

Ortho Clinical Diagnostics

Because Every Test Is A Life™

Earnings Results 2Q 2021

August 4, 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 and projections 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 inability to achieve some or all of the operational cost improvements and other benefits that we expect to realize; 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 President Biden’s invocation of the Defense Production Act; results of clinical studies, which may be delayed or fail to demonstrate the safety and effectiveness of our products; costs to comply with environmental and health and safety requirements, or costs related to liability for contamination or other potential environmental harm; healthcare fraud and abuse regulations that could result in liability, require us to change our business practices and restrict our operations in the future; failure to comply with the anti-corruption laws of the United States and various international jurisdictions; failure to comply with anti-terrorism laws and regulations and applicable trade embargoes; failure to comply with the requirements of federal and state laws pertaining to the privacy and security of health information; 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; and other factors beyond our control. 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.

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. Some columns and rows within tables may not add due to rounding. Percentages have been calculated using actual, non-rounded figures.



OUR MISSION

We improve and save lives with diagnostics.

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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2Q21 In Review: Strong Momentum[1]

- Core Revenue growth of 27.0%, excluding CoV-2 headwind
- Americas up 21.3%, driven by Commercial Excellence program
- Emerging markets up 47.8% as strong rebound continues

Core Revenue Grew to **$488M**

Core Revenue Increased **22.5%[1]**

Operating Income Increased **104.7%**

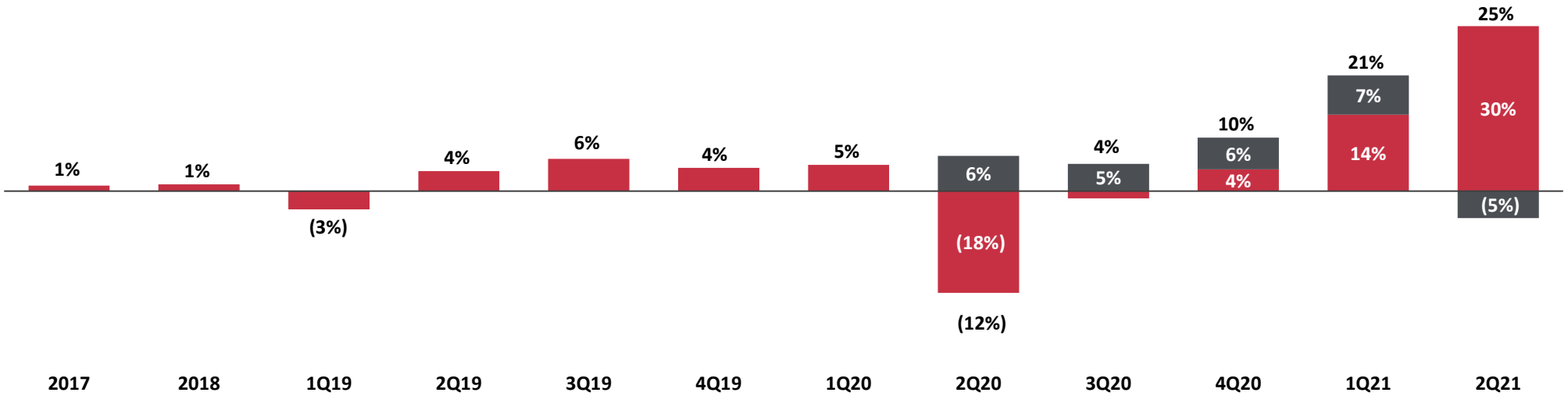
net loss per diluted share was ($0.09), adjusted diluted earnings per share was $0.16 [2]

Adjusted EBITDA[2] of $128M Represented an Increase of **27.0%**

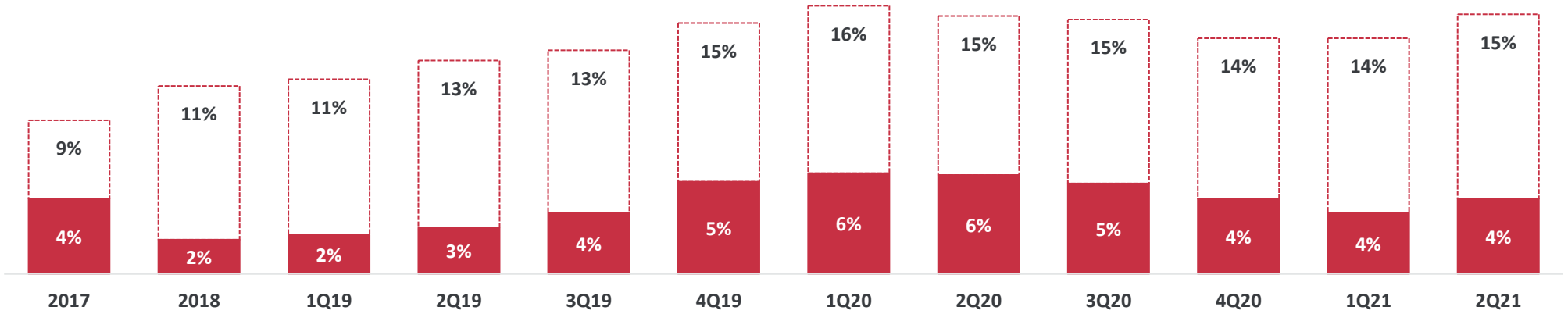
1. Growth rate shown on a constant currency basis
2. Reference non-GAAP reconciliation slide for details

Strong Growth in Core Business Continues into FY21

Core Revenue % Growth (Excl. local HCV)[1]



Installed Base Growth



Note: core revenue growth rates shown in constant currency.
1. Reference non-GAAP reconciliation slide for details
2. Integrated installed base includes VITROS 5600 and XT7600 Clinical Labs Instruments

Three Strategic Priorities Driving Profitable Growth

2Q21 Strong momentum in the base business, bolstered by innovative growth opportunities and operational efficiencies

Product Innovation

- **Launched first quantitative COVID-19 IgG spike antibody test** and nucleocapsid antibody test to help differentiate the cause of antibody response
- **Launched Ortho OPTIX™ Reader,** completed Transfusion Medicine portfolio
- Named Finalist in Fast Company's 2021 World Changing Ideas Awards

Global Commercial Excellence

- Expansion of **Commercial Excellence** program into emerging markets accelerating growth
- **Ranked #1 in 2021 ServiceTrak** clinical laboratory survey for integrated systems
- 15% integrated system and 21% automated **system installed base growth** year-over-year

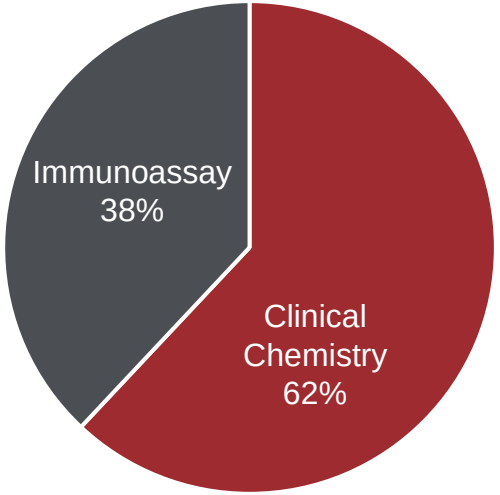
Operational Efficiency

- **Reduced net Leverage[1] to 4.0x,** ahead of forecast
- Generated $144.1 million of adjusted free cash flow, including the $75 million securitization of U.S. Accounts Receivable (AR)
- **Improved days sales outstanding (DSO)** by 22 days to 42 days (vs. 2Q 2020), an 8-day improvement without AR securitization
- Assumed operation of third-party logistics warehouse in Q2 to improve customer experience

1. Net leverage is defined by net debt to trailing-twelve-month EBITDA

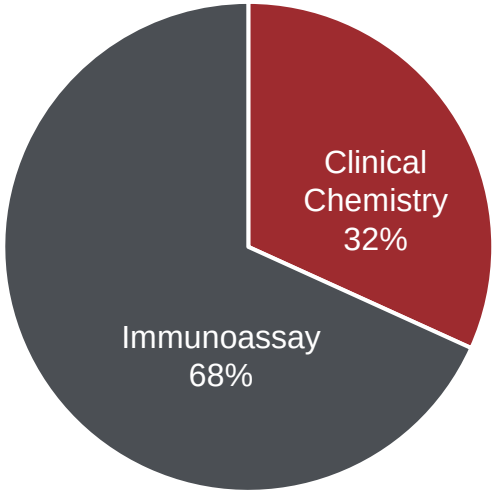
Clinical Labs Opportunities for Immunoassay Growth Through Integrated System Upgrades and Placements

2020 Ortho CL Revenue[1]



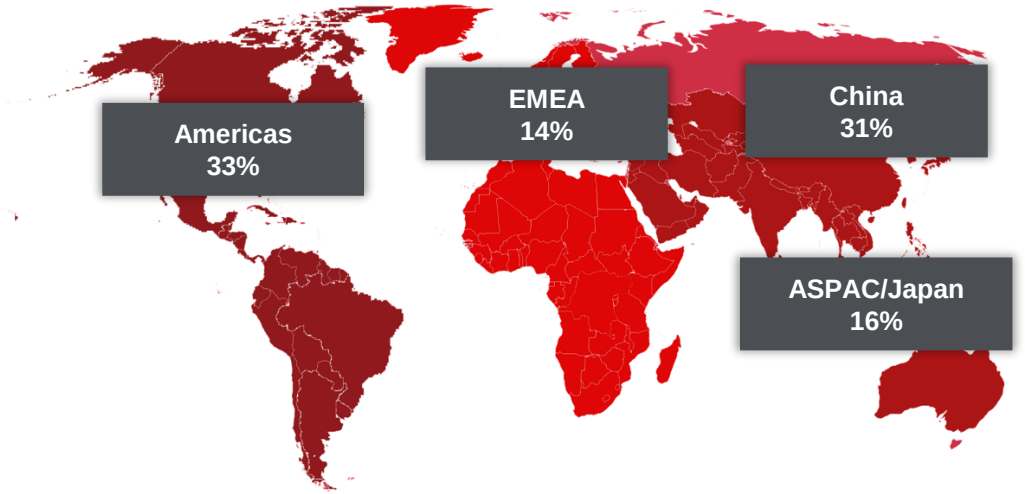
Strength in **Clinical Chemistry** underpinned by benefits in dry technology

2020 Market Data[2]

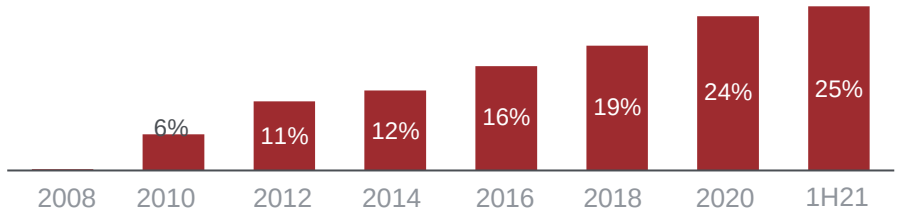


Opportunity in larger, faster growing **Immunoassay** market with growth in integrated installed base

Integrated Instruments Percentage of Clinical Lab Installed Base



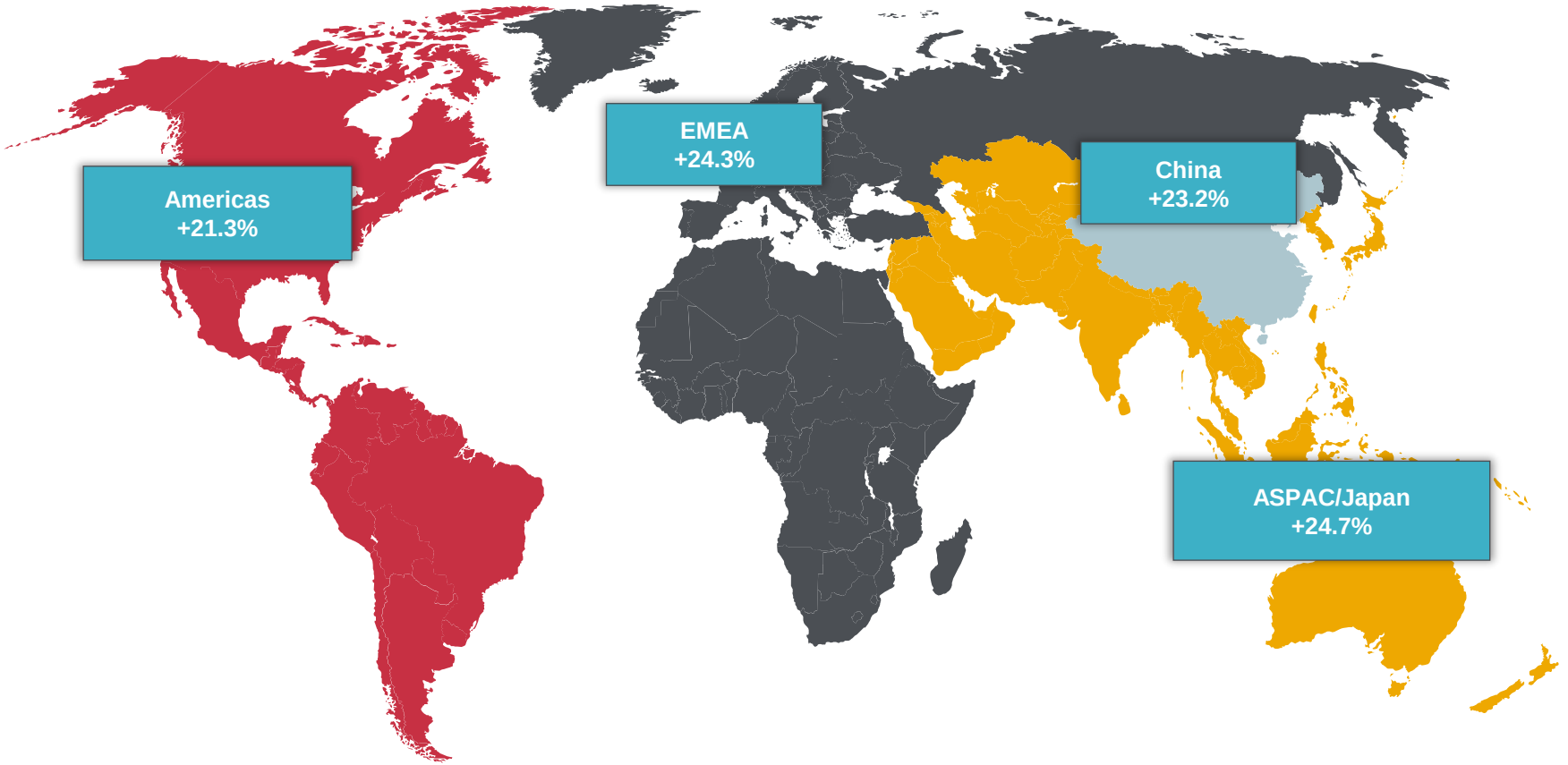
Integrated Penetration of Clinical Lab Installed Base



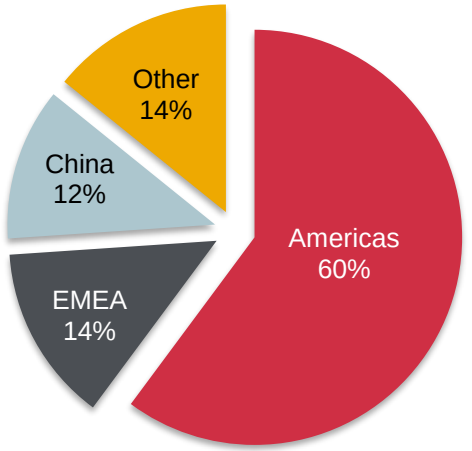
1. 2020 Ortho revenue excluding CoV-2 assays
2. Sourced from 2021 IQVIA Market Book to exclude COVID-19 assay revenue

Revenue Growth by Geographies[1]

Constant Currency Revenue Growth



Geographic Revenue Mix of Total Revenue



1. Growth rates are in constant currency



Financial Results

2Q21 Revenue Mix

Clinical Labs strength drives double-digit growth

Clinical Labs

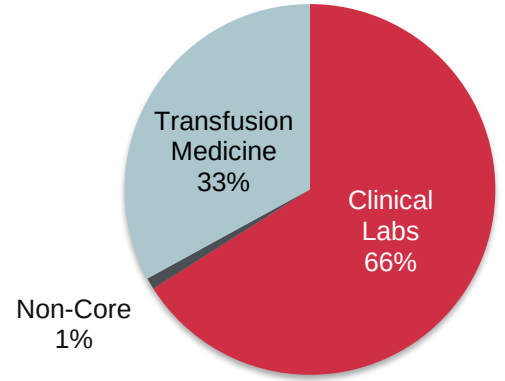
- Clinical labs growth ex-CoV-2 up 28%
- CoV-2 revenue of $17 million
- Strong growth across all geographies driven by recovery from initial pandemic impacts in 2020

Transfusion Medicine

- Strong growth worldwide due to base business strength, compared to pandemic impact in 2020
- CTS customer acquisition contributes to revenue growth in Americas

Non-Core

- Contract manufacturing business and contractual collaboration revenue steady



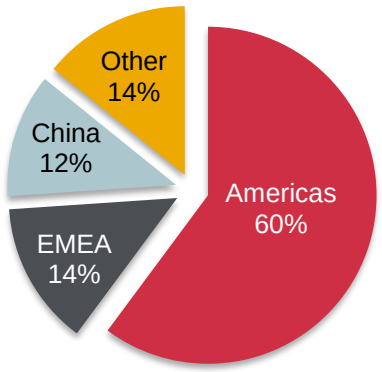
$ millions	Jul 4, 2021	Jun 28, 2020	Δ as reported	Δ in constant currency [1]
Clinical Labs	$325.1	$260.3	24.9%	21.1%
Transfusion Medicine	$162.4	$125.9	29.1%	25.3%
Core Revenue	**$487.5**	**$386.2**	**26.2%**	**22.5%**
Other Product	$1.3	$0.3	n.m.	n.m.
Collaboration and Other	$3.7	$4.0	(8.2%)	(8.2%)
Non-Core Revenue	**$4.9**	**$4.3**	**14.0%**	**14.0%**
Net Revenue	**$492.5**	**$390.5**	**26.1%**	**22.4%**

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

1. The term “constant currency” means we have translated local currency revenues for all reporting periods to U.S. dollars using internally-derived currency exchange rates held constant for each year. 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.

2Q21 Segment Results

Commercial Excellence programs continue to show strong returns



Commercial Excellence programs continue to show strong returns

- America's performance driven by pronounced growth in CL and TM, despite drop in CoV-2 revenues
- EMEA delivered strong growth, led by Western Europe
- China growth boosted by integrated instrument installations and menu expansion
- Growth in Other driven by key markets in ASPAC

$ millions	Jul 4, 2021	Jun 28, 2020	Δ as reported	Δ in constant currency[1]
Americas	**$296.3**	$241.1	22.9%	21.3%
EMEA	**$67.8**	$51.0	33.0%	24.3%
Greater China	**$58.5**	$43.3	35.0%	23.2%
Other[2]	**$69.9**	$55.2	26.7%	24.7%
Net Revenue	**$492.5**	**$390.5**	**26.1%**	**22.4%**

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2. Other includes Japan and ASPAC regions

Operating Results Summary

Focused on operational excellence and revenue growth driving margin expansion

$ millions, other than per share amounts	Fiscal Quarter Ended	
	Jul 4, 2021	Jun 28, 2020
Revenue	**$492.5**	$390.5
Core Revenue Growth in Constant Currency[1]	**22.5%**	(10.8%)
Gross Profit Margin	**49.6%**	48.0%
Income from Operations	**$31.3**	$15.3
EPS (GAAP)	**($0.09)**	($0.28)
Adjusted Diluted EPS[2]	**$0.16**	$0.02
Adjusted Free Cash Flow[2]	**$144.1**	$(46.7)
Adjusted EBITDA[2]	**$128.1**	$100.9

Unless otherwise noted, dollars and growth rates are at actual foreign exchange rates
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2. Reference non-GAAP reconciliation slide for details.

Balance Sheet, Cash Flow & Liquidity

Net IPO proceeds and improved annual Adjusted Free Cash Flow have positioned balance sheet to support growth

4.0x
Net Debt to LTM EBITDA Ratio[2]

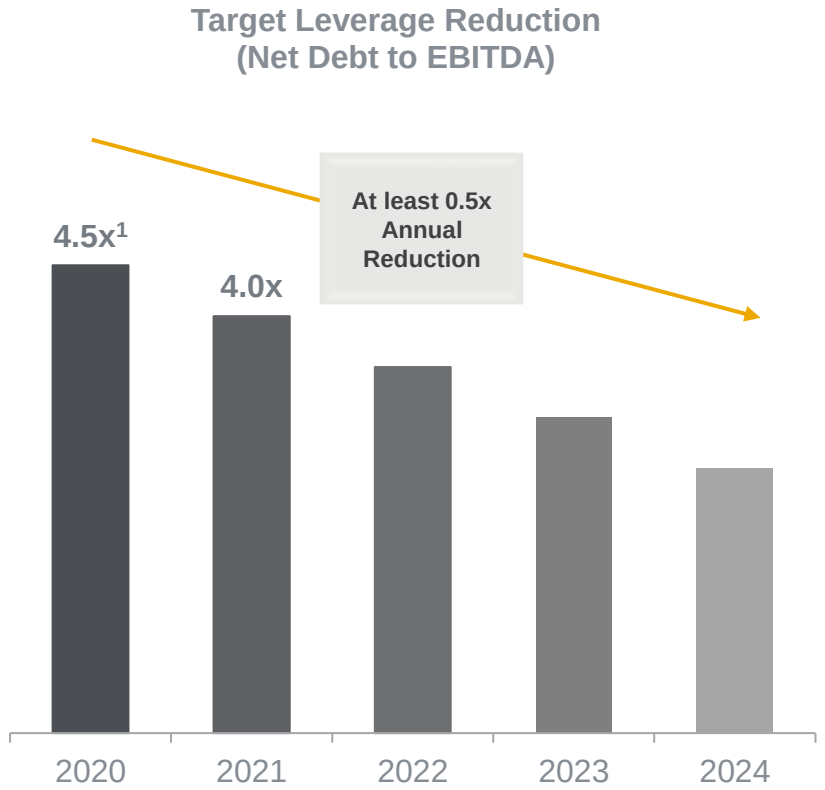
244 Million
Diluted Weighted Average Shares Outstanding[2]

$1.4 Billion
Debt Reduction[3]

$200.9 Million
Cash at 7/4/21[2]

$144.1 Million
2Q 21 Adjusted Free Cash Flow[1]

$466.8 Million
Borrowing Capacity

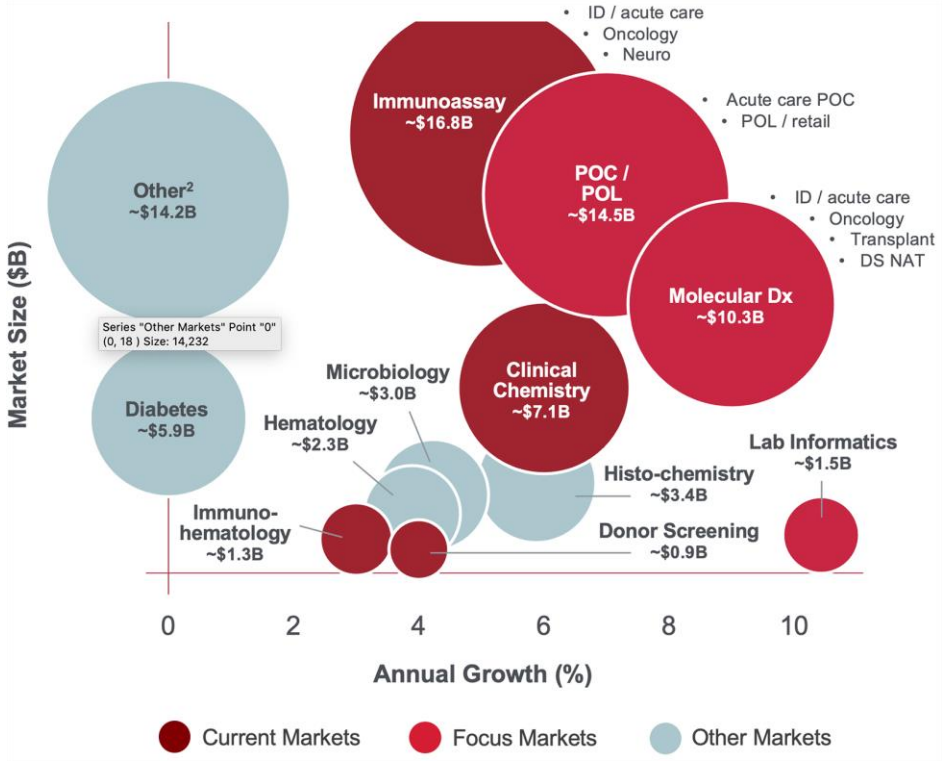


1. Reference non-GAAP reconciliation slide for details.
2. As of 2Q21
3. Debt reduction is 2021 year-to-date

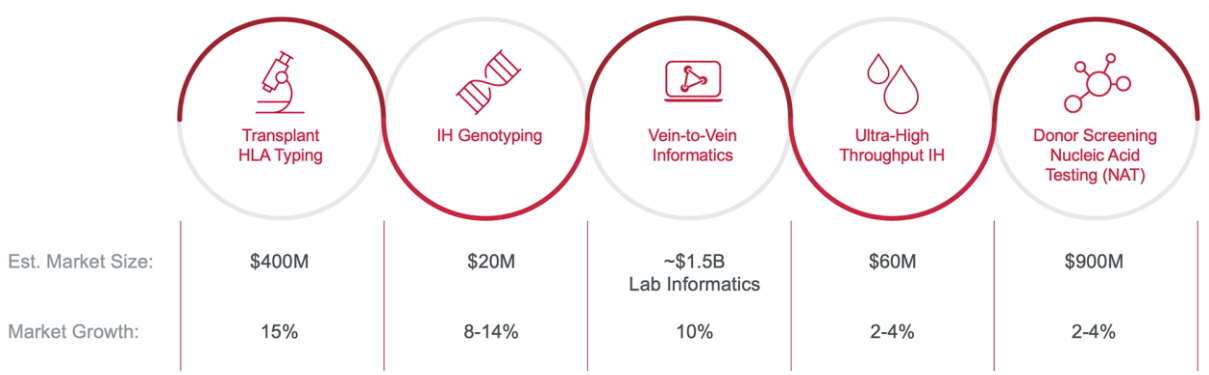
Focus on External Business Development Opportunities

MDx, POC/POL & Immunoassay Expansion Top Priorities

Opportunity Map: Centralized Lab & POC[1]



M&A/Partnership Opportunities to Strengthen TM Leadership



SMG, IQVIA & Allied Market Research

Recent Accomplishments

- Continued strong commercial momentum with IDEXX partnership
- Signed assay development agreement with Chinese immunoassay development & manufacturing partner
- Awarded a Biomedical Advanced Research and Development Authority (BARDA) contract that will support more than a three-fold increase in domestic capabilities for CoV-2 serological and diagnostic solutions.

1. Market sizes represent 2020 estimates per management-provided figures and industry research reports from IQVIA and Allied Market Research
2. Includes coagulation, urinalysis, mass spectrometry, flow cytometry, NGS and cytology, among other products

FY21 Setting Expectations

Raising all key performance indicators for fiscal 2021

Strategic plan and focus for continued top-line growth and operating leverage

- Focusing on increasing lifetime customer value
- 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

$1.95 – $1.98 Billion
Core Revenue

10% – 12%
Constant Currency Core Revenue Growth

$526 – $534 Million
Adjusted EBITDA

15% – 17%
Adjusted EBITDA Growth (Reported)

$0.67 – $0.72
Adjusted Diluted Earnings Per Share



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

Adjusted EBITDA Reconciliation

(Dollars in millions)	Fiscal Quarter Ended July 4, 2021	Fiscal Quarter Ended June 28, 2020
Net loss	$ (20.0)	$ (41.3)
Interest expense, net	33.0	47.5
Provision for income taxes	15.1	3.8
Depreciation and amortization	83.1	79.9
Stock-based compensation	11.0	2.2
Restructuring and severance-related costs (a)	1.7	2.2
Tax indemnification income, net	(0.2)	(2.4)
Loss on extinguishment of debt	–	2.6
Unrealized foreign currency exchange losses, net (b)	–	3.0
Other adjustments (c)	4.5	3.4
Adjusted EBITDA	$ 128.1	$ 100.9

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

Adjusted Net Income and Adjusted Diluted EPS Reconciliation

(Dollars in millions, except per share data)	Fiscal Quarter Ended July 4, 2021	Fiscal Quarter Ended June 28, 2020
Net loss	$ (20.0)	$ (41.3)
Amortization of intangible assets	33.5	32.6
Stock-based compensation	11.0	2.2
Restructuring and severance-related costs (a)	1.7	2.2
Loss on extinguishment of debt	–	2.6
Unrealized foreign currency exchange losses, net (b)	–	3.0
Other adjustments (c)	4.5	3.4
Total adjustments	50.7	46.0
Tax effect of reconciling items (d)	(1.9)	(1.7)
Discrete tax items (e)	10.3	–
Adjusted net income	$ 39.1	$ 3.0
Adjusted basic EPS	$ 0.17	$ 0.02
Adjusted diluted EPS	$ 0.16	$ 0.02
Diluted weighted-average ordinary shares outstanding	243.5	147.3

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

Notes to Non-GAAP Reconciliations

(a) Represents restructuring and severance costs related to several discrete initiatives intended to strengthen operational performance and to support building our commercial capabilities.

(b) For fiscal quarter ended June 28, 2020, this represents non-cash unrealized gains and losses resulting from the remeasurement of transactions denominated in foreign currencies primarily related to intercompany loans. In fiscal 2021, we initiated programs to mitigate the impact of foreign currencies related to intercompany loans in our results and, as a result, such non-cash net unrealized gains were approximately $35.8 million for the fiscal quarter ended July 4, 2021. Given we expect these programs to continue to mitigate any impact in future periods, we will not be adjusting our Adjusted EBITDA and Adjusted net income for non-cash unrealized gains and losses resulting from the remeasurement of transactions denominated in foreign currencies in the second quarter of fiscal 2021.

(c) 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	
(Dollars in millions)	**July 4, 2021**	**June 28, 2020**
EU medical device regulation transition costs	$ 0.9	$ 1.2
Principal shareholder management fee	0.8	0.7
Derivative mark-to-market loss (gain)	1.0	(1.2)
Other	1.8	2.7
Total other adjustments	$ 4.5	$ 3.4

(d) 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.

(e) 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.

Adjusted Free Cash Flow

(Dollars in millions)	Fiscal Quarter Ended July 4, 2021	Fiscal Quarter Ended June 28, 2020
Net cash provided by (used in) operating activities - GAAP	$ 132.7	$ (46.0)
Adjustments:		
Net cash provided by (used in) investing activities - GAAP	6.4	(7.2)
Unusual or non-recurring payments	5.0	6.5
Adjusted free cash flow (f)	$ 144.1	$ (46.7)

(f) We define free cash flow as net cash flows from operating activities accounted for under GAAP less net cash flows from investing activities accounted for under GAAP plus or minus any unusual or non-recurring payments.

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

Reported and Constant Currency Revenue Reconciliation

(Dollars in millions)	Fiscal Quarter Ended July 4, 2021	Fiscal Quarter Ended June 28, 2020	Percent Change	Currency Impact	Constant Currency Growth Rate [a]
Core Revenue	$ 487.5	$ 386.2	26.2%	3.7%	22.5%
Non-Core Revenue	4.9	4.3	14.0%	0.0%	14.0%
Net Revenue	$ 492.5	$ 390.5	26.1%	3.7%	22.4%
Segment Net Revenue					
Americas	$ 296.3	$ 241.1	22.9%	1.6%	21.3%
EMEA	67.8	51.0	33.0%	8.7%	24.3%
Greater China	58.5	43.3	35.0%	11.7%	23.2%
Other	69.9	55.2	26.7%	2.0%	24.7%
Net Revenue	$ 492.5	$ 390.5	26.1%	3.7%	22.4%

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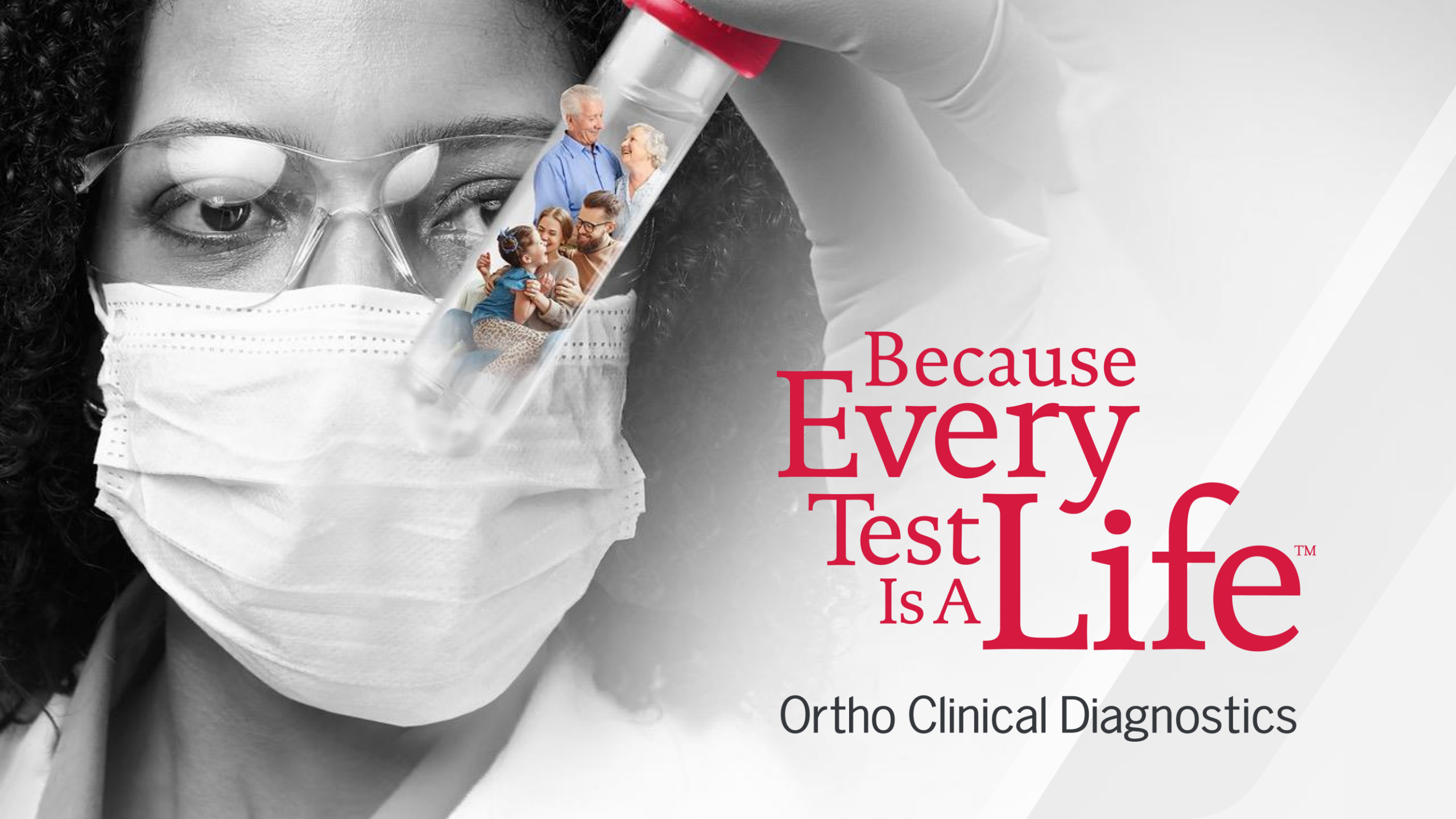
Supplemental Non-GAAP Financial Measures

	Fiscal Year Ended		Fiscal quarter ended									
(% Growth)	**2017**	**2018**	**Q1 19**	**Q2 19**	**Q3 19**	**Q4 19**	**Q1 20**	**Q2 20**	**Q3 20**	**Q4 20**	**Q1 21**	**Q2 21**
Core Revenue Growth Rate	4.8%	0.3%	(3.4%)	1.3%	4.6%	2.5%	(0.6%)	(12.6%)	1.6%	10.1%	23.5%	26.2%
Less: Foreign Currency Impact	(0.1%)	0.5%	(2.9%)	(2.3%)	(0.9%)	(0.4%)	(1.3%)	(2.0%)	(0.4%)	1.0%	2.4%	3.7%
Core Revenue Constant Currency Growth Rate	4.8%	(0.2%)	(0.5%)	3.7%	5.5%	2.9%	0.9%	(10.8%)	2.1%	9.1%	21.1%	22.5%
Less: Local HCV and Other Adjustments	3.5%	(1.4%)	2.5%	(0.1%)	(0.3%)	(1.5%)	(4.0%)	1.5%	(1.6%)	(0.6%)	0.2%	(2.5%)
Core Revenue Constant Currency Growth Rate (excl. local HCV)	1.4%	1.2%	(3.0%)	3.8%	5.8%	4.3%	4.8%	(12.2%)	3.7%	9.7%	20.9%	25.0%
Less: CoV-2	0%	0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.4%	4.9%	5.8%	7.1%	(4.9%)
Core Revenue Constant Currency Growth Rate (excl. local HCV and CoV-2)	1.4%	1.2%	(3.0%)	3.8%	5.8%	4.3%	4.8%	(18.4%)	(1.3%)	3.9%	13.8%	29.9%

In Q1 2019 we signed a new supply agreement in Japan related to our HCV business. As a result of the new supply agreement, we recognized increased revenue in Q1 2019 and Q3 2019. Revenue recognition is based on the timing of periodic shipments which may create unusual YoY variances in certain quarters. Other adjustments include Day 2 countries in 2016 and 2017.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