

Ortho Clinical Diagnostics

Because Every Test Is A Life™

Earnings Results 3Q 2021

November 3, 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, state and international 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; difficulties complying with Nasdaq rules regarding the composition of our Board of Directors and certain committees now that we are no longer a “controlled company”; and risks related to the ownership of our ordinary shares; 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.



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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3Q 2021 Highlights

3Q21 In Review: Strong Momentum[1]

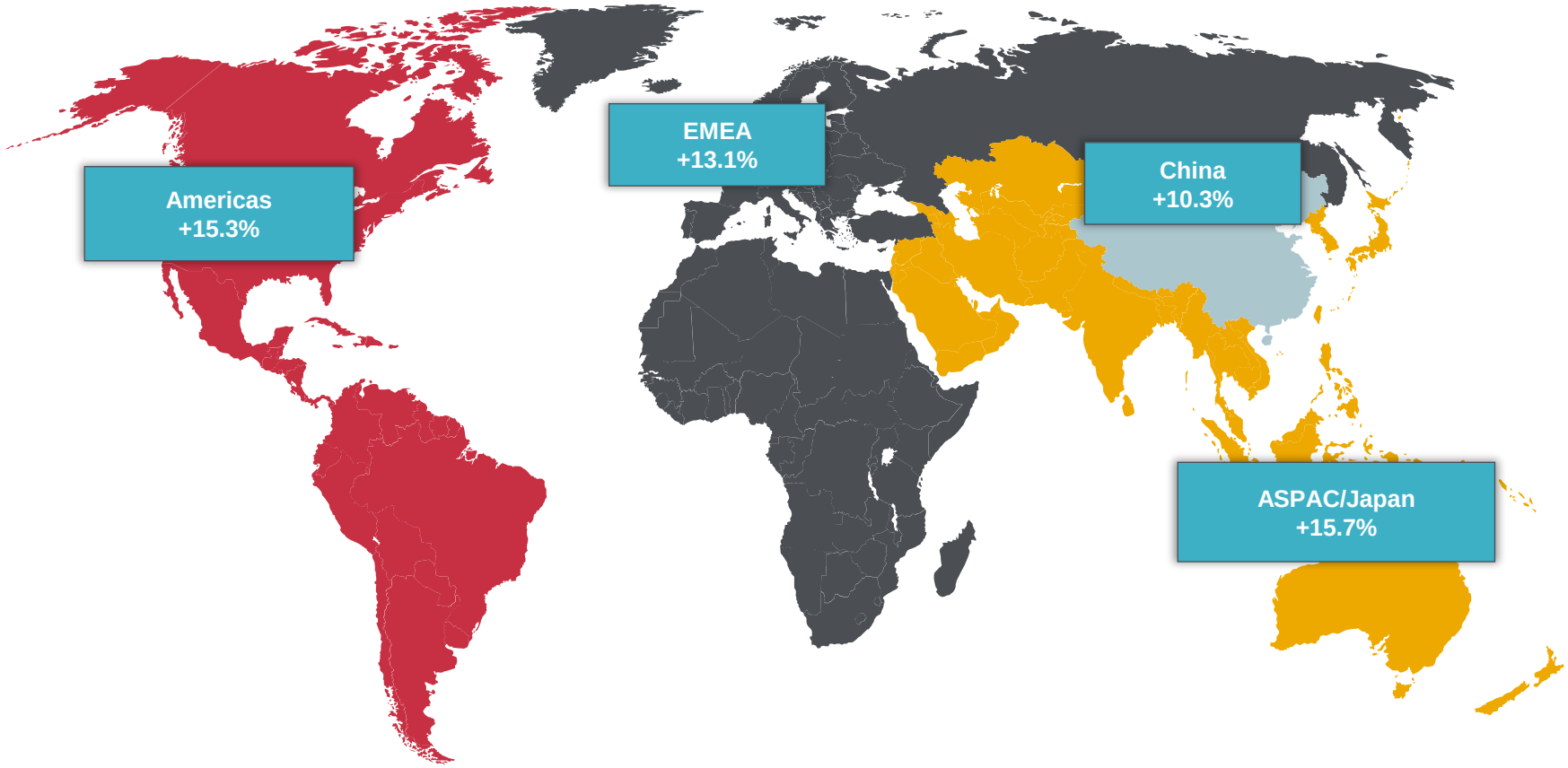
- Core Revenue growth of 16%[1], excluding CoV-2 headwind
- Americas up 15%[1], driven by Commercial Excellence program
- Emerging markets up 19% as strong rebound continues

Total Revenue **$523M** Up 14.3%[1]	Adjusted EBITDA **$140M** Up 16.8%	Adjusted EPS **$0.21**[2]
Core Revenue Increased **13.2%**[1] To $509M	Adjusted EBITDA Margin **26.7%** Up 25bps	Adjusted EPS Growth **50.1%**

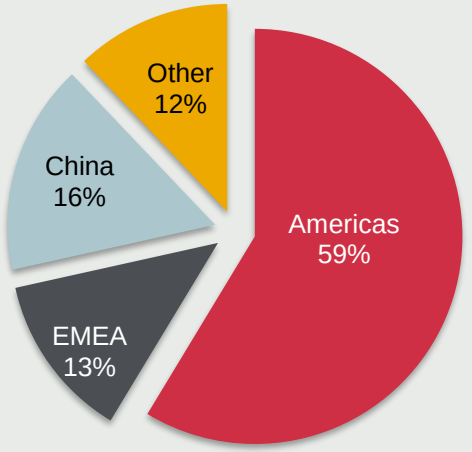
1. Growth rate shown on a constant currency basis
2. Reference non-GAAP reconciliation slide for details

Revenue Growth by Geographies[1]

Constant Currency Revenue Growth



Geographic Revenue Mix of Total Revenue



Emerging markets +18.6%
Developed Markets +12.3%

1. Growth rates are in constant currency

Three Strategic Priorities Drive Profitable Growth

Strong momentum in base, bolstered by innovative growth opportunities & operational efficiencies, while continuing to differentiate in customer experience with Ortho Care



Product Innovation

- Received EUA for **Quantitative COVID-19 IgG spike antibody test;** Multiple studies underway to advance understanding COVID-19 immunity at the individual level
- **Launched VITROS® IL-6 test,** the latest addition to Ortho's VITROS® Critical Care menu, in EU Countries, U.K. and several ASPAC and LATAM countries.
- **Achieved milestones** related to a new manufacturing line based on the $54M BARDA grant received earlier in the year



Global Commercial Excellence

- **NPS was 22 percentage points higher** than the next closest competitor in 2021 ServiceTrak™ Awards
- 16% integrated system **installed base growth** year-over-year
- **Distributor Excellence** program initiated to implement the same principals and success of Commercial Excellence program



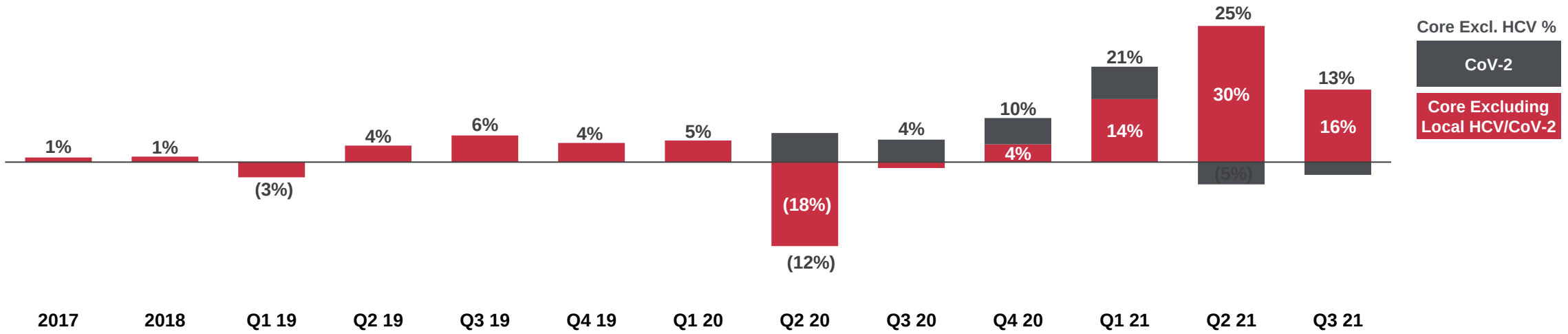
Operational Efficiency

- **Gross Profit Margin** expanded 359 bps to 51.7%
- **Reduced net leverage[1] to 3.7x** and continue to target 2.5x-3.5x
- Initiated global footprint **expansion into India** to bring efficiencies and scale, while fast-tracking product development and growth in emerging markets

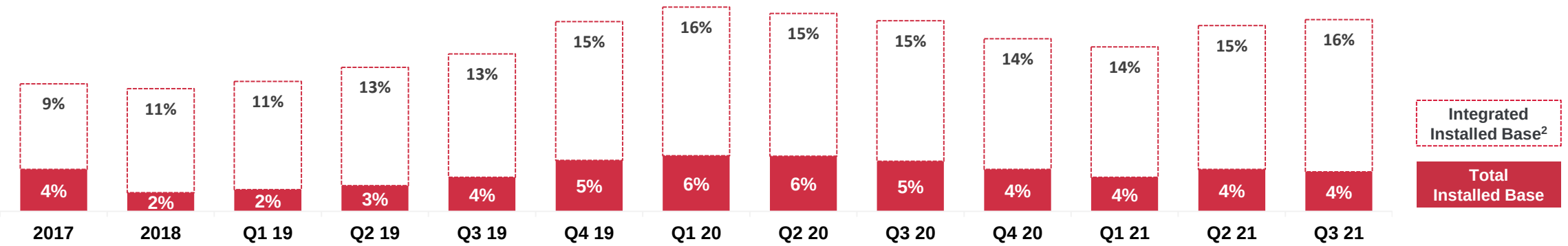
1. Net leverage is defined by net debt to trailing-twelve-month EBITDA

Strong Growth in Core Business Continues in 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

Focus on Increasing Lifetime Customer Value

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

Recurring Revenue

Standalone Placement
(75% of installed base)[2]



Integrated Placement
(24% of installed base)[2]



+65%

Annual Revenue

Menu Expansion & Utilization

3%-7%

Avg. Annual Recurring Revenue Growth

Automation
(1% of installed base)[2]

+300%

Annual Revenue[1]

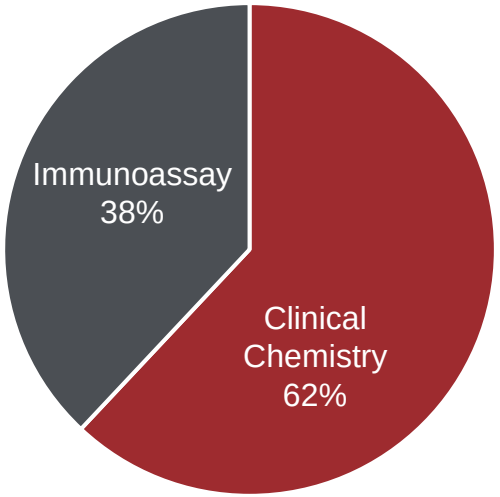


Customer Tenure | 13 Years (average) | +15 Years

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
2. Represents the percentage of the installed base as of year end 2020

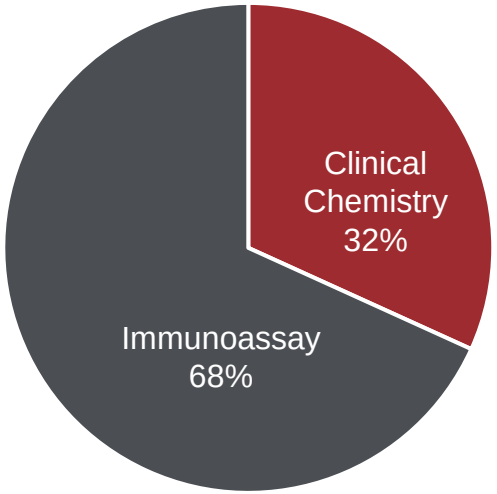
Clinical Labs Opportunities for Immunoassay Growth Through Integrated System Upgrades and Placements

2020 Ortho CL Revenue[1]



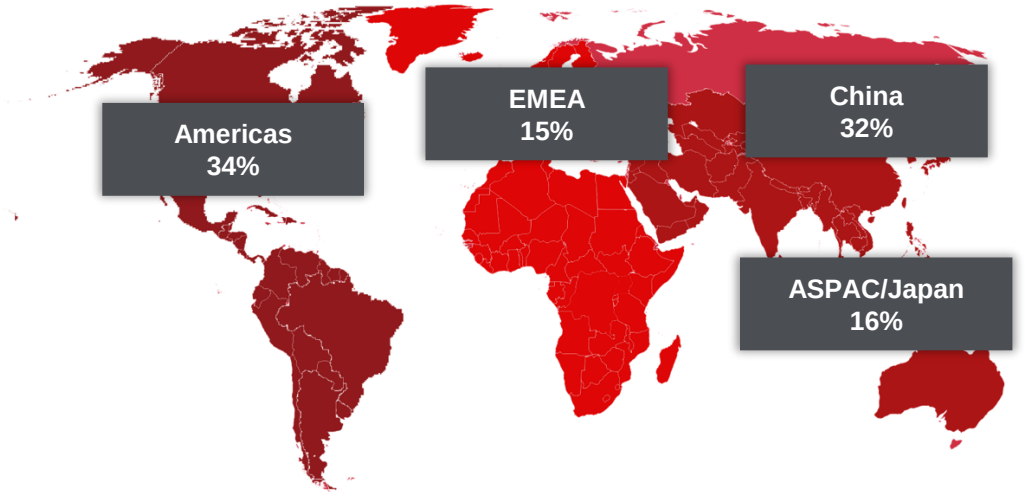
Strength in **Clinical Chemistry** underpinned by benefits in dry technology

2020 Market Data[2]

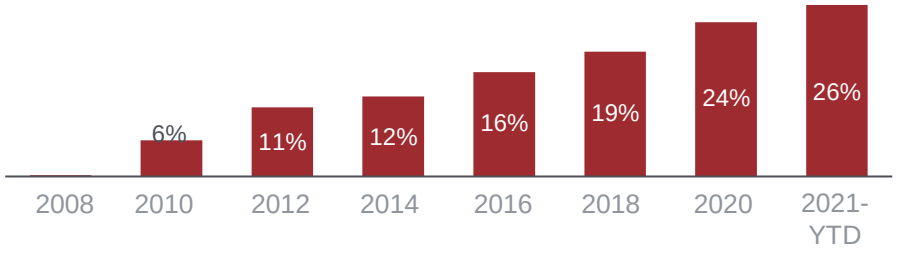


Opportunity in larger, faster growing **Immunoassay** market with growth in integrated installed base

Integrated Instruments Percentage of Clinical Lab Installed Base



Integrated Penetration of Clinical Lab Installed Base

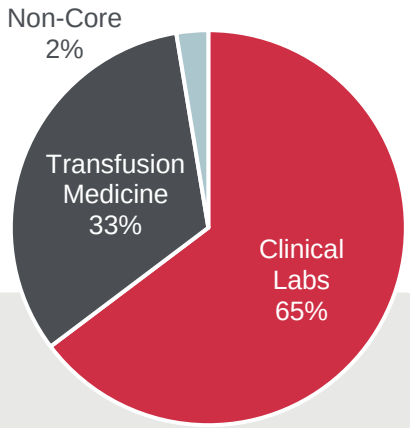


1. 2020 Ortho revenue excluding CoV-2 assays
2. Sourced from 2021 IQVIA Market Book to exclude COVID-19 assay revenue



Financial Results

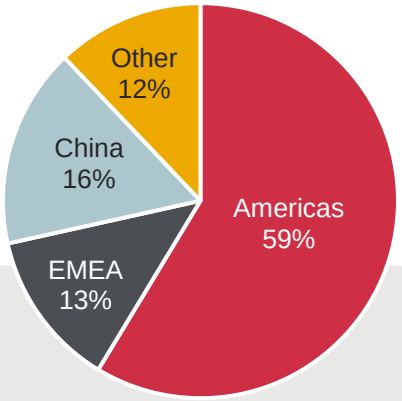
3Q 2021 Revenue Results[1]



Revenue by Business

Clinical Lab +10%
Transfusion Medicine +21%
Core +13%
Non-Core +75%

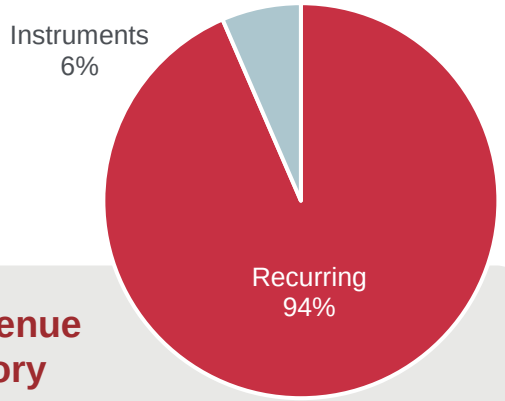
- **Clinical Labs** growth ex-CoV-2 up 14% driven by strength both clinical chemistry and immunoassay
- **Transfusion Medicine** growth driven by strength in both Immunohematology and Donor Screening, including our new partnership with CTS
- **Non-Core** growth driven by $8.5M arbitration award



Core Revenue by Region[2]

Americas +15%
EMEA +13%
Greater China +10%
Other +16%

- **Americas** driven by pronounced growth in CL and TM, despite drop in CoV-2 revenues
- **EMEA** delivered strong growth across clinical lab business
- **China** growth boosted by integrated instrument installations and strong IA growth
- **Other region** saw broad-based strength across both clinical lab and transfusion medicine businesses



Core Revenue by Category

Recurring Revenue +14%
Instrument Revenue +15%

- **Recurring revenue** driven by strength in both clinical chemistry and immunoassays, excluding COVID, as well as donor screening
- **Instrument revenue** driven by placement of integrated clinical lab instruments and immunohematology instruments

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.
2. Other Region 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	
	Oct 3, 2021	Sep 27, 2020
Revenue	**$522.5**	$451.1
Core Revenue Growth in Constant Currency[1]	**13.2%**	2.1%
Gross Profit Margin	**51.7%**	48.1%
Income from Operations	**$54.0**	$20.7
EPS (GAAP)	**$0.06**	($0.20)
Adjusted Diluted EPS[2]	**$0.21**	$0.14
Adjusted Free Cash Flow[2]	**$56.3**	$30.0
Adjusted EBITDA[2]	**$139.6**	$119.5

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 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.
2. Reference non-GAAP reconciliation slide for details.

Balance Sheet, Cash Flow & Liquidity

Strong Free Cash Flow is enabling us to work towards normalized leverage[4] of 2.5 to 3.5x

3.7x
Net Debt to LTM EBITDA Ratio[2]

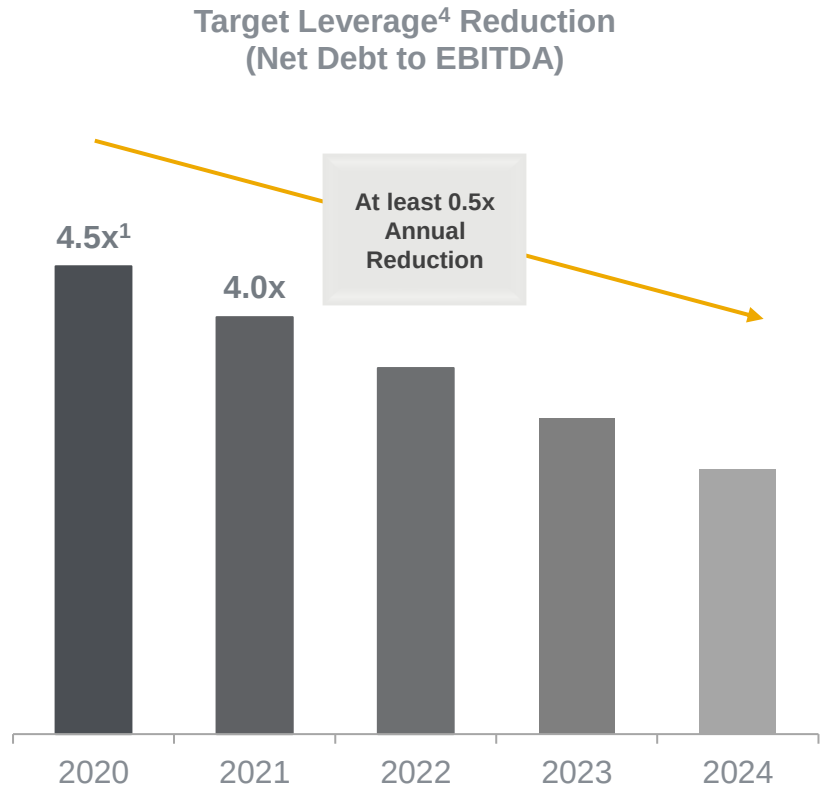
$2.3 Billion
Total Debt

$1.4 Billion
Debt Reduction[3]

$255.9 Million
Cash[2]

$ 56.3 Million
3Q 21 Adjusted Free Cash Flow[1]

$455.0 Million
Borrowing Capacity[2]

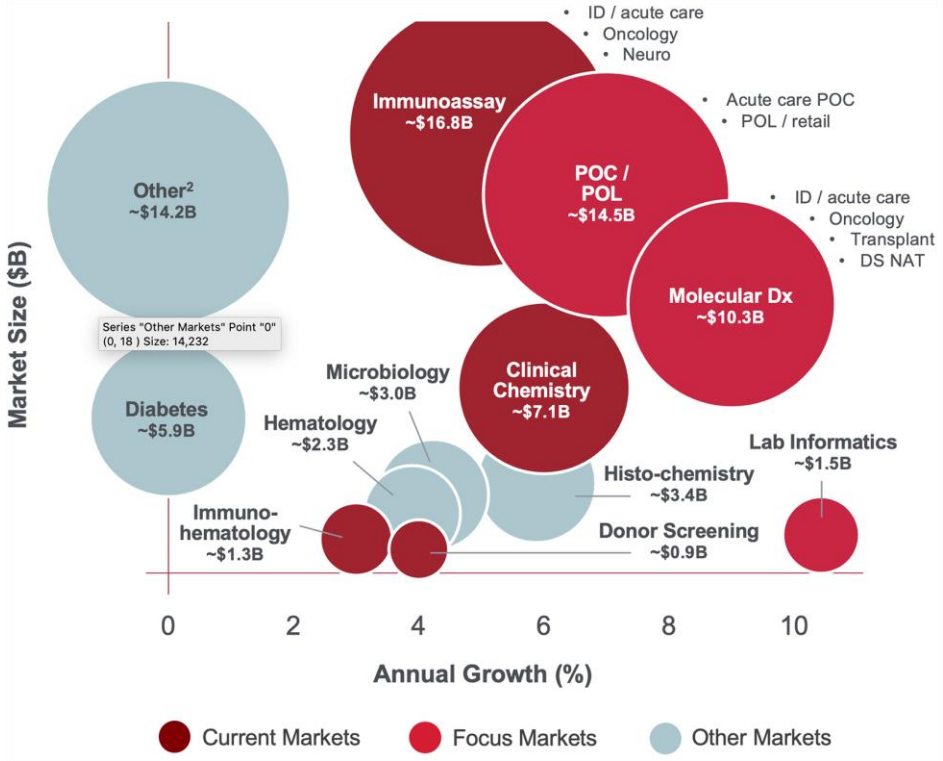


1. Reference non-GAAP reconciliation slide for details.
2. As of 3Q21
3. Debt reduction is 2021 year-to-date
4. Net leverage is defined by net debt to trailing-twelve-month EBITDA

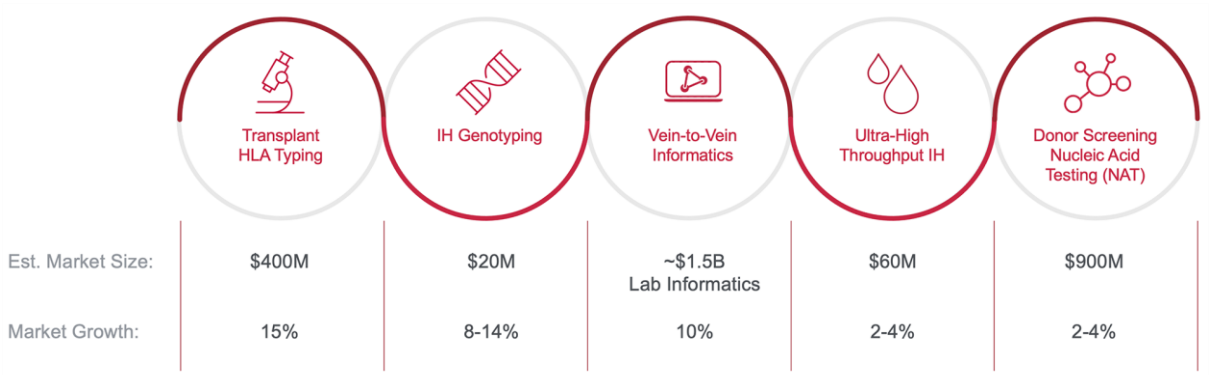
Focus on External Business Development Opportunities

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

$2.00 – $2.02 Billion
Core Revenue

14% – 15%
Constant Currency Core Revenue Growth

$542 – $547 Million
Adjusted EBITDA

19% – 20%
Adjusted EBITDA Growth (Reported)

$0.76 – $0.78
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 October 3, 2021	Fiscal Quarter Ended September 27, 2020
Net income (loss)	$ 14.7	$ (28.5)
Interest expense, net	36.1	48.9
Provision for (benefit from) income taxes	6.0	(10.3)
Depreciation and amortization	80.8	79.9
Stock-based compensation (a)	5.0	2.4
Restructuring and severance-related costs (b)	1.7	4.7
Arbitration award (c)	(7.4)	–
Tax indemnification (income) expense, net	(0.2)	16.5
Unrealized foreign currency exchange gains, net (d)	–	(6.3)
Quotient upfront payment (e)	–	7.5
Other adjustments (f)	2.9	4.7
Adjusted EBITDA	$ 139.6	$ 119.5

Unless otherwise noted, dollars are at actual foreign exchange rates.
Amounts within tables may not add due to rounding.

Adjusted Net Income and Adjusted Diluted EPS Reconciliation

(Dollars in millions, except per share data)	Fiscal Quarter Ended October 3, 2021	Fiscal Quarter Ended September 27, 2020
Net income (loss)	$ 14.7	$ (28.5)
Amortization of intangible assets	33.3	33.1
Stock-based compensation (a)	5.0	2.4
Restructuring and severance-related costs (b)	1.7	4.7
Arbitration award (c)	**(7.4)**	**–**
Unrealized foreign currency exchange losses, net (d)	–	(6.3)
Quotient upfront payment (e)	**–**	**7.5**
Other adjustments (f)	5.4	4.7
Total adjustments	38.0	46.1
Tax effect of reconciling items (g)	(1.7)	(1.3)
Discrete tax items (h)	–	4.7
Adjusted net income	$ 50.9	$ 21.0
Adjusted basic EPS	$ 0.22	$ 0.14
Adjusted diluted EPS	$ 0.21	$ 0.14
Diluted weighted-average ordinary shares outstanding	242.8	150.3

Unless otherwise noted, dollars are at actual foreign exchange rates.
Amounts within tables may not add due to rounding.

Notes to Non-GAAP Reconciliations

(a) Represents expenses related to awards granted under our 2014 Equity Incentive Plan.

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

(c) Represents an award from an arbitration proceeding related to one of our collaboration agreements of $8.5 million, partially offset by related legal fees of $1.1 million.

(d) For fiscal quarter ended September 27, 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 $4.3 million for the fiscal quarter ended October 3, 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 fiscal quarter ended October 3 2021 and onwards.

(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 and, non-cash derivative mark-to-market (gains) losses. See information below:

	Fiscal Quarter Ended	
(Dollars in millions)	October 3, 2021	September 27, 2020
EU medical device regulation transition costs	$ 1.1	$ 1.0
Principal shareholder management fee	0.8	0.8
Derivative mark-to-market (gain) loss	(0.9)	(0.5)
Other	2.0	3.4
Total other adjustments	$ 2.9	$ 4.7

(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.

Unless otherwise noted, dollars are at actual foreign exchange rates.
Amounts within tables may not add due to rounding.

Adjusted Free Cash Flow

(Dollars in millions)	Fiscal Quarter Ended October 3, 2021	Fiscal Quarter Ended September 27, 2020
Net cash provided by operating activities - GAAP	$ 65.4	$ 14.9
Adjustments:		
Purchases of property, plant and equipment	(7.6)	(4.1)
Proceeds from cross currency swaps	–	2.7
Milestone payments and other, net	0.1	(0.6)
Unusual or non-recurring payments	(1.6)	17.1
Adjusted free cash flow (i)	$ 56.3	$ 30.0

(i) We define adjusted free cash flow as net cash flows from operating activities accounted for under GAAP less purchases of property, plant and equipment plus or minus any unusual or non-recurring payments.

Unless otherwise noted, dollars are at actual foreign exchange rates.
Amounts within tables may not add due to rounding.

Reported and Constant Currency Revenue Reconciliation

(Dollars in millions)	Fiscal Quarter Ended October 3, 2021	Fiscal Quarter Ended September 27, 2020	Percent Change	Currency Impact	Constant Currency Growth Rate [a]
Core Revenue	$ 508.9	$ 443.3	14.8%	1.6%	13.2%
Non-Core Revenue	13.6	7.8	74.7%	0.1%	74.6%
Net Revenue	$ 522.5	$ 451.1	15.8%	1.5%	14.3%
Segment Net Revenue					
Americas	$ 306.5	$ 264.2	16.0%	0.7%	15.3%
EMEA	67.2	58.6	14.6%	1.4%	13.1%
Greater China	85.6	72.7	17.8%	7.4%	10.3%
Other	63.2	55.6	13.7%	(2.0)%	15.7%
Net Revenue	$ 522.5	$ 451.1	15.8%	1.5%	14.3%

Unless otherwise noted, dollars and growth rates are at actual foreign exchange rates.
Amounts within tables may not add due to rounding. Percentages have been calculated using actual, non-rounded figures.

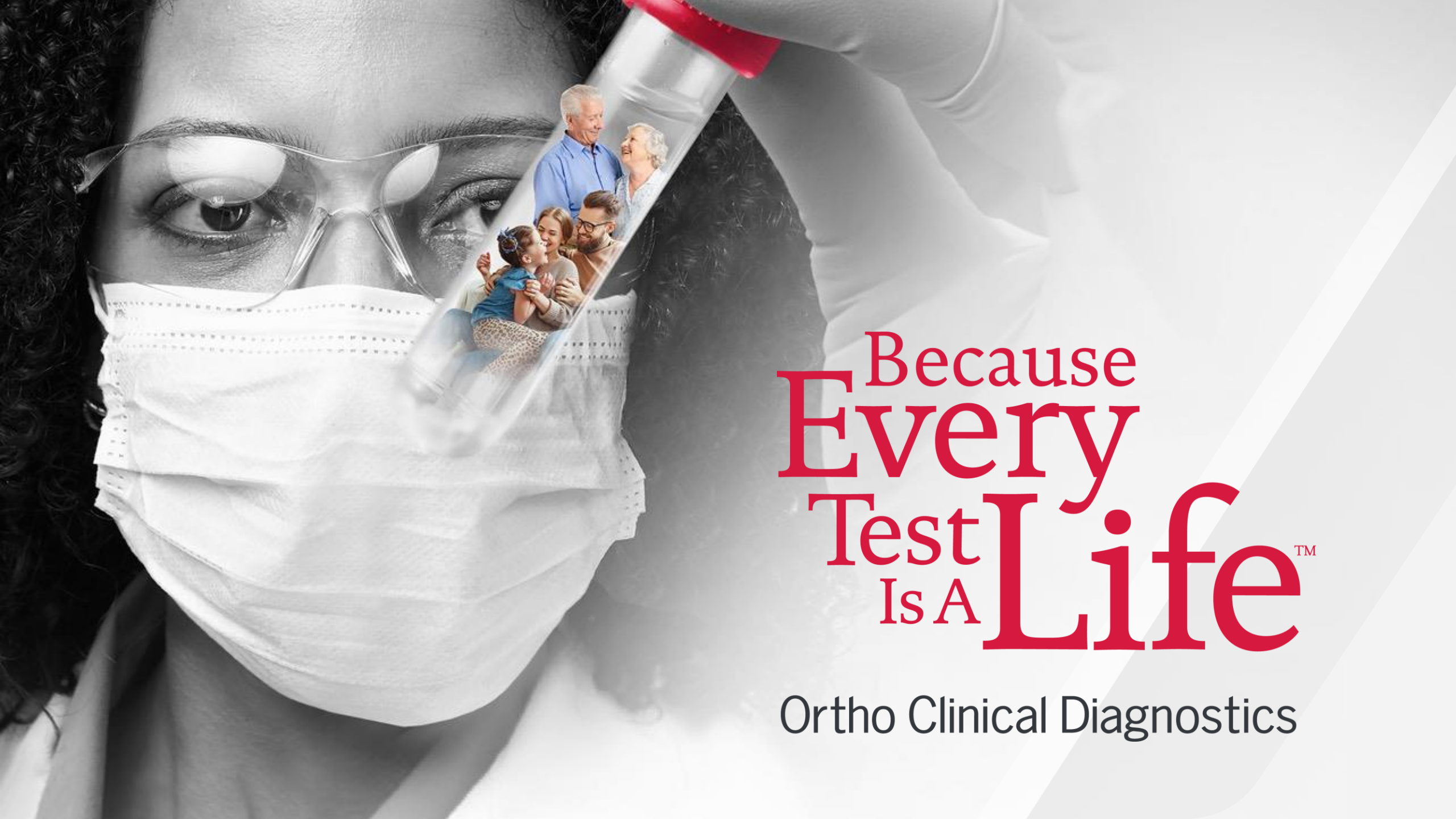
(a) The term “constant currency” means we have translated local currency revenues for all reporting periods to U.S. dollars using internally-derived currency exchange rates held constant for each year. This additional non-GAAP financial information is not meant to be considered in isolation from or as substitute for financial information prepared in accordance with GAAP.

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	Q3 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%	14.8%
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%	1.6%
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%	13.2%
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%)	0.1%
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%	13.1%
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%)	(2.8%)
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%	15.9%

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.

Percentages have been calculated using actual, non-rounded figures.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