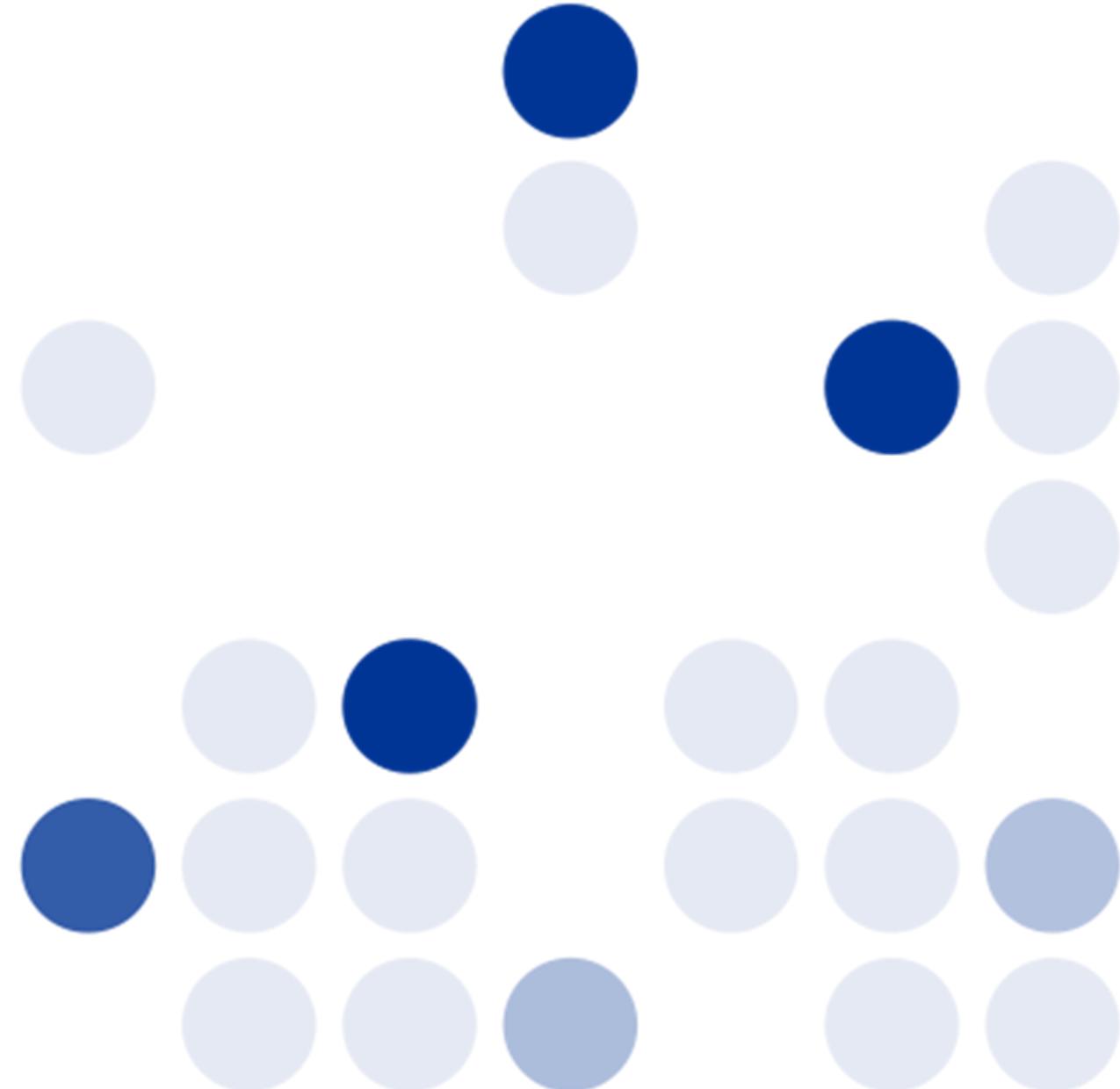
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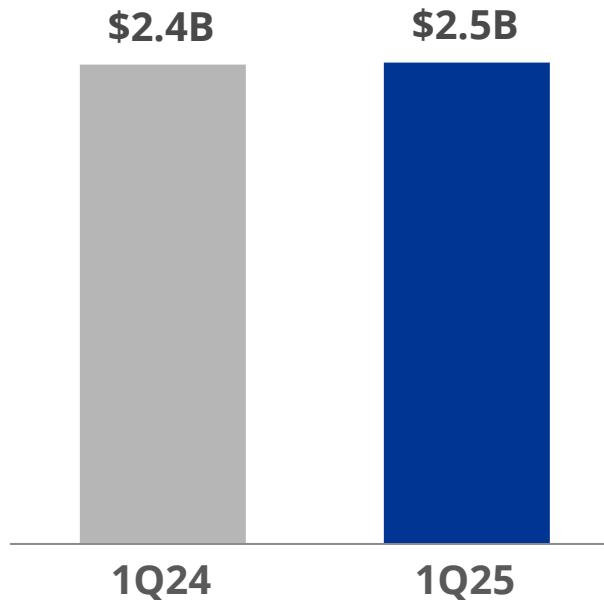
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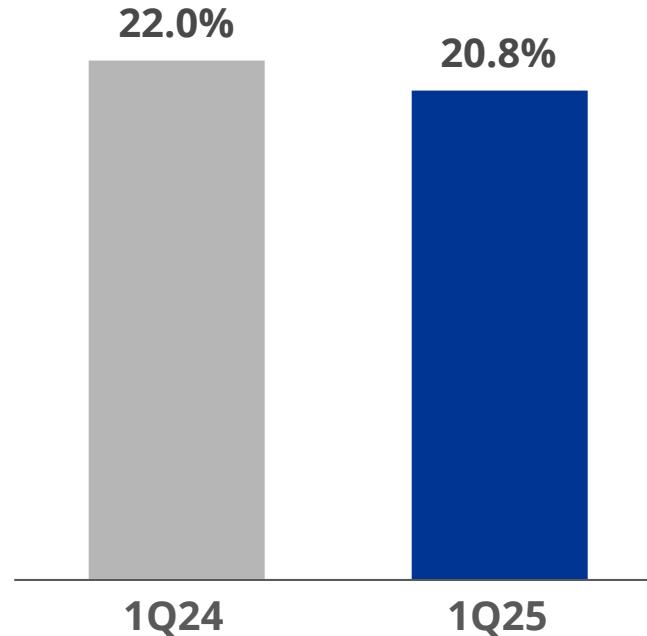


# Q1 2025 Core results<sup>1</sup>

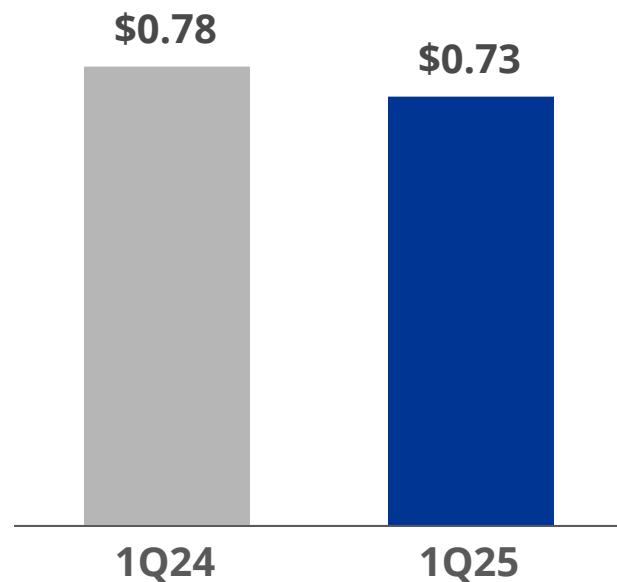
Worldwide net sales



Core operating margin



Core diluted EPS



Y/Y change (cc):

+3%

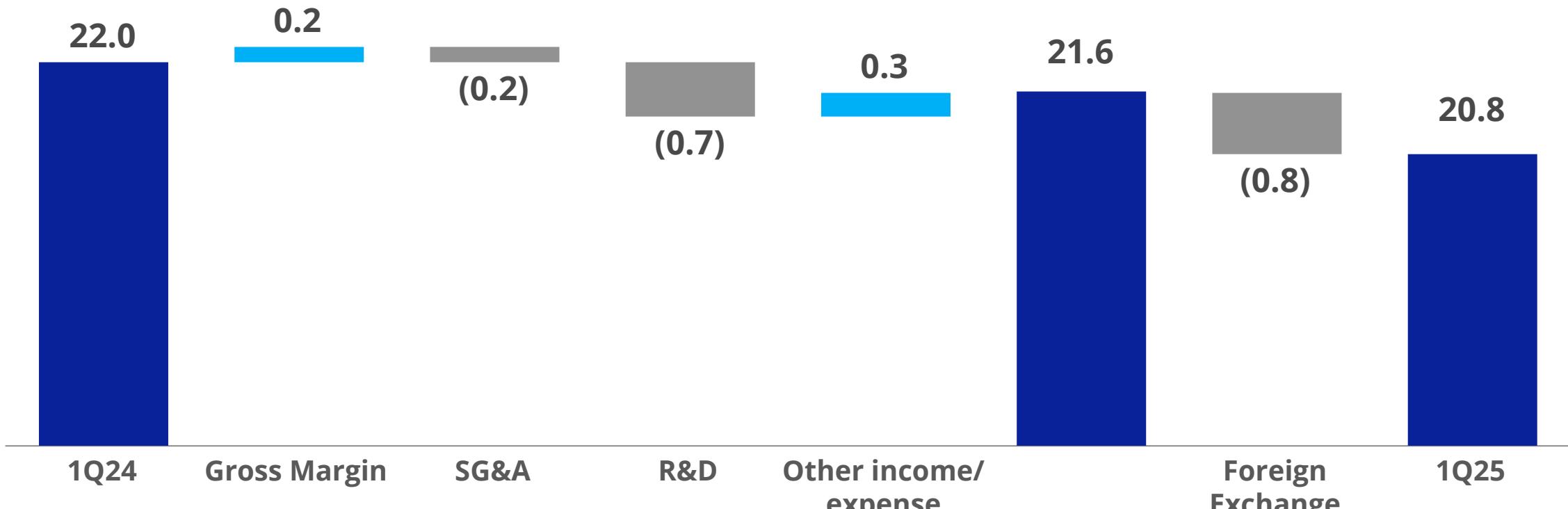
-40 bps

0%

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

# Q1 2025 Core operating margin<sup>1</sup> bridge

1Q25 vs. 1Q24, % of net sales



## Key drivers

- Core operating margin decrease primarily due to increased investment in R&D
- Negative 80 bps impact from currency

# Q1 2025 Cash flow and balance sheet highlights

## Cash and cash equivalents

**\$1.4 billion**

1Q25 cash flows from operations \$384 million

1Q25 free cash flow<sup>1</sup> \$278 million

## Capex

**\$106 million**

Investments in new contact lens manufacturing capacity

## Debt

**\$4.7 billion**

No financial covenants

# Agenda

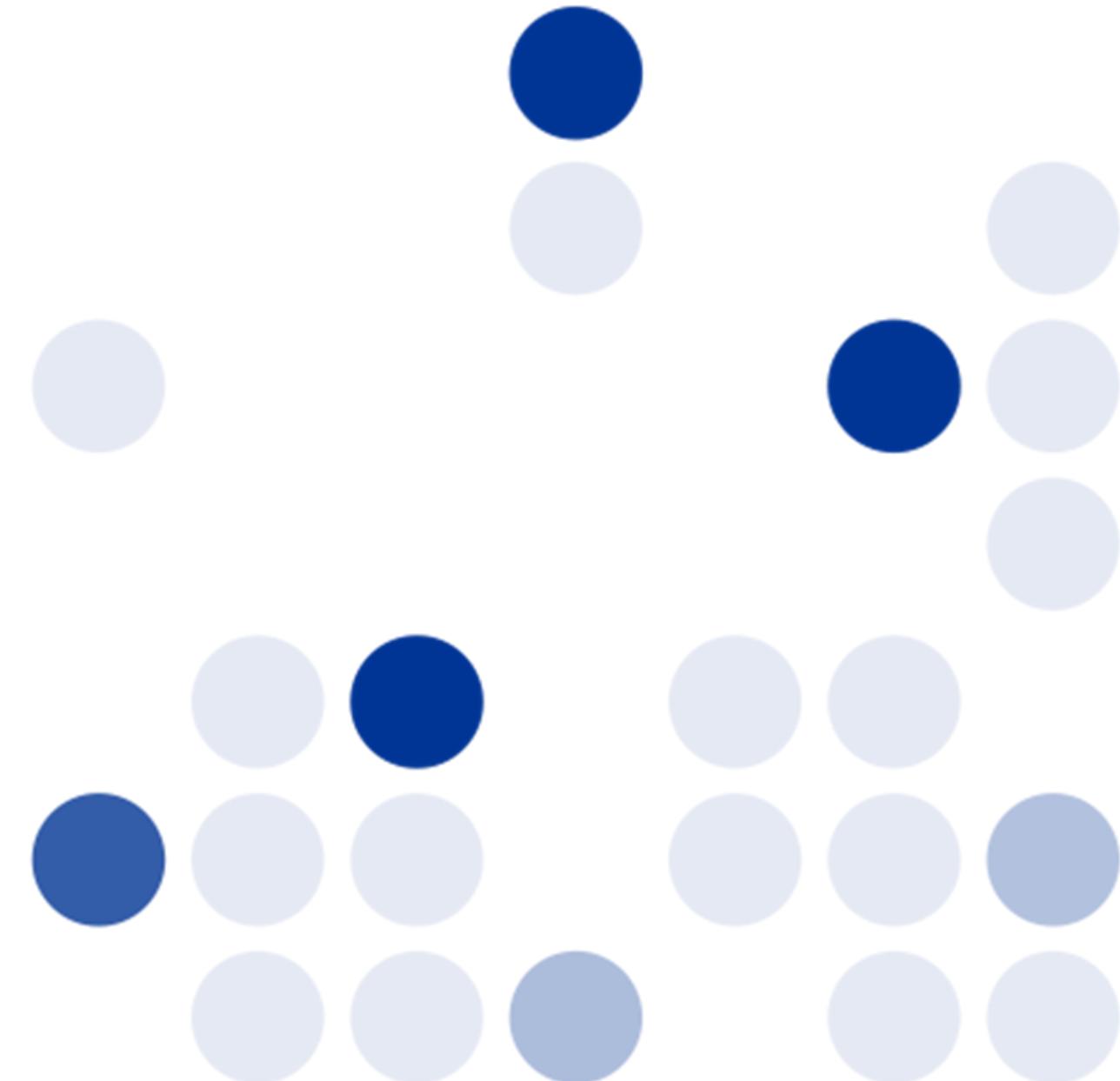
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# FY 2025 Outlook reflects the impact of dilution from recent BD&L activity

This outlook incorporates a gross tariff impact of approximately \$80 million, which is expected to pressure cost of net sales. The Company anticipates fully offsetting this impact through operational actions and foreign exchange.

This outlook also includes the dilutive effects of recent business development and licensing activities, which are expected to pressure core operating margin by approximately 80 basis points and core diluted earnings per share by approximately \$0.10. Please refer to the assumptions below.

2025 outlook <sup>1</sup>	as of February	as of May	Comments
Net sales (USD)	\$10.2 to \$10.4 billion	\$10.4 to \$10.5 billion	Updated
Change vs. prior year (cc) <sup>2</sup> (non-IFRS measure)	+6% to +8%	+6% to +7%	Updated
Core operating margin <sup>2</sup> (non-IFRS measure)	21% to 22%	20% to 21%	Updated
Non-operating income & expense <sup>3</sup>	\$200 to \$220 million	\$185 to \$205 million	Updated
Core effective tax rate <sup>4</sup> (non-IFRS measure)	~20%	~20%	Maintained
Core diluted EPS <sup>2</sup> (non-IFRS measure)	\$3.15 to \$3.25	\$3.05 to \$3.15	Updated
Change vs. prior year (cc) <sup>2</sup> (non-IFRS measure)	+8% to +11%	+2% to +5%	Updated

## Assumptions:

- Aggregated markets grow approximately 4%
- Tariff rates and exemptions announced as of May 12, 2025 persist through the end of the year
- Exchange rates as of the mid-May 2025 prevail through year-end
- Approximately 499.5 million weighted-averaged diluted shares

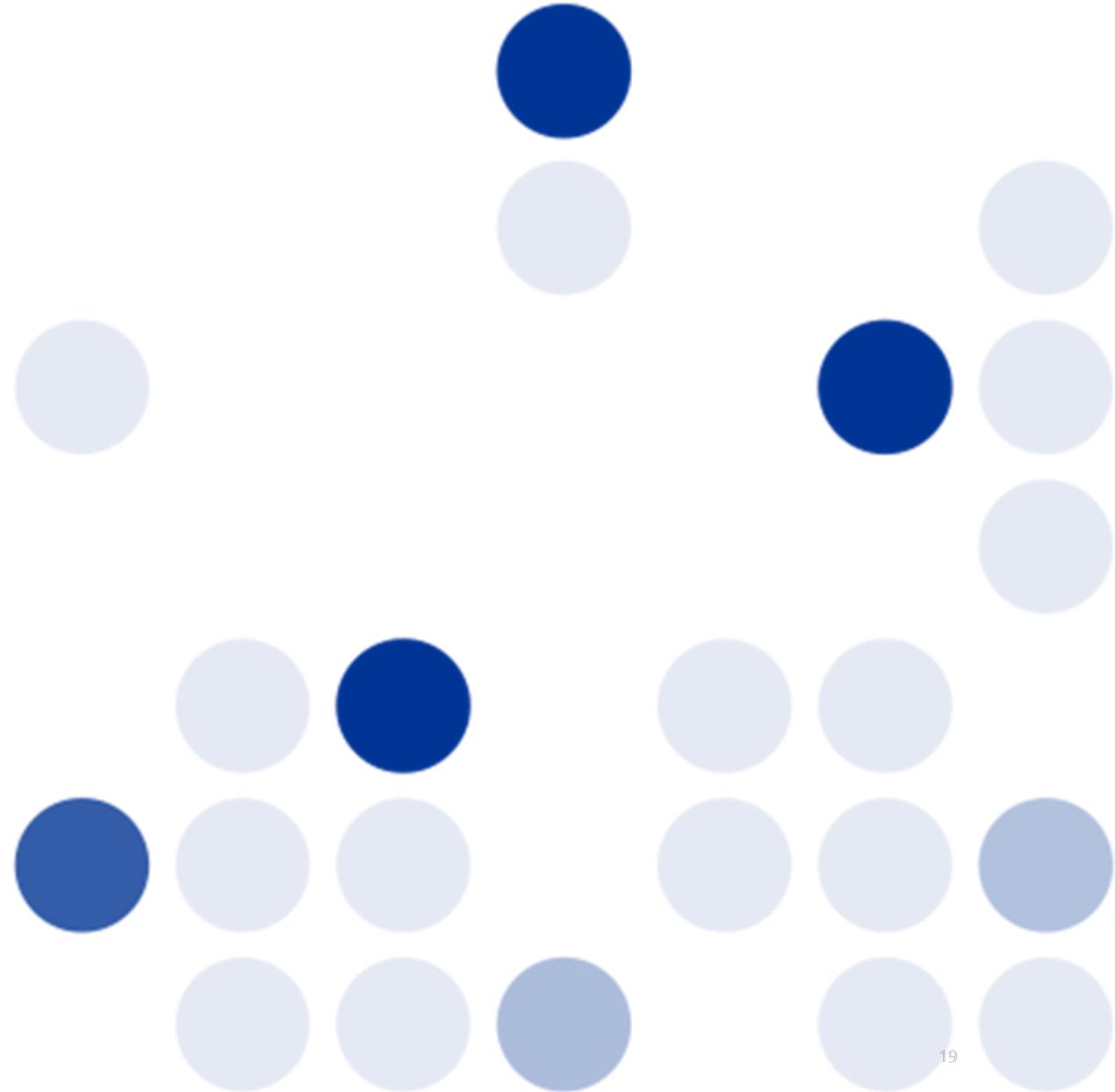
1. Does not reflect any potential impact of the share repurchase program.

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

3. Non-operating income & expense includes interest expense, other financial income & expense and share of loss from associated companies.

4. Core effective tax rate, a non-IFRS measure, is the applicable annual tax rate on core taxable income.

# Appendix



# Appendix: Non-IFRS measures as defined by the Company

Alcon uses certain non-IFRS metrics when measuring performance, including when measuring current period results against prior periods, including core results, percentage changes measured in constant currencies and free cash flow. Because of their non-standardized definitions, the non-IFRS measures (unlike IFRS measures) may not be comparable to the calculation of similar measures of other companies. These supplemental non-IFRS measures are presented solely to permit investors to more fully understand how Alcon management assesses underlying performance. These supplemental non-IFRS measures are not, and should not be viewed as, a substitute for IFRS measures.

## Core results

Alcon core results, including core operating income and core net income, exclude all amortization and impairment charges of intangible assets, excluding software, net gains and losses on fund investments and equity securities valued at fair value through profit and loss ("FVPL"), fair value adjustments of financial assets in the form of options to acquire a company carried at FVPL, fair value remeasurements of investments in associated companies and certain acquisition related items. The following items that exceed a threshold of \$10 million, are not operating expenses necessary to the operation of the business and have costs that will vary over periods are also excluded from core results: integration and divestment related income and expenses, divestment gains and losses, restructuring charges/releases and related items, legal related items, gains/losses on early extinguishment of debt or debt modifications, past service costs for post-employment benefit plans, impairments of property, plant and equipment and software, as well as income and expense items that management deems exceptional and that are or are expected to accumulate within the year to be over a \$10 million threshold.

Taxes on the adjustments between IFRS and core results take into account, for each individual item included in the adjustment, the tax rate that will finally be applicable to the item based on the jurisdiction where the adjustment will finally have a tax impact. Generally, this results in amortization and impairment of intangible assets and acquisition-related restructuring and integration items having a full tax impact. There is usually a tax impact on other items, although this is not always the case for certain items such as legal settlements in certain jurisdictions.

Alcon believes that investor understanding of its performance is enhanced by disclosing core measures of performance because, since they exclude items that can vary significantly from period to period, the core measures enable a helpful comparison of business performance across periods. For this same reason, Alcon uses these core measures in addition to IFRS and other measures as important factors in assessing its performance.

A limitation of the core measures is that they provide a view of Alcon operations without including all events during a period, such as the effects of an acquisition, divestment, or amortization/impairments of purchased intangible assets and restructurings.

## Constant currency

Changes in the relative values of non-US currencies to the US dollar can affect Alcon's financial results and financial position. To provide additional information that may be useful to investors, including changes in sales volume, we present information about changes in our net sales and various values relating to operating and net income that are adjusted for such foreign currency effects. Constant currency calculations have the goal of eliminating two exchange rate effects so that an estimate can be made of underlying changes in the Consolidated Income Statement excluding (i) the impact of translating the income statements of consolidated entities from their non-US dollar functional currencies to the US dollar and (ii) the impact of exchange rate movements on the major transactions of consolidated entities performed in currencies other than their functional currency. Alcon calculates constant currency measures by translating the current year's foreign currency values for sales and other income statement items into US dollars, using the average exchange rates from the historical comparative period and comparing them to the values from the historical comparative period in US dollars.

## Free cash flow

Alcon defines free cash flow as net cash flows from operating activities less cash flow associated with the purchase or sale of property, plant and equipment. Free cash flow is presented as additional information because Alcon management believes it is a useful supplemental indicator of Alcon's ability to operate without reliance on additional borrowing or use of existing cash. Free cash flow is not intended to be a substitute measure for net cash flows from operating activities as determined under IFRS.

## Reconciliation of guidance for forward-looking non-IFRS measures

The forward-looking guidance included in this presentation cannot be reconciled to the comparable IFRS measures without unreasonable efforts, because we are not able to predict with reasonable certainty the ultimate amount or nature of exceptional items in the fiscal year. These items are uncertain, depend on many factors and could have a material impact on our IFRS results for the guidance period.

# Reconciliation of IFRS results to core results (non-IFRS measure)

Three months ended March 31, 2025

(\$ millions except earnings per share)	IFRS results	Amortization of certain intangible assets <sup>(1)</sup>	Gains on investments in associated companies <sup>(2)</sup>	Acquisition and integration related items <sup>(3)</sup>	Other items <sup>(4)</sup>	Core results (non-IFRS measure)
<b>Gross profit</b>	<b>1,383</b>	<b>167</b>	—	—	—	<b>1,550</b>
<b>Operating income</b>	<b>468</b>	<b>172</b>	(142)	13	—	<b>511</b>
<b>Income before taxes</b>	<b>414</b>	<b>172</b>	(142)	13	5	<b>462</b>
Taxes <sup>(5)</sup>	(64)	(30)	—	(3)	—	(97)
<b>Net income</b>	<b>350</b>	<b>142</b>	(142)	10	5	<b>365</b>
<i>Net income attributable to:</i>						
<i>Shareholders of Alcon Inc.</i>	350	142	(142)	10	5	365
<i>Non-controlling interests</i>	—	—	—	—	—	—
Basic earnings per share \$( <sup>(6)</sup> )	0.71					0.74
Diluted earnings per share \$( <sup>(6)</sup> )	0.70					0.73
Basic - weighted average shares outstanding (millions) <sup>(6)</sup>	495.1					495.1
Diluted - weighted average shares outstanding (millions) <sup>(6)</sup>	498.0					498.0

Refer to the associated explanatory footnotes at the end of the 'Reconciliation of IFRS results to core results (non-IFRS measure)' tables.

# Reconciliation of IFRS results to core results (non-IFRS measure)

Three months ended March 31, 2024

(\$ millions except earnings per share)	IFRS results	Amortization of certain intangible assets <sup>(1)</sup>	Acquisition and integration related items <sup>(3)</sup>	Other items <sup>(4)</sup>	Core results (non-IFRS measure)
<b>Gross profit</b>	<b>1,382</b>	<b>164</b>	<b>3</b>	—	<b>1,549</b>
<b>Operating income</b>	<b>368</b>	<b>166</b>	<b>3</b>	—	<b>537</b>
<b>Income before taxes</b>	<b>335</b>	<b>166</b>	<b>3</b>	—	<b>504</b>
Taxes <sup>(5)</sup>	(87)	(29)	(1)	—	(117)
<b>Net income</b>	<b>248</b>	<b>137</b>	<b>2</b>	—	<b>387</b>
<i>Net income attributable to:</i>					
<i>Shareholders of Alcon Inc.</i>	248	137	2	—	387
<i>Non-controlling interests</i>	—	—	—	—	—
Basic earnings per share (\$) <sup>(6)</sup>	0.50				0.78
Diluted earnings per share (\$) <sup>(6)</sup>	0.50				0.78
Basic - weighted average shares outstanding (millions) <sup>(6)</sup>	493.8				493.8
Diluted - weighted average shares outstanding (millions) <sup>(6)</sup>	496.6				496.6

Refer to the associated explanatory footnotes at the end of the 'Reconciliation of IFRS results to core results (non-IFRS measure)' tables.

# Reconciliation of IFRS results to core results (non-IFRS measure)

## Explanatory footnotes to IFRS to core reconciliation tables

(1) Includes amortization for all intangible assets other than software.

(2) For the three months ended March 31, 2025, includes gains on fair value remeasurements of investments in associated companies.

(3) For the three months ended March 31, 2025, Operating income includes \$7 million of direct acquisition costs and \$6 million of integration related costs related to acquisitions. Acquisition costs include third party professional services for banker, legal, accounting and due diligence fees. Integration related costs include severance of \$3 million, accelerated equity-based compensation expense of \$2 million and third party professional services of \$1 million.

For the three months ended March 31, 2024, Gross profit includes the amortization of inventory fair value adjustments related to an acquisition.

(4) For the three months ended March 31, 2025, Income before taxes includes core adjustments recognized for Aurion in Share of (loss) from associated companies. The expenses were incurred upon change in control from Alcon's acquisition of a majority interest in Aurion and include accelerated equity-based compensation expense of \$2 million, third party professional services of \$2 million for legal and accounting fees and third party bank fees of \$1 million.

For the three months ended March 31, 2024, Operating income includes the amortization of option rights, offset by fair value adjustments of financial assets.

(5) For the three months ended March 31, 2025, operating income core adjustments totaled \$43 million. Excluding the non-taxable gain of \$136 million on fair value remeasurement of Alcon's investment in Aurion, the core adjustments totaled \$179 million. The associated tax effect amounted to \$33 million with an average tax rate of 18.4%.

For the three months ended March 31, 2024, tax associated with operating income core adjustments of \$169 million totaled \$30 million with an average tax rate of 17.8%.

(6) Core basic earnings per share is calculated using core net income attributable to shareholders of Alcon Inc. and the weighted-average shares of common stock outstanding during the period. Core diluted earnings per share also contemplate dilutive shares associated with unvested equity-based awards as described in Note 4 to the Condensed Consolidated Interim Financial Statements.

## Reconciliation of free cash flow (non-IFRS measure)

The following is a summary of free cash flow for the three months ended March 31, 2025 and 2024, together with a reconciliation to net cash flows from operating activities, the most directly comparable IFRS measure:

(\$ millions)	2025	2024
<b>Net cash flows from operating activities</b>	<b>384</b>	<b>341</b>
Purchase of property, plant & equipment	(106)	(112)
<b>Free cash flow</b>	<b>278</b>	<b>229</b>

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