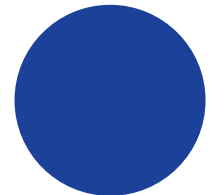




# Organon

Q2 2021 Earnings



# Disclaimer statement

*This text should be viewed in conjunction with Organon's Q2 2021 earnings call*

## Safe Harbor for Forward-Looking Statements

Except for the historical information herein, this presentation of Organon & Co. (the "company") includes "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including, but not limited to, statements about management's expectations about Organon's future financial performance and prospects. Forward-looking statements may be identified by words such as "expects," "intends," "anticipates," "plans," "believes," "seeks," "estimates," "will" or words of similar meaning. These statements are based upon the current beliefs and expectations of the company's management and are subject to significant risks and uncertainties. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements. Risks and uncertainties include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of the ongoing COVID-19 pandemic and emergence of various strains; the impact of pharmaceutical industry regulation and health care legislation in the United States and internationally; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the company's ability to accurately predict its future financial results and performance; the company's ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the company's patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions. The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the company's filings with the Securities and Exchange Commission (SEC), including its registration statement on Form 10, available at the SEC's Internet site ([www.sec.gov](http://www.sec.gov)).

# Disclaimer statement, cont.

## Non-GAAP Information

This presentation includes information based on financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), such as Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted Earnings per Share. Non-GAAP financial measures are presented only as a supplement to the company’s financial statements based on GAAP. Non-GAAP financial information is provided to enhance understanding of the company’s financial performance, but none of these non-GAAP financial measures are recognized terms under GAAP, and non-GAAP measures should not be considered in isolation from, or as a substitute analysis for, the company’s results of operations as determined in accordance with GAAP. The company uses non-GAAP measures in its operational and financial decision making and believes that it is useful to exclude certain items in order to focus on what it regards to be a more meaningful indicator of the underlying operating performance of the business. The company also believes that investors may find non-GAAP financial measures useful for the same reasons, although investors are cautioned that non-GAAP financial measures are not a substitute for GAAP disclosures. The non-GAAP financial measures are not presented in accordance with GAAP. Please refer to the appendix of this presentation for reconciliations of non-GAAP financial measures contained herein to the most directly comparable GAAP measures. Our full-year 2021 guidance measures (other than revenue) are provided on a non-GAAP basis because the company is unable to reasonably predict certain items contained in the GAAP measures. Such items include, but are not limited to, acquisition related expenses, restructuring and related expenses, stock-based compensation and other items not reflective of the company's ongoing operations.

# Second quarter 2021 highlights



- June 2<sup>nd</sup>, **official spin from Merck**
- June 3<sup>rd</sup>, Organon celebrates “Her Day”, begins trading as **“OGN” on the NYSE**
- Declares inaugural **dividend**

## Q2 2021

- \$1.6 billion Revenue
- \$627 million Adjusted EBITDA<sup>(1)</sup>
- \$1.72 Adjusted EPS<sup>(1)</sup> from continuing operations<sup>(2)</sup>

1. Adjusted measures are non-GAAP financial metrics: Please see supplemental slides in appendix for GAAP to non-GAAP reconciliation.

2. Discontinued operations includes Merck Retained Products

# Broad and diverse portfolio

## Women's Health

## Biosimilars

## Established Brands



Number of products

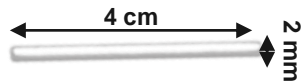
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# NEXPLANON, differentiated and patented contraceptive offering

## Differentiating attributes for women



INSERTION  
TIME



REMOVAL  
TIME



- **Single** implant, long acting, reversible hormonal contraceptive
- **# 1** implantable <sup>(1)</sup>
- **# 2** LARC <sup>(1)</sup>
- **3-year efficacy** (currently)
- **minutes to insert** and remove
- One of the **most effective** hormonals
- Lower long-term **average cost** (vs daily pills)

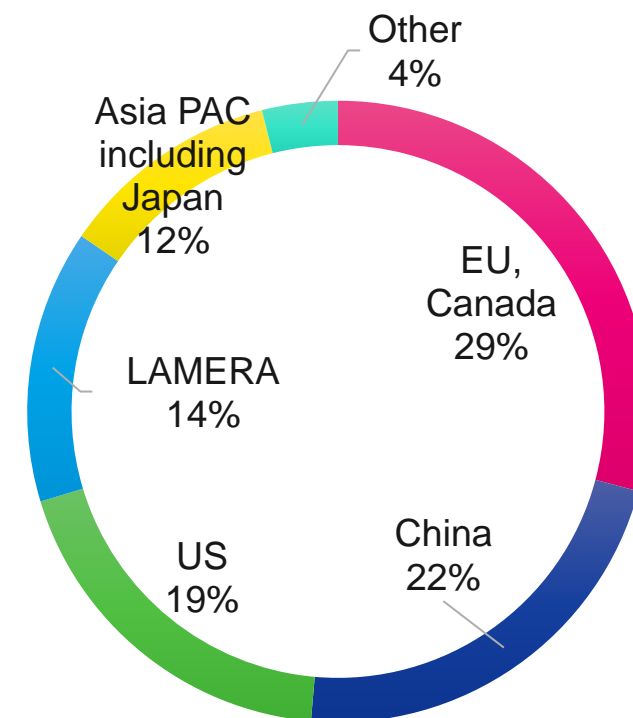
## NEXPLANON objectives

- Target annual **sales of \$1Bn+**
- Accelerate **long-term growth**
- Become **preferred** long-acting, reversible contraceptive (LARC)
- Potential future opportunity to expand label to **5-years efficacy**

(1) Based on 2020 IQVIA data. Dollar share.

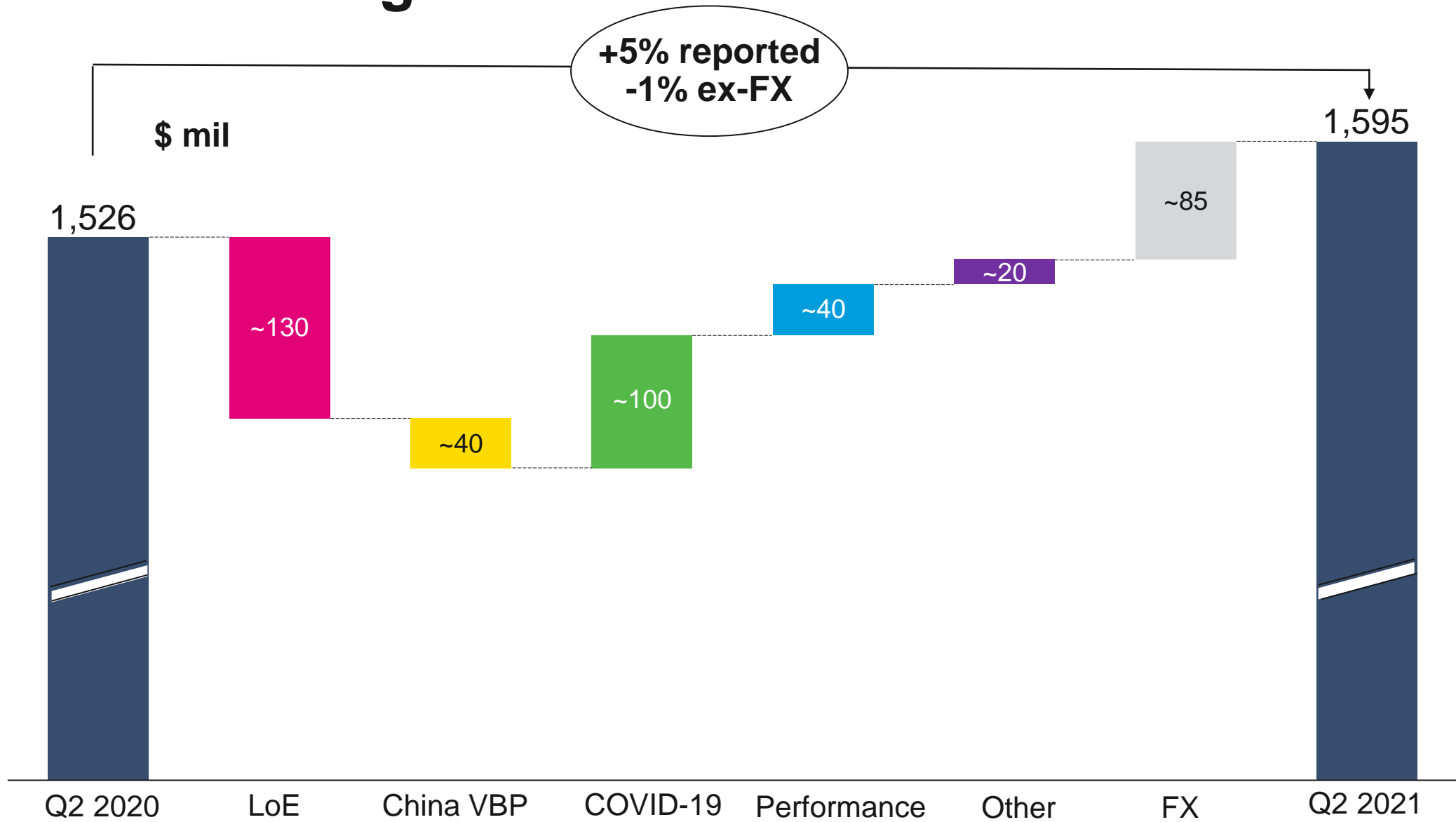
# Geographic revenue performance

\$ mil	Q2-21	Q2-20	Actual VPY	Ex FX VPY
Europe and Canada	470	378	24%	13%
United States	339	303	12%	12%
Asia Pacific and Japan	309	419	-26%	-29%
China	236	211	12%	2%
Latin America, Middle East, Russia and Africa	190	187	2%	0%
Other <sup>(1)</sup>	51	28	82%	55%
<b>Total Revenue</b>	<b>1,595</b>	<b>1,526</b>	<b>5%</b>	<b>-1%</b>



<sup>(1)</sup> Primarily reflects allocated amounts from revenue hedging activities and manufacturing sales to Merck and third parties.

# Q2 Revenue bridge



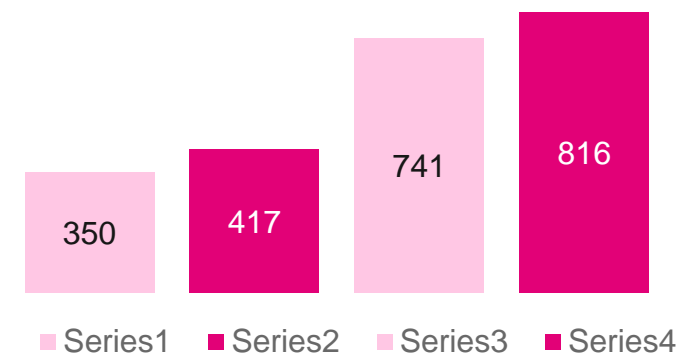


# Women's Health



Women's  
Health

- Nexplanon up 39%
- Strong growth in fertility
- Executing on **BD strategy**



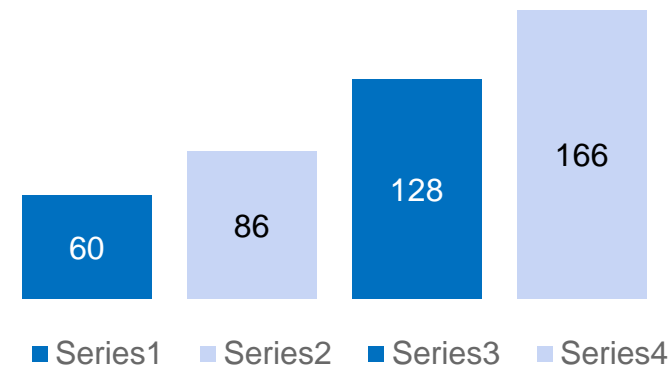
Revenues \$ mil	Q2-21	Q2-20	Act VPY	Ex FX VPY	2021 YTD	2020 YTD	Act VPY	Ex FX VPY
NEXPLANON	184	132	40%	39%	368	326	13%	12%
FOLLISTIM	65	44	48%	40%	117	85	37%	31%
NUVARING	53	63	-16%	-19%	98	126	-22%	-24%
Ganirelix Acetate	31	14	117%	102%	60	30	101%	89%
CERAZETTE	18	15	14%	8%	34	33	4%	1%
Other	66	82	-20%	-22%	139	141	-1%	-3%
<b>Women's Health</b>	<b>417</b>	<b>350</b>	<b>19%</b>	<b>16%</b>	<b>816</b>	<b>741</b>	<b>10%</b>	<b>8%</b>

# Biosimilars



Biosimilars

- Renflexis up ~ 38% Y/Y
- Ontruzant growth 13% driven by US launch
- Hadlima launched in Australia and Canada

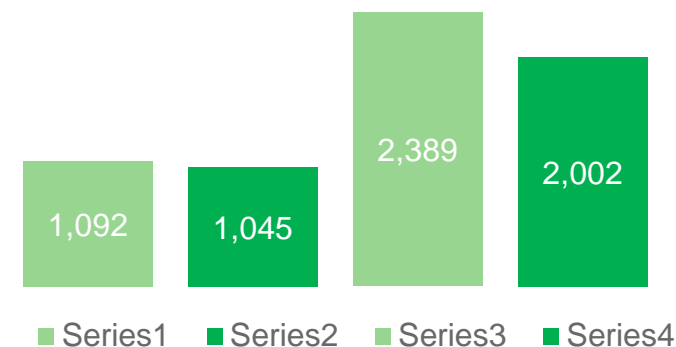


Revenues \$ mil	Q2-21	Q2-20	Act VPY	Ex FX VPY	2021 YTD	2020 YTD	Act VBP	Ex FX VPY
RENFLIXIS	43	30	41%	38%	81	59	38%	36%
ONTRUZANT	22	19	20%	13%	45	41	11%	3%
BRENZYS	11	11	-	-16%	21	29	-27%	-35%
Other	10	-	-	-	19	-	-	-
<b>Biosimilars</b>	<b>86</b>	<b>60</b>	<b>43%</b>	<b>35%</b>	<b>166</b>	<b>128</b>	<b>30%</b>	<b>23%</b>

# Established brands



- Long tail products with dissipating LOE
- China retail growth helping to offset VBP
- Revenue down ~2% excluding LOE



Revenues \$ mil	Q2-21	Q2-20	Act VPY	Ex FX VPY	2021 YTD	2020 YTD	Act VPY	Ex FX VPY
Cardiovascular	430	489	-12%	-18%	819	1,000	-18%	-23%
Respiratory	248	240	3%	-1%	484	639	-24%	-27%
Non-Opioid Pain, Bone & Derm.	218	202	8%	-	398	412	-3%	-9%
Other	149	161	-7%	-13%	301	338	-11%	-16%
<b>Total Est. Brands</b>	<b>1,045</b>	<b>1,092</b>	<b>-4%</b>	<b>-10%</b>	<b>2,002</b>	<b>2,389</b>	<b>-16%</b>	<b>-21%</b>

# Q2 and YTD 2021

\$ mil	Q2-21	Q2-20	Actual VPY	2021 YTD	2020 YTD	Actual VPY
<b>Revenue</b>	<b>1,595</b>	<b>1,526</b>	<b>5%</b>	<b>3,101</b>	<b>3,306</b>	<b>-6%</b>
Cost of Goods Sold	583	460	27%	1,174	998	18%
Gross profit	1,012	1,066	-5%	1,927	2,308	-17%
Gross margin	63.4%	69.9%	-9%	62.1%	69.8%	-11%
Non-GAAP Adjusted Gross profit <sup>(1)</sup>	<b>1,044</b>	<b>1,087</b>	-4%	<b>1,979</b>	<b>2,350</b>	-16%
<i>Non-GAAP Adjusted Gross margin</i>	65.5%	71.2%	-8%	63.8%	71.1%	-11%
Selling, general, and administrative	416	284	46%	798	601	33%
Research and development	76	51	49%	143	96	49%
Adjusted EBITDA, continuing operations <sup>(2,3)</sup>	<b>627</b>	<b>776</b>	-19%	<b>1,193</b>	<b>1,688</b>	-29%
<i>Adjusted EBITDA margin</i>	39.3%	50.9%	-23%	38.5%	51.1%	-25%
Net income, continuing operations <sup>(3,4)</sup>	431	586	-26%	826	1,320	-37%
Diluted EPS	1.70	2.31	-26%	3.25	5.21	-38%
<b>Non-GAAP Adjusted net income, continuing operations<sup>(3-4)</sup></b>	<b>437</b>	<b>640</b>	<b>-32%</b>	<b>888</b>	<b>1,424</b>	<b>-38%</b>
Non-GAAP Adjusted diluted EPS	<b>1.72</b>	<b>2.52</b>	<b>-32%</b>	<b>3.50</b>	<b>5.62</b>	<b>-38%</b>

(1) See Slide 18 of this presentation for a reconciliation of Gross Profit to Adjusted Gross Profit

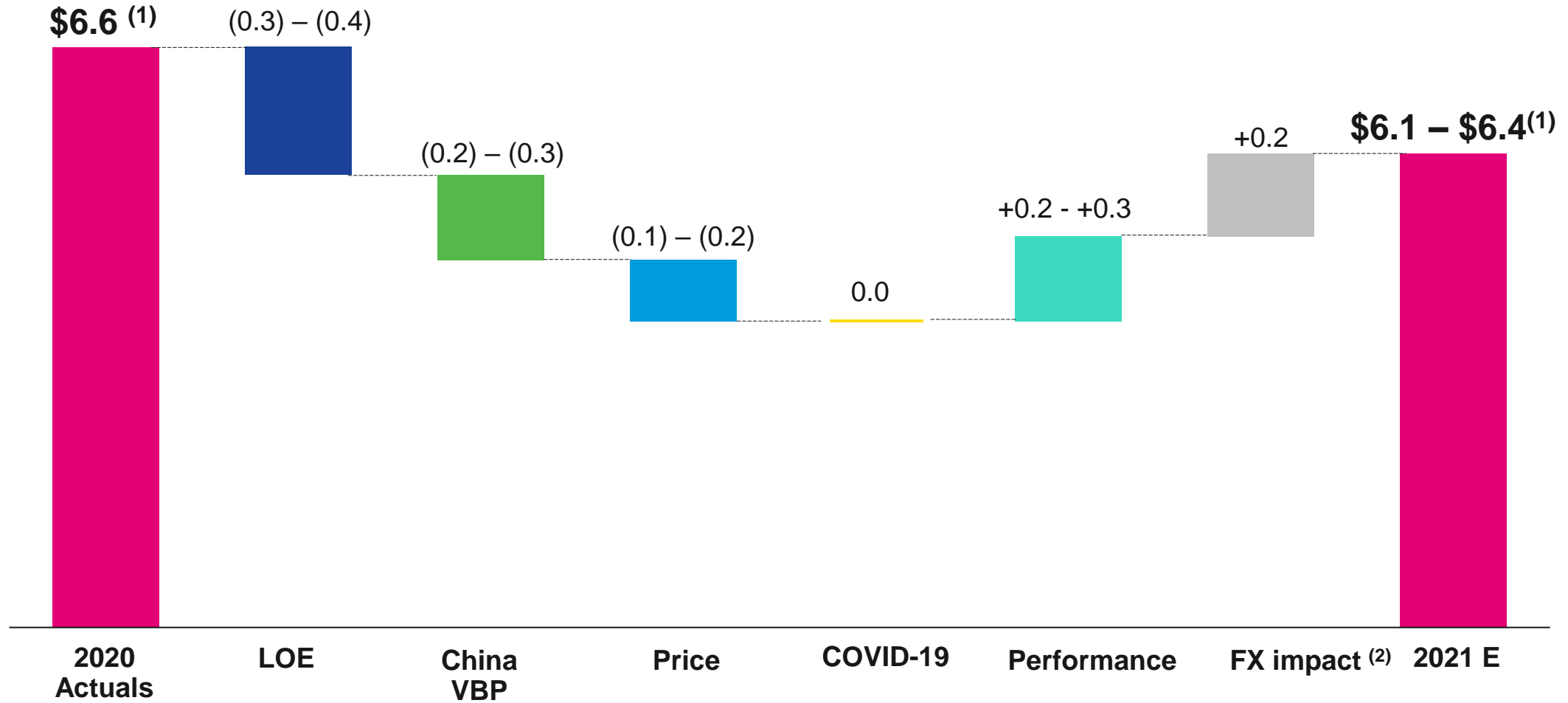
(2) See Slides 19 and 20 of this presentation for a reconciliation of EBITDA and Adjusted EBITDA measures

(3) Discontinued operations includes Merck Retained Products

(4) See Slides 21 and 22 of this presentation for a reconciliation of Net Income from continuing operations to Adjusted net income from continuing operations

# Revenue drivers consistent with prior guidance

\$billions



(1) Reflects full-year pro forma revenue for both 2020 & 2021 including other revenues, mainly manufacturing supply sales

(2) Based on YTD performance and current spot rates

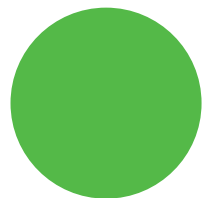
# Affirming full year 2021 proforma guidance

Non-GAAP, proforma as if OGN was standalone Jan 1, 2021	Prior Guidance	Revised Guidance August 12, 2021
Revenue	\$6.1B - \$6.4B	No change
Gross Margin	Low to mid-60% range	No change
SG&A as % of revenue	Mid-20% range	No change
R&D as % of revenue	Mid-single digit	No change
Adjusted EBITDA margin	36.0% - 38.0%	No change
Interest expense	~\$400M	No change
Depreciation	\$100 - \$115M	No change
Effective non-GAAP tax rate	17.5% -19.5%	No change
Shares outstanding	~250M, <b>not diluted</b>	~254M*, <b>fully diluted</b>

\* Full year weighted average



# Q&A



# Appendix





# Second quarter and YTD revenue



\$ mil	Q2-21	Q2-20	Actual VPY	Ex FX VPY	2021 YTD	2020 YTD	Actual VPY	Ex FX VPY
Women's Health	417	350	19%	16%	816	741	10%	8%
Biosimilars	86	60	43%	35%	166	128	30%	23%
Est. Brands	1,045	1,092	-4%	-10%	2,002	2,389	-16%	-21%
<b>Total Revenue</b>	<b>1,595</b>	<b>1,526</b>	<b>5%</b>	<b>-1%</b>	<b>3,101</b>	<b>3,306</b>	<b>-6%</b>	<b>-11%</b>

# Gross margin reconciliation

\$ mil	Q2-21	Q2-20	2021 YTD	2020 YTD
<b>Revenue</b>	<b>1,595</b>	<b>1,526</b>	<b>3,101</b>	<b>3,306</b>
Cost of Goods Sold	583	460	1,174	998
Gross profit	1,012	1,066	1,927	2,308
<i>Gross margin</i>	<i>63.4%</i>	<i>69.9%</i>	<i>62.1%</i>	<i>69.8%</i>
Amortization	22	21	42	42
One-time costs <sup>(1)</sup>	10	-	10	-
Cost of goods sold less amortization and one-time costs	551	439	1,122	956
<b>Non-GAAP Adjusted Gross profit<sup>(2)</sup></b>	<b>1,044</b>	<b>1,087</b>	<b>1,979</b>	<b>2,350</b>
<i>Non-GAAP Adjusted Gross margin</i>	<i>65.5%</i>	<i>71.2%</i>	<i>63.8%</i>	<i>71.1%</i>

1. One-time costs primarily include inventory write offs and other costs to stand up the company.

2. Non-GAAP Adjusted Gross profit is calculated by subtracting total cost of goods sold, amortization and one-time costs from total revenue.

# Net Income to Adjusted EBITDA reconciliation

\$ mil	Q2-21	Q2-20
Net income from continuing operations before income tax	437	702
Depreciation	21	13
Amortization <sup>(1)</sup>	22	21
Interest Expense	62	-
<b>EBITDA</b>	<b>542</b>	<b>736</b>
Restructuring costs	1	19
One-time costs <sup>(2)</sup>	66	10
Stock based compensation	18	11
<b>Adjusted EBITDA</b>	<b>627</b>	<b>776</b>
Adjusted EBITDA margin	39.3%	50.9%

1. Amortization is recorded in Cost of goods sold

2. One-time costs primarily include cost incurred in connection with the Spin-off of Organon as well as costs incurred in June 2021 pertaining to the Alydia acquisition. For the three months ended June 30, 2021, approximately \$55 million of the GAAP one-time costs are recorded in Selling, general and administrative expenses, and approximately \$10 million are recorded in Cost of goods sold. For the three months ended June 30, 2020, the \$10 million of GAAP one-time costs are classified in Selling, general and administrative expenses.

# Net Income to Adjusted EBITDA reconciliation

\$ mil	2021 YTD	2020 YTD
Net income from continuing operations before income tax	904	1,546
Depreciation	39	25
Amortization <sup>(1)</sup>	42	42
Interest Expense	62	-
<b>EBITDA</b>	<b>1,047</b>	<b>1,613</b>
Restructuring costs	2	31
One-time costs <sup>(2)</sup>	115	23
Stock based compensation	29	21
<b>Adjusted EBITDA</b>	<b>1,193</b>	<b>1,688</b>
Adjusted EBITDA margin	38.5%	51.1%

1. Amortization is recorded in Cost of goods sold

2. One-time costs primarily include cost incurred in connection with the Spin-off of Organon as well as costs incurred in June 2021 pertaining to the Alydia acquisition. For the six months ended June 30, 2021, approximately \$104 million of the GAAP one-time costs are recorded in Selling, general and administrative expenses, and approximately \$10 million are recorded in Cost of goods sold. For the six months ended June 30, 2020, the \$23 million of GAAP one-time costs are classified in Selling, general and administrative expenses.

# Net Income to Adjusted Net Income reconciliation

\$ mil (except EPS)	Q2-21	Q2-20
Net income from continuing operational before income tax	437	702
Amortization <sup>(1)</sup>	22	21
Restructuring costs	1	19
One-time costs <sup>(2)</sup>	66	10
Stock based compensation	18	11
<b>Total Adjustments</b>	<b>107</b>	<b>61</b>
<b>Non-GAAP pre-tax income from continuing operations</b>	<b>544</b>	<b>763</b>
Taxes on income as reported in accordance with GAAP	6	116
Tax benefit on adjustments	20	7
Tax benefit on GAAP-only discrete items <sup>(3)</sup>	81	-
<b>Non-GAAP adjusted taxes on income</b>	<b>107</b>	<b>123</b>
<b>Non-GAAP adjusted net income, continuing operations</b>	<b>437</b>	<b>640</b>
<b>Non-GAAP adjusted net income, continuing operations per share</b>	<b>1.72</b>	<b>2.52</b>

1. Amortization is recorded in Cost of goods sold.

2. One-time costs primarily include cost incurred in connection with the Spin-off of Organon as well as costs incurred in June 2021 pertaining to the Alydia acquisition. For the three months ended June 30, 2021, approximately \$55 million of the GAAP one-time costs are recorded in Selling, general and administrative expenses, and approximately \$10 million are recorded in Cost of goods sold. For the three months ended June 30, 2020, the \$10 million of GAAP one-time costs are classified in Selling, general and administrative expenses.

3. For the three months ended June 30, 2021, the company recorded a tax benefit of approximately \$70 million related to a portion of non-US step up in tax basis as a result of its separation from Merck.

# Net Income to Adjusted Net Income reconciliation

\$ mil (except EPS)	2021 YTD	2020 YTD
Net income from continuing operational before income tax	904	1,546
Amortization <sup>(1)</sup>	42	42
Restructuring costs	2	31
One-time costs <sup>(2)</sup>	115	23
Stock based compensation	29	21
<b>Total Adjustments</b>	<b>188</b>	<b>117</b>
<b>Non-GAAP pre-tax income from continuing operations</b>	<b>1,092</b>	<b>1,663</b>
Taxes on income as reported in accordance with GAAP	78	226
Tax benefit on adjustments	35	13
Tax benefit on GAAP-only discrete items	91	-
<b>Non-GAAP adjusted taxes on income</b>	<b>204</b>	<b>239</b>
<b>Non-GAAP adjusted net income, continuing operations</b>	<b>888</b>	<b>1,424</b>
<b>Non-GAAP adjusted net income, continuing operations per share</b>	<b>3.50</b>	<b>5.62</b>

1. Amortization is recorded in Cost of goods sold.

2. One-time costs primarily include cost incurred in connection with the Spin-off of Organon as well as costs incurred in June 2021 pertaining to the Alydia acquisition. For the six months ended June 30, 2021, approximately \$104 million of the GAAP one-time costs are recorded in Selling, general and administrative expenses, and approximately \$10 million are recorded in Cost of goods sold. For the six months ended June 30, 2020, the \$23 million of GAAP one-time costs are classified in Selling, general and administrative expenses.