

Ortho Clinical Diagnostics

Because Every Test is a Life™

Earnings Results

Fourth Quarter 2020

MARCH 18, 2021

INVESTOR PRESENTATION

(Nasdaq: OCDX)

Forward-Looking Statements

This presentation and the oral remarks may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements reflect, among other things, our current expectations and anticipated results of operations, all of which are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, market trends, or industry results to differ materially from those expressed or implied by such forward-looking statements. Therefore, any statements contained herein that are not statements of historical fact may be forward-looking statements and should be evaluated as such. Without limiting the foregoing, the words as “anticipate,” “expect,” “suggest,” “plan,” “believe,” “intend,” “project,” “forecast,” “estimates,” “targets,” “projections,” “should,” “could,” “would,” “may,” “might,” “will,” and the negative thereof and similar words and expressions are intended to identify forward-looking statements. Factors that might materially affect such forward looking statements include: the ongoing global coronavirus (COVID-19) pandemic; increased competition; manufacturing problems or delays or failure to develop and market new or enhanced products or services; adverse developments in global market, economic and political conditions; our ability to obtain additional capital on commercially reasonable terms may be limited or non-existent; our inability to implement our strategies for improving growth or to realize the anticipated benefits of any acquisitions and divestitures, including as a result of difficulties integrating acquired businesses with, or disposing of divested businesses from, our current operations; a need to recognize impairment charges related to goodwill, identified intangible assets and fixed assets; our ability to operate according to our business strategy should our collaboration partners fail to fulfill their obligations; risk that the insurance we will maintain may not fully cover all potential exposures; product recalls or negative publicity may harm our reputation or market acceptance of our products; decreases in the number of surgical procedures performed, and the resulting decrease in blood demand; fluctuations in our cash flows as a result of our reagent rental model; terrorist acts, conflicts, wars and natural disasters that may materially adversely affect our business, financial condition and results of operations; the outcome of legal proceedings instituted against us and/or others; risks associated with our non-U.S. operations, including currency translation risks, the impact of possible new tariffs and compliance with applicable trade embargoes; the effect of the United Kingdom’s withdrawal from the European Union; our inability to deliver products and services that meet customers’ needs and expectations; failure to maintain a high level of confidence in our products; significant changes in the healthcare industry and related industries that we serve, in an effort to reduce costs; reductions in government funding and reimbursement to our customers; price increases or interruptions in the supply of raw materials, components for our products, and products and services provided to us by certain key suppliers and manufacturers; our ability to recruit and retain the experienced and skilled personnel we need to compete; work stoppages, union negotiations, labor disputes and other matters associated with our labor force; consolidation of our customer base and the formation of group purchasing organizations; unexpected payments to any pension plans applicable to our employees; our inability to obtain required clearances or approvals for our products; failure to comply with applicable regulations, which may result in significant costs or the suspension or withdrawal of previously obtained clearances or approvals; the inability of government agencies to hire, retain or deploy personnel or otherwise prevent new or modified products from being developed, cleared or approved or commercialized in a timely manner; disruptions resulting from former President Trump’s invocation of the Defense Production Act; our inability to maintain our data management and information technology systems; data corruption, cyber-based attacks, security breaches and privacy violations; our inability to protect and enforce our intellectual property rights or defend against intellectual property infringement suits against us by third parties; risks related to changes in income tax laws and regulations; risks related to our substantial indebtedness; our ability to generate cash flow to service our substantial debt obligations; and risks related to the ownership of our ordinary shares, including the fact that we are a “controlled company” within the meaning of the corporate governance standards of Nasdaq. Unless legally required, we assume no obligation to update any such forward-looking information to reflect actual results or changes in the factors affecting such forward-looking information.

Information contained in this presentation concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market size, is based on information from various sources, on assumptions that we have made that are based on such information and other similar sources and on our knowledge of, and expectations about, the markets for our service offerings. This information involves a number of assumptions and limitations and you are cautioned not to give undue weight to such estimates.

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Non-GAAP Financial Measures

This presentation contains financial measures, such as constant-currency growth rate, adjusted EBITDA, adjusted net income, adjusted diluted EPS and adjusted free cash flow, which are considered non-GAAP financial measures under applicable U.S. Securities and Exchange Commission rules and regulations. These non-GAAP financial measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with U.S. generally accepted accounting principles (GAAP). Adjusted EBITDA, adjusted net income, adjusted diluted EPS and adjusted free cash flow eliminate impacts of certain non-cash, unusual or other items that that we do not consider indicative of our ongoing operating performance. The Company's definitions of these non-GAAP measures may differ from similarly titled measures used by others. The Company generally uses these non-GAAP financial measures to facilitate management's financial and operational decision-making, including evaluation of the Company's historical operating results, comparison to competitors' operating results and determination of management incentive compensation. These non-GAAP financial measures reflect an additional way of viewing aspects of the Company's operations that, when viewed with GAAP results and the reconciliations to corresponding GAAP financial measures, may provide a more complete understanding of factors and trends affecting the Company's business. Because non-GAAP financial measures exclude the effect of items that will increase or decrease the Company's reported results of operations, management strongly encourages investors to review the Company's consolidated financial statements and publicly filed reports in their entirety. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the tables in this presentation. For example, such reconciling items include the impact of unrealized foreign currency exchange gains or losses, gains or losses that are unusual or nonrecurring in nature, as well as discrete taxable events. We cannot estimate or project these items and they may have a substantial and unpredictable impact on our results presented in accordance with GAAP.



OUR MISSION

We improve and save lives.

We enable our customers to optimize the long-term value for patients through our innovative IVD solutions and services.

Because Every Test is a Life™

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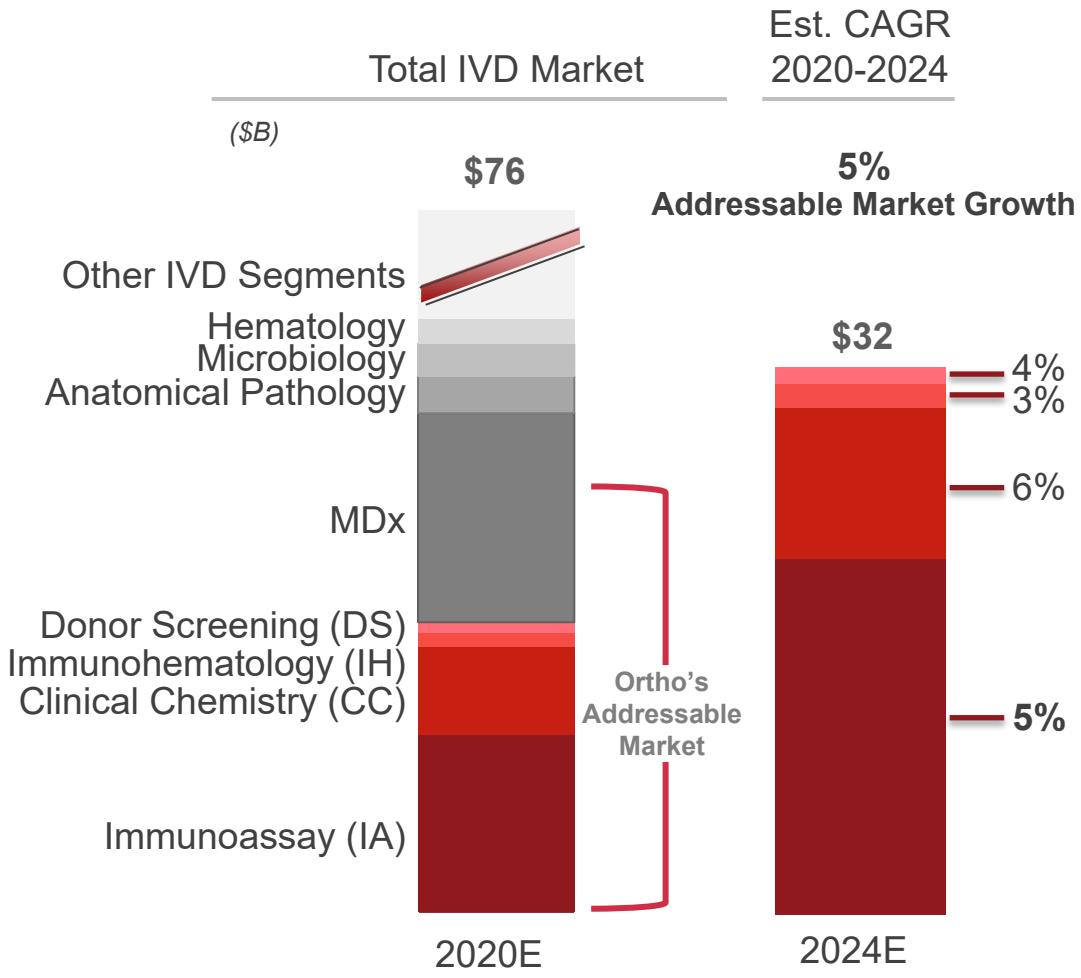
Competing in Large and Growing Markets

$26B Ortho's current addressable market projected to grow at 5%



Strong Market Growth Drivers

- Aging population with chronic conditions
- Increasing global access to care
- Emergence of new diseases and markers
- New IVD technologies / adjacencies
- Lab consolidation and automation
- Digital solutions and lab informatics

Source: IQVIA Medtech

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Highly Differentiated in Two Key Markets

A pioneer of life-impacting diagnostic advances and a trusted brand



Clinical Labs ($24B Market Projected >5%)[1]

Pioneer of infectious disease immunoassays and dry-slide technology on our VITROS® analyzers

- Strong offering for our target customer sweet spot
- Differentiated dry clinical chemistry
- A market leader in acute care and “STAT” labs with infectious disease immunoassays



Transfusion Medicine ($2B Market Projected >3%)[1]

Global leader in hospital blood typing and screening and significant new opportunities in blood donation testing

- Pioneered blood typing and infectious disease screening
- #1 in immunohematology globally
- #2 in donor testing with new focus and momentum

Source: IQVIA Medtech

[1]Clinical Labs market projected to grow at ~5% CAGR from 2020 to 2024. Transfusion Medicine market projected to grow at ~3% CAGR from 2020 to 2024.

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Q420 In Review: Strong Momentum

Strengthened position as one of the largest pure-play, publicly traded companies in the growing IVD market

Core Revenue Grew to **$501M**

Operating Income Increased **33.3%**

net loss per diluted share was ($0.28), adjusted earnings per share was $0.19

Core Revenue Increased **9.1%**

Adjusted EBITDA of $133.6M Represented an Increase of **3.5%**

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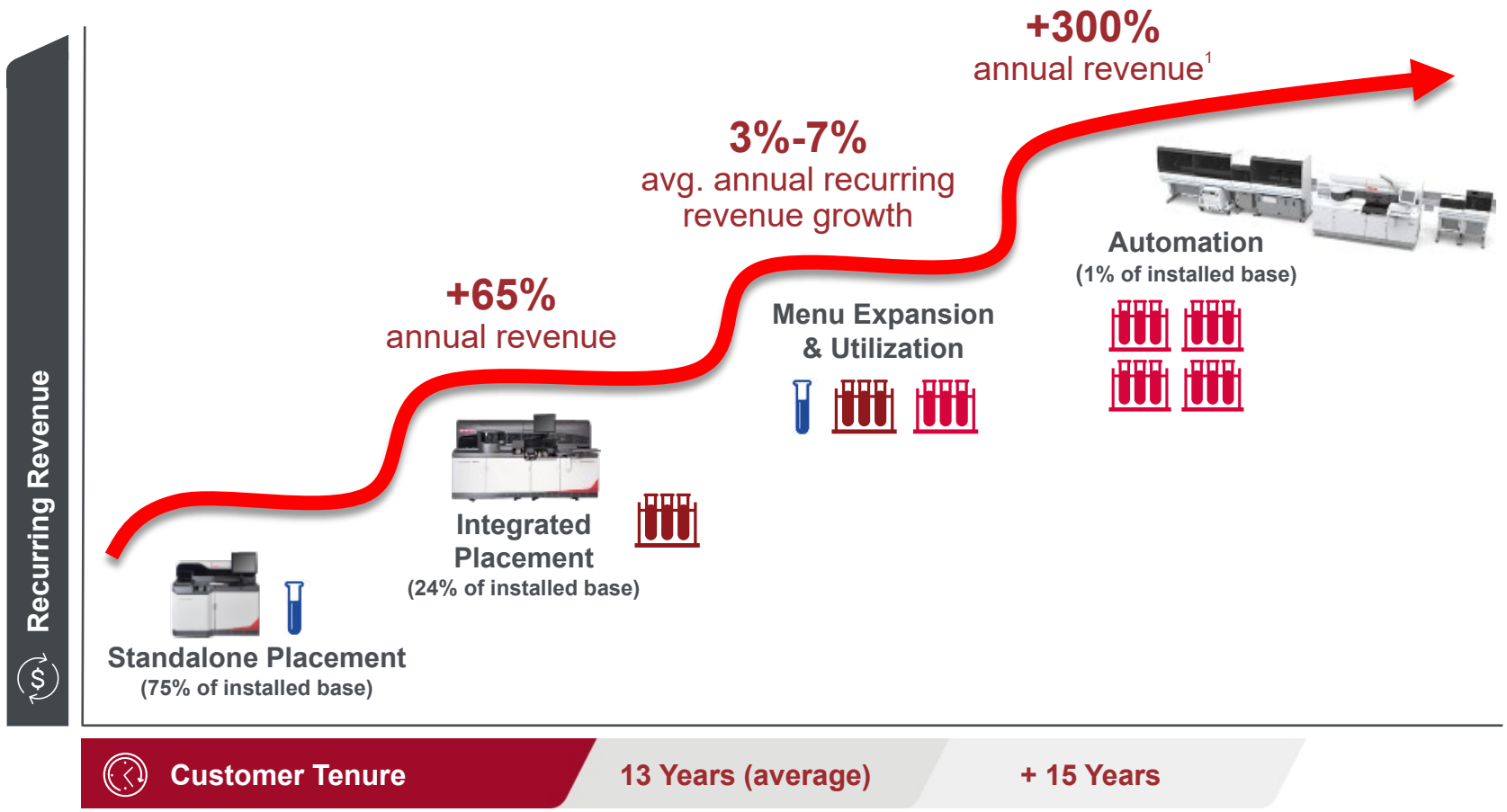
Focus on Increasing Lifetime Customer Value

Clinical Labs example: Razor-Razor Blade economics based on Closed Systems



[1]300% increase represents cumulative change in annual recurring revenue from the median customer running an integrated instrument to the same customer running an automated solution.

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Three Strategic Priorities Driving Profitable Growth

Q420 good momentum in the base business, bolstered by improvements in operational efficiencies and new growth opportunities

Product Innovation

Menu Expansion & Disruptive Platforms

- Launched several assays:
  - COVID-19 in 28 countries,
  - PCT in 5 countries incl US
  - NT Pro BNP in LATAM and China
  - TSH Gen 3 in select CE-Marked countries, LATAM and ASPAC
- Expanded penetration of ORTHO Optix™ Reader in CE-Marked countries
- Initiated feasibility work on “Dry-Dry”

Global Commercial Excellence

Customer Experience, Focused & Disciplined Go-to-Market Approach

- Continued double-digit growth in our integrated instrument installed base
- Ranked #1 for Service for the fifth year in a row
- Expanded e3 commercial excellence program leveraging success in Americas
- Commercial investment of 61 additional global sales and service FTEs

Operational Efficiency

Value Capture, Partnerships & Follow-the-Sun

- Manufacturing improvements and favorable mix resulted in a 40-basis point gross margin expansion vs Q419
- Expanded operational flexibility with $101M of adjusted free cash flow
- Delivered donor testing equipment and reagents to all CTS sites
- Initiated China localization strategy to produce instruments and reagents



Q4 & FY20 Financial Results

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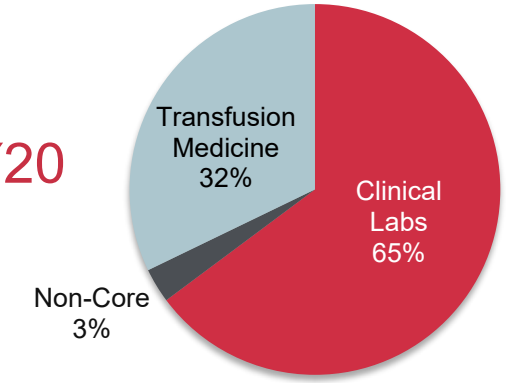
Q420 Revenue Mix

Clinical Labs outperformance drives high single-digit growth to close out FY20



COVID-19

- Base business continues to recover from Q2 low point due to volume impact from the global pandemic
- Emerging markets recovery lagging developed markets

Clinical Labs

- Strong growth in the Americas and Western Europe
- COVID-19 antibody and antigen assay sales

Transfusion Medicine

- Solid growth in the Americas, Japan and ASPAC
- Prepared for CTS business, went live in Q1, 2021

Non-Core

- Contract manufacturing business and contractual collaboration revenue
- Licensing agreement execution

$ millions	Jan 3, 2021	Dec 29, 2019	Δ as reported	Δ in constant currency (a)
Clinical Labs	$334.8	$296.8	12.8%	12.4%
Transfusion Medicine	$166.2	$158.3	5.0%	2.9%
Core Revenue	**$501.0**	**$455.1**	**10.1%**	**9.1%**
Other Product*	$5.0	$10.7	(53.6%)	(53.6%)
Collaboration and Other	$10.7	$7.8	37.4%	37.4%
Non-Core Revenue	**$15.6**	**$18.4**	**(15.3%)**	**(15.3%)**
Net Revenue	**$516.6**	**$473.7**	**9.1%**	**8.2%**

Unless otherwise noted, dollars and growth rates are at actual foreign exchange rates

(a) The term "constant currency" means we have translated local currency revenues for all reporting periods into U.S. dollars using the same comparable foreign currency exchange rates. This additional non-GAAP financial information is not meant to be considered in isolation from or as substitute for financial information prepared in accordance with GAAP. See reconciliation of non-GAAP measures included in Appendix.

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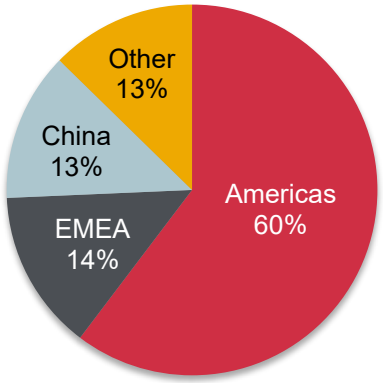
Q420 Segment Results

Commercial excellence programs continue to show strong returns



- America's growth driven across business units, including COVID-19 assay sales, partially offset by a decline in non-Core revenue
- EMEA revenues down slightly and China nearly flat on a constant currency basis, both of which were driven by the impact of the global pandemic and timing of distributor shipments
- Other revenues decreased modestly on a constant currency basis due the impact of the global pandemic

Fourth Quarter Revenue

$ millions	Jan 3, 2021	Dec 29, 2019	Δ as reported	Δ in constant currency (a)
Americas	**$311.6**	$273.4	14.0%	15.6%
EMEA	**$72.3**	$72.8	(0.6%)	(5.0%)
Greater China	**$67.2**	$62.7	7.2%	1.0%
Other	**$65.5**	$64.7	1.3%	(0.7%)
Total Revenue	**$516.6**	**$473.7**	**9.1%**	**8.2%**

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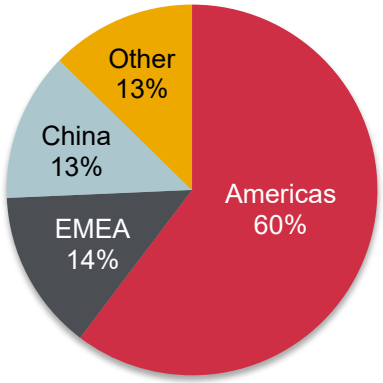
FY20 Segment Results

Commercial excellence programs overcame pandemic impacts globally



- America's topline expansion driven by growth in Clinical Labs, led by COVID-19 assay sales, more than offsetting the negative impact of the global pandemic and a 49.6% decline in non-Core revenue
- EMEA decline primarily driven by the impact of the global pandemic across Western Europe and distributor markets
- Greater China and Other segment results primarily impacted by the global pandemic

Fiscal Year Revenue

$ millions	Jan 3, 2021	Dec 29, 2019	Δ as reported	Δ in constant currency (a)
Americas	**$1,067.3**	$1,042.5	2.3%	4.1%
EMEA	**$240.6**	$251.5	(4.2%)	(5.2%)
Greater China	**$229.6**	$242.5	(5.3%)	(6.0%)
Other	**$228.7**	$265.0	(13.7%)	(13.9%)
Total Revenue	**$1,766.2**	**$1,801.5**	**(2.0%)**	**(1.3%)**

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Operating Results Summary

Execution against strategic priorities and strong 2H20 growth overcame pandemic-related impacts in 1H20

$ millions	Three Months Ended		Twelve Months Ended	
	Jan 3, 2021	Dec 29, 2019	Jan 3, 2021	Dec 29, 2019
Revenue	**$516.6**	$473.7	**$1,766.2**	$1,801.5
Core Revenue Growth in Constant Currency (a)	**9.1%**	2.7%	**0.4%**	2.8%
Gross Margin	**50.1%**	49.7%	**48.6%**	48.8%
Income from Operations	**$40.4**	$30.3	**$88.3**	$85.5
EPS (GAAP)	**($0.28)**	$0.01	**($1.45)**	($1.08)
Adjusted EPS[(b)]	**$0.19**	$0.13	**$0.34**	$0.22
Adjusted Free Cash Flow[(b)]	**$101.5**	$35.6	**$70.1**	$111.3
Adjusted EBITDA[(b)]	**$133.6**	$129.1	**$456.0**	$477.5

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(b) See reconciliation of non-GAAP measures included in Appendix.

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Balance Sheet, Cash Flow & Liquidity

Strong Free Cash Flow generation and Net IPO proceeds have repositioned balance sheet to support growth

$1.4 Billion

Debt Paydown with Net IPO Proceeds

234 Million

Common Shares Outstanding

4.5x

Net Debt to EBITDA Ratio[1]

$101.5 Million

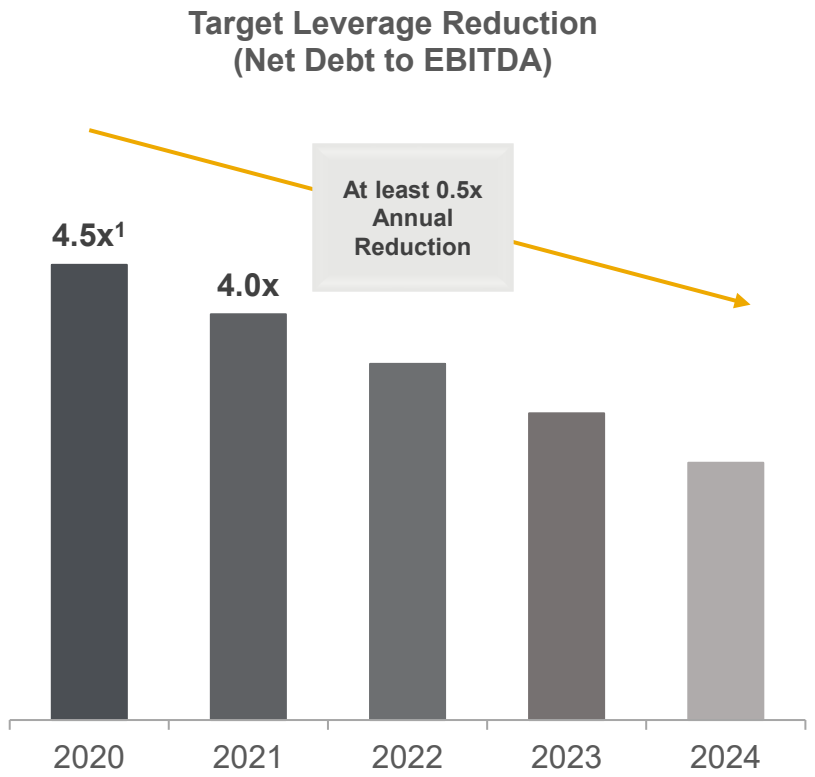
Q420 Adjusted Free Cash Flow

$132.8 Million

Cash and Short-Term Investments at 1/3/21

$462.5 Million

Borrowing Capacity Post Revolver Expansion on 2/4/21



[1] Forward-looking ratio based on mid-point of our 2021 projected EBITDA

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FY21 Setting Expectations

Strategic plan and focus for continued topline growth and operating leverage

- Focusing on increasing lifetime customer value
- Executing against value capture cost and productivity programs
- Supporting 1.2 - 2x operating leverage expansion for Adjusted EBITDA growth in excess of total revenue expansion
- Continuing to fund innovation and R&D efforts to expand future growth opportunities

$1.86 – $1.9 Billion
Revenue

7% – 9%
Constant Currency Core Revenue Growth

$504 – $517 Million
Adjusted EBITDA

10% – 13%
Adjusted EBITDA Growth (Reported)

$0.57 – $0.63
Adjusted Diluted Earnings Per Share

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Investment Thesis

1. Pure-play IVD company in highly attractive, growing market
2. Clear differentiation that creates lifetime customer value and recurring revenue base
3. Strong momentum with renewed focus on profitable growth

Appendix

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Adjusted EBITDA Reconciliation

($ in millions)	Fiscal quarter ended		Fiscal year ended	
	January 3, 2021	December 29, 2019	January 3, 2021	December 29, 2019
Net (loss) income	$ (40.9)	$ 1.6	$ (211.9)	$ (156.9)
Interest expense, net	49.6	53.7	198.2	231.4
Depreciation and amortization	86.3	82.3	325.9	327.5
(Benefit from) provision for income taxes	(11.0)	6.0	(13.4)	(23.9)
Unrealized foreign currency exchanges losses (gains)(a)	17.0	(34.9)	63.0	(19.6)
Restructuring and severance-related costs(b)	2.4	12.5	11.7	36.0
Debt refinancing costs and loss on extinguishment of debt	-	-	12.6	-
Stock-based compensation(c)	2.4	2.4	8.6	18.6
Tax indemnification expense (income), net(d)	19.6	(2.2)	31.2	29.2
Quotient upfront payment(e)	-	-	7.5	-
Other adjustments(f)	8.2	7.7	22.6	35.2
Adjusted EBITDA	$ 133.6	$ 129.1	$ 456.0	$ 477.5

Unless otherwise noted, dollars are at actual foreign exchange rates.

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Adjusted Net Income and Adjusted Diluted EPS Reconciliation

($ in millions)	Fiscal quarter ended January 3, 2021	Fiscal quarter ended December 29, 2019	Fiscal year ended January 3, 2021	Fiscal year ended December 29, 2019
Net (loss) income	$ (40.9)	$ 1.6	$ (211.9)	$ (156.9)
Intangible amortization	33.2	33.0	131.9	131.7
Unrealized foreign currency exchanges losses (gains)(a)	17.0	(34.9)	63.0	(19.6)
Restructuring and severance-related costs(b)	2.4	12.5	11.7	36.0
Debt refinancing costs and loss on extinguishment of debt	-	-	12.6	-
Stock-based compensation(c)	2.4	2.4	8.6	18.6
Quotient upfront payment(e)	-	-	7.5	-
Other adjustments(f)	8.2	7.7	22.6	35.2
Total adjustments	63.2	20.7	257.9	201.9
Tax effect of reconciling items(g)	-	(4.0)	(6.3)	(10.2)
Discrete tax items(h)	6.8	1.8	11.5	(2.1)
Adjusted net income	$ 29.1	$ 20.1	$ 51.2	$ 32.7
Adjusted diluted EPS	$ 0.19	$ 0.13	$ 0.34	$ 0.22

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Notes to Non-GAAP Reconciliations

(a) Represents noncash unrealized gains and losses resulting from the remeasurement of transactions denominated in foreign currencies primarily related to intercompany loans.

(b) Represents restructuring and severance costs related to several discrete initiatives intended to strengthen operational performance and to support building our commercial capabilities including a project announced in fiscal year ended January 3, 2016 to outsource equipment manufacturing operations in Rochester, New York and a project announced in fiscal year ended December 30, 2018 to transfer certain production lines among facilities.

(c) Represents stock-based compensation expense including the $14.7 million modification impact of a 2019 amendment to our stock option agreement, where performance-based options that did not previously vest based on applicable minimum earnings targets will vest over a specified future period of time.

(d) Represents the reversal of the impact of tax indemnification income with Johnson & Johnson, primarily related to certain state tax matters, for which we recorded a tax reserve and indemnification. These state tax matters primarily include the taxability of the sale of our assets on the Acquisition date from Johnson & Johnson. Additionally, during the second quarter ended June 30, 2019, we recorded indemnification expense related to the release of certain tax reserves upon the settlement of certain state tax matters that were settled for an amount lower than what we had estimated.

(e) Represents an initial, non-refundable upfront payment made to Quotient Ltd. (“Quotient”), one of our partners and suppliers.

(f) Represents miscellaneous other adjustments related to unusual items impacting our results including the elimination of management fees, non-cash derivative mark-to-market (gain) loss and certain asset write-downs. See information below:

	Fiscal quarter ended		Fiscal year ended	
($ in millions)	January 3, 2021	December 29, 2019	January 3, 2021	December 29, 2019
EU medical device regulation transition costs	$ 1.0	$ 1.1	$ 4.3	$ 3.2
Principal shareholder management fee	0.7	0.8	3.0	3.1
Derivative mark-to-market loss	2.2	1.2	1.5	16.0
Noncash losses on property, plant and equipment disposals	0.1	1.6	0.6	2.5
Other	4.2	3.0	13.2	10.4
Total other adjustments	$ 8.2	$ 7.7	$ 22.6	$ 35.2

(g) Non-GAAP adjustments were tax effected based on the nature of the expense and related jurisdiction, many of which are impacted by valuation allowances resulting in little to no tax impact.

(h) We exclude deferred tax resulting from changes in tax law and expiration of statutes, adjustments for uncertain tax positions, and other unusual items not related to current operating results.

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Adjusted Free Cash Flow

($ in millions)	Fiscal quarter ended January 3, 2021	Fiscal quarter ended December 29, 2019	Fiscal year ended January 3, 2021	Fiscal year ended December 29, 2019
Net cash provided by operating activities - GAAP	$ 94.7	$ 46.0	$ 46.1	$ 143.0
Adjustments:				
Net cash used in investing activities - GAAP	(17.9)	(21.0)	(45.4)	(68.5)
Unusual or non-recurring payments	24.7	10.6	69.4	36.8
Adjusted free cash flow	$ 101.5	$ 35.6	$ 70.1	$ 111.3

(a) The Company defines free cash flow as net cash flow from operations accounted for under GAAP less net cash used in investing activities accounted for under GAAP plus or minus any unusual or non-recurring payments.

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Reported and Constant Currency Revenue Reconciliation

($ in millions)	Fiscal quarter ended January 3, 2021	Fiscal quarter ended December 29, 2019	Percent Change	Currency Impact	Constant Currency Growth Rate
Core Revenue	501.0	455.1	10.1%	4.3	9.1%
Non-core Revenue	15.6	18.6	-16.1%	-0.1	-15.6%
Net Revenue	516.6	473.7	9.1%	4.2	8.2%
Segment net revenue					
Americas	311.6	273.4	14.0%	-4.3	15.5%
EMEA	72.3	72.8	-0.7%	3.2	-5.1%
Greater China	67.2	62.7	7.2%	3.9	1.0%
Other	65.5	64.8	1.1%	1.4	-1.1%
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