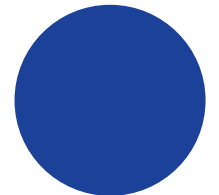




# Organon

Q3 2021 Earnings



# Disclaimer statement

*This text should be viewed in conjunction with Organon's Q3 2021 earnings call*

## Safe Harbor for Forward-Looking Statements

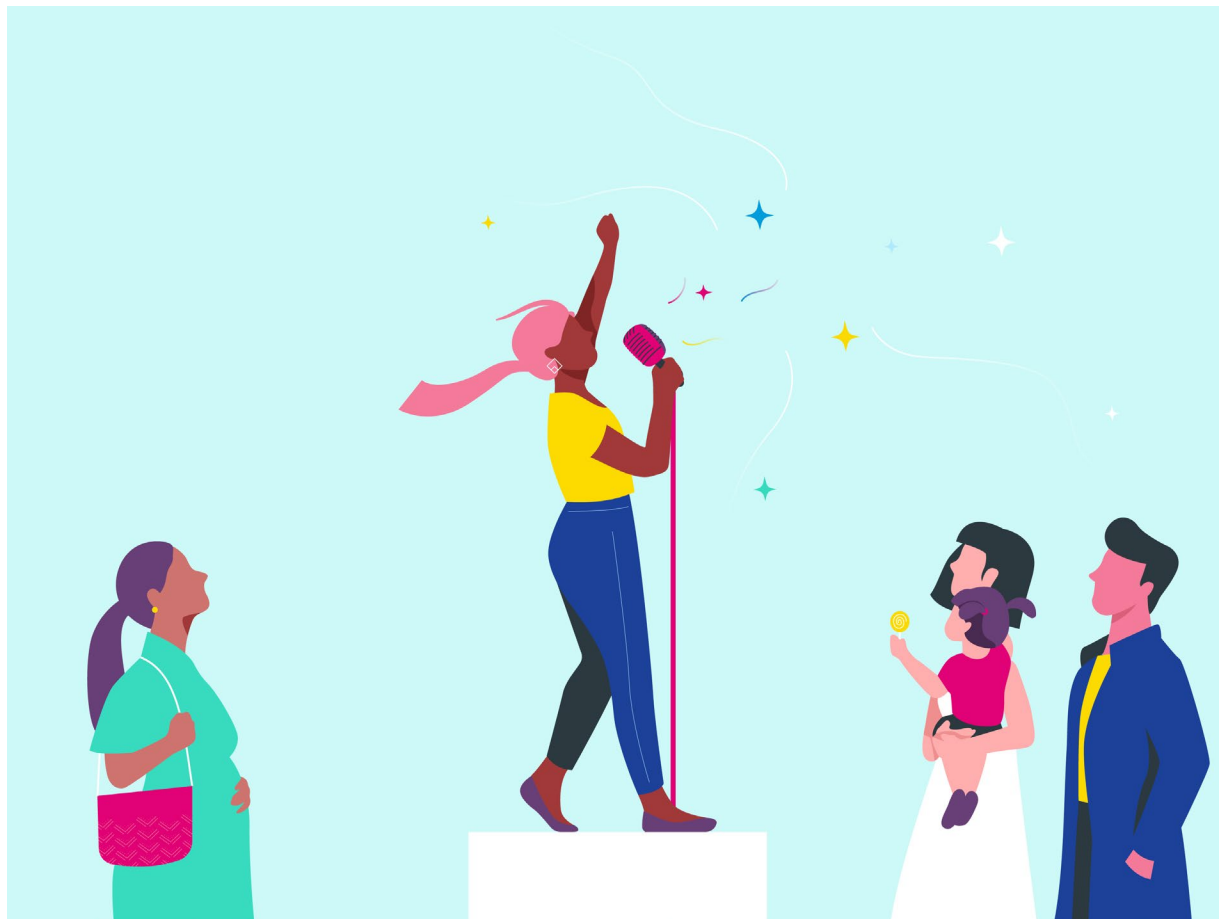
Except for the historical information herein, this presentation of Organon & Co. (the “company”) includes “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including, but not limited to, statements about management’s 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, an inability to execute on our business development strategy or realize the benefits of our planned acquisitions; 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.

# Third quarter 2021 highlights



- Organon's **first** independent full quarter
- July 2021, **Organon and ObsEva** enter licensing agreement on investigational **ebopiprant**
- Declared inaugural **dividend**




## Q3 2021

- \$1,600 million Revenue
- \$636 million Adjusted EBITDA<sup>(1)</sup>
- \$1.67 Adjusted EPS<sup>(1)</sup> from continuing operations

<sup>(1)</sup> Adjusted measures are non-GAAP financial metrics. Please see supplemental slides in appendix for GAAP to non-GAAP reconciliation

# Business development underway



<p><b>Proposed acquisition of Forendo</b> November 2021</p>	<p><b>Endometriosis</b> Affects up to <b>170 million patients</b>, or up to 10% of women of reproductive age</p>	
<p><b>Licensing of investigational ebopiprant</b> July 2021</p>	<p><b>Pre-term labor</b> <b>15 million babies (11.1% of all live births)</b> born pre-term every year <sup>(1)</sup></p>	
<p><b>Acquisition of Alydia Health/JADA System</b> June 2021</p>	<p><b>Postpartum hemorrhage</b> One of the most common complications of birth, requiring pharmacologic treatment in up to <b>10% of mothers</b> <sup>(2)</sup></p>	

<sup>(1)</sup> WHO Key Facts, 2018: <https://www.who.int/news-room/fact-sheets/detail/preterm-birth>

<sup>(2)</sup> Widmer M et al. "Heat-Stable Carbetocin versus Oxytocin to Prevent Hemorrhage after Vaginal Birth." N Engl J Med 2018; 379:743-752

# Broad and diverse portfolio

## Women's Health

## Biosimilars

## Established Brands



Number of products

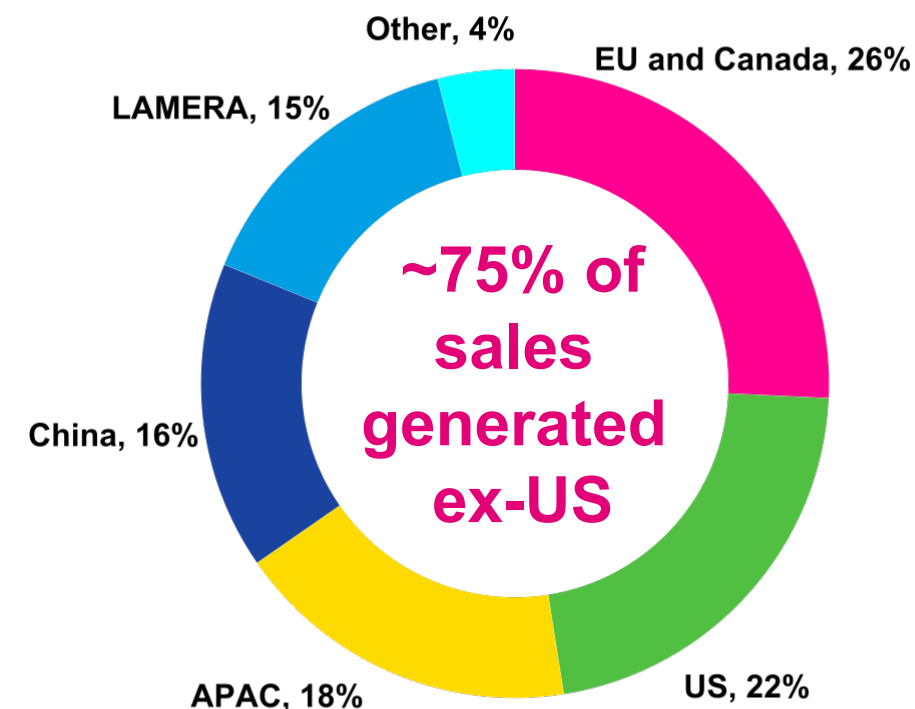
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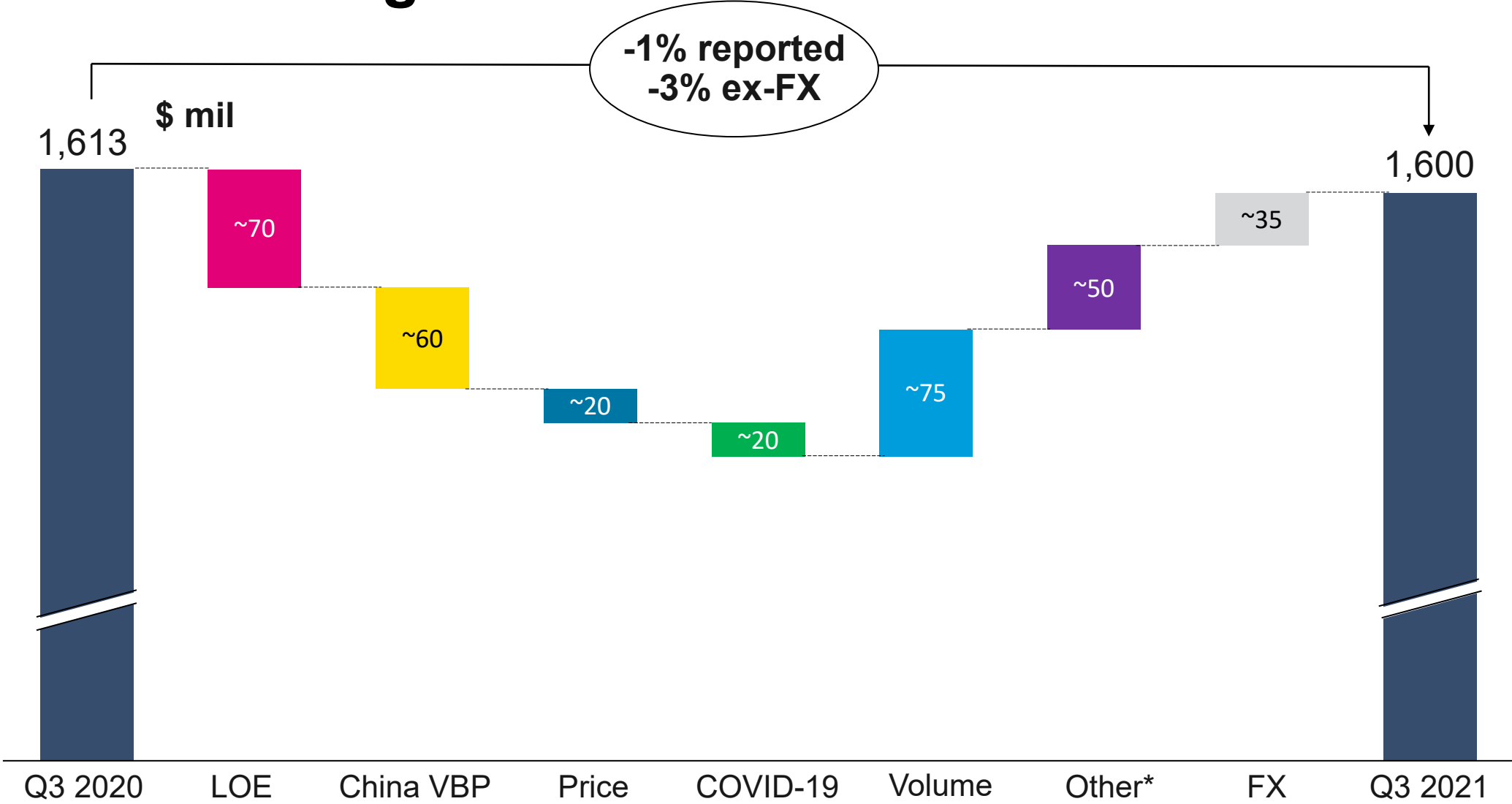
# Geographic revenue performance

\$ mil	Q3-21	Q3-20	Actual VPY	Ex FX VPY
Europe and Canada	410	426	(4)%	(7)%
United States	346	371	(7)%	(7)%
Asia Pacific and Japan	287	354	(19)%	(19)%
China	252	225	12%	4%
Latin America, Middle East, Russia and Africa	238	228	4%	3%
Other <sup>(1)</sup>	67	9	NM	NM
<b>Revenue</b>	<b>1,600</b>	<b>1,613</b>	<b>(1)%</b>	<b>(3)%</b>



<sup>(1)</sup> Primarily reflects manufacturing sales to Merck and third parties for current and prior periods and allocated amounts from revenue hedging activities through the date of Separation

# Q3 Revenue bridge



*(\*) Other Includes manufacturing sales to Merck and third parties*

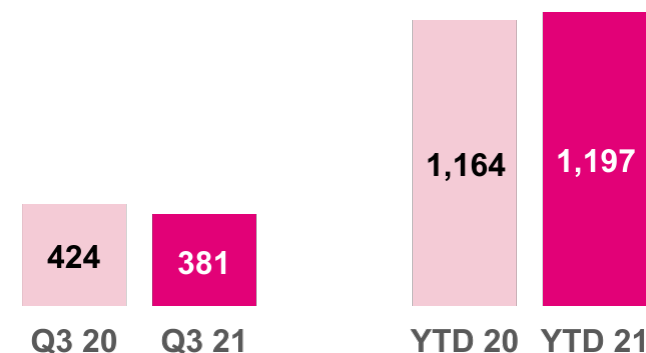


# Women's Health



Women's  
Health

- **Nexplanon®** lapping strong Q3 2020 comp; double digit Q4 growth expected
- Executing on **BD strategy** in WH
- Strong growth in fertility

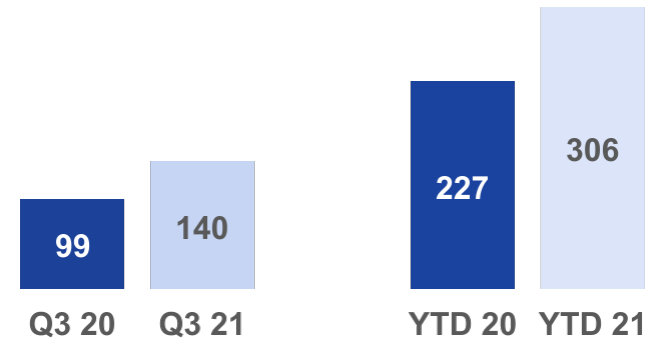


Revenues \$ mil	Q3-21	Q3-20	Act VPY	Ex FX VPY	2021 YTD	2020 YTD	Act VPY	Ex FX VPY
<b>Nexplanon®</b>	175	189	(7)%	(8)%	543	515	5%	4%
<b>Follistim®</b>	61	50	21%	18%	178	135	31%	26%
<b>NuvaRing®</b>	49	58	(16)%	(17)%	147	184	(20)%	(22)%
<b>Ganirelix Acetate</b>	25	25	(2)%	(5)%	85	55	53%	46%
<b>Cerazette™</b>	18	18	1%	(2)%	53	51	3%	—%
<b>Other</b>	53	84	(36)%	(37)%	191	224	(14)%	(16)%
<b>Women's Health</b>	<b>381</b>	<b>424</b>	<b>(10)%</b>	<b>(11)%</b>	<b>1,197</b>	<b>1,164</b>	<b>3%</b>	<b>1%</b>

# Biosimilars



- **Renflexis®** – continues to grow 4 years post launch
- **Ontruzant®** – timing related favorability
- **Hadlima™** – launched ex-US in Q2



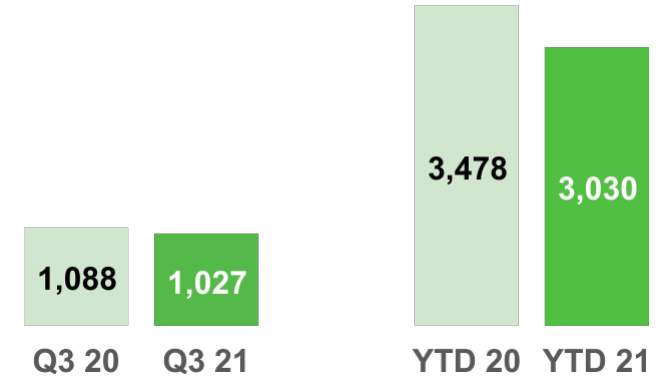
Revenues \$ mil	Q3-21	Q3-20	Act VPY	Ex FX VPY	2021 YTD	2020 YTD	Act VPY	Ex FX VPY
<b>Renflexis®</b>	54	38	44%	43%	136	96	41%	39%
<b>Ontruzant®</b>	56	37	48%	47%	101	78	29%	24%
<b>Brenzys™</b>	14	23	(40)%	(42)%	35	52	(33)%	(38)%
<b>Other</b>	16	1	NM	NM	34	1	NM	NM
<b>Biosimilars</b>	<b>140</b>	<b>99</b>	<b>41%</b>	<b>39%</b>	<b>306</b>	<b>227</b>	<b>35%</b>	<b>30%</b>

# Established brands



Established Brands

- **Limited LOE headwinds** going forward
- **China retail growth up 20%** helping to offset VBP
- **Volume excluding the impact of LOE is flat to 2020**



Revenues \$ mil	Q3-21	Q3-20	Act VPY	Ex FX VPY	2021 YTD	2020 YTD	Act VPY	Ex FX VPY
Cardiovascular	397	439	(9)%	(11)%	1,217	1,437	(15)%	(20)%
Respiratory	250	239	5%	3%	737	878	(16)%	(19)%
Non-Opioid Pain Bone & Derm.	224	221	1%	(2)%	621	634	(2)%	(6)%
Other	156	189	(18)%	(21)%	455	529	(14)%	(18)%
<b>Total Est. Brands</b>	<b>1,027</b>	<b>1,088</b>	<b>(6)%</b>	<b>(8)%</b>	<b>3,030</b>	<b>3,478</b>	<b>(13)%</b>	<b>(17)%</b>

# Q3 and YTD 2021

\$ mil (except EPS)	Q3-21	Q3-20	Actual VPY	2021 YTD	2020 YTD	Actual VPY
Revenue	1,600	1,613	(1)%	4,701	4,919	(4)%
Cost of Goods Sold	609	535	14%	1,783	1,533	16%
Gross profit	991	1,078	(8)%	2,918	3,386	(14)%
<i>Gross margin</i>	<i>61.9%</i>	<i>66.8%</i>		<i>62.1%</i>	<i>68.8%</i>	
Non-GAAP Adjusted Gross profit <sup>(1)</sup>	1,038	1,106	(6)%	3,022	3,465	(13)%
<i>Non-GAAP Adjusted Gross margin</i>	<i>64.9%</i>	<i>68.6%</i>		<i>64.3%</i>	<i>70.4%</i>	
Selling, general, and administrative	388	321	21%	1,186	922	29%
Research and development	111	54	106%	254	150	69%
Adjusted EBITDA, continuing operations <sup>(2,3)</sup>	636	751	(15)%	1,829	2,439	(25)%
<i>Adjusted EBITDA margin</i>	<i>39.8%</i>	<i>46.6%</i>		<i>38.9%</i>	<i>49.6%</i>	
Net income, continuing operations <sup>(3,4)</sup>	323	560	(42)%	1,149	1,880	(39)%
Diluted EPS	1.27	2.21	(43)%	4.52	7.42	(39)%
Non-GAAP Adjusted net income, continuing operations <sup>(3-4)</sup>	424	604	(30)%	1,312	2,028	(35)%
Non-GAAP Adjusted diluted EPS	1.67	2.38	(30)%	5.17	8.00	(35)%

<sup>(1)</sup> See Slide 19 of this presentation for a reconciliation of Gross Profit to Adjusted Gross Profit

<sup>(2)</sup> See Slides 20 and 21 of this presentation for a reconciliation of EBITDA and Adjusted EBITDA measures

<sup>(3)</sup> Discontinued operations includes Merck Retained Products

<sup>(4)</sup> See Slides 22 and 23 of this presentation for a reconciliation of Net Income from continuing operations to Adjusted net income from continuing operations

# 3<sup>rd</sup> Quarter Balance Sheet/Cash Flow and Metrics

\$ mil

September 30, 2021

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Cash and Cash Equivalents		<b>\$1,008</b>
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Gross Debt		<b>9,298</b>
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Net Debt		<b>8,290</b>
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**Q2 YTD**

**Q3 YTD**

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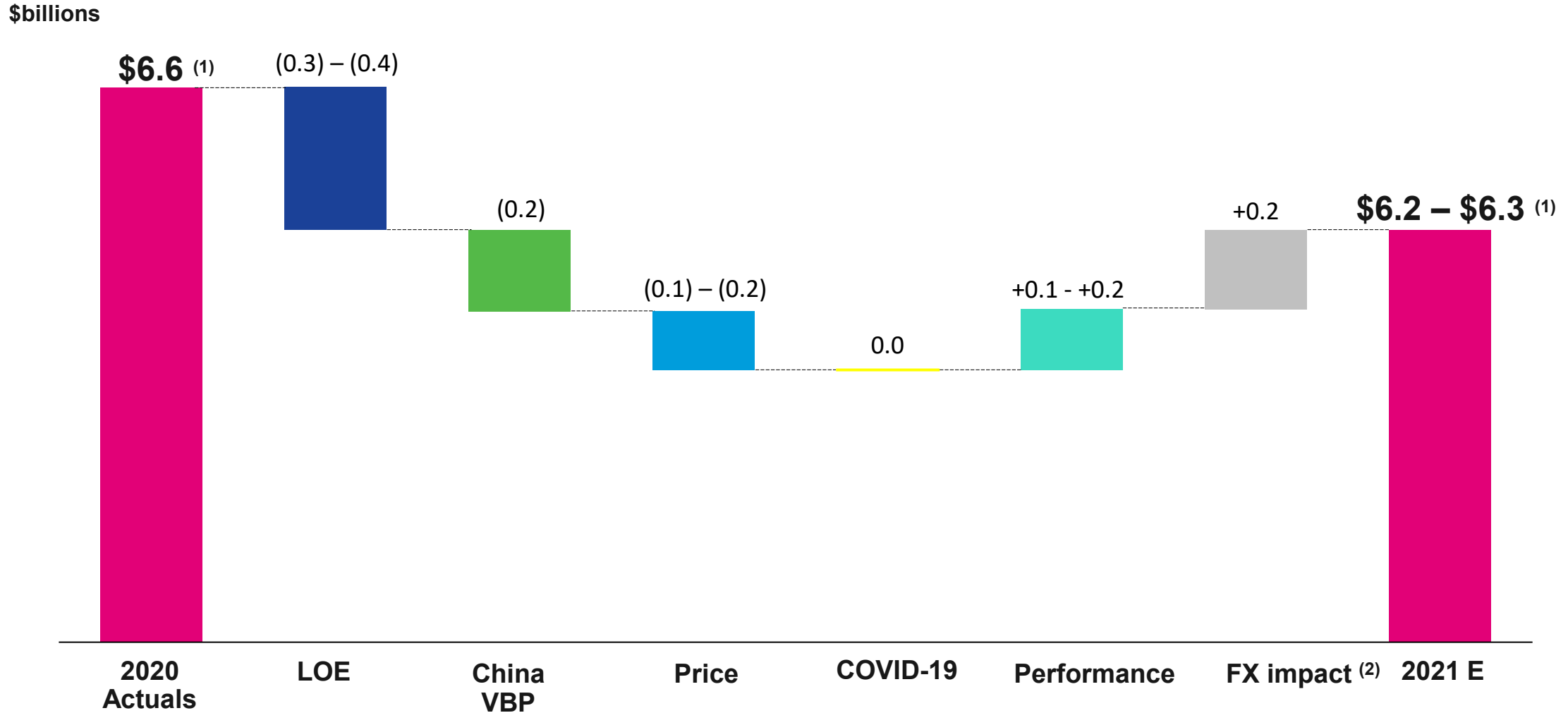
Net Cash Provided by Operating Activities	<b>1,745</b>	<b>2,113</b>
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Capital Expenditures	<b>97</b>	<b>133</b>
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Free Cash Flow	<b>1,648</b>	<b>1,980</b>
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*Between June 30, 2021, and Sept 30, 2021, the company incurred ~\$55m and ~\$10m in spin related, one-time costs in cash from operating activities and capital expenditures, respectively*

# Revenue drivers consistent with prior guidance



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

<sup>(2)</sup> Based on YTD performance and current spot rates

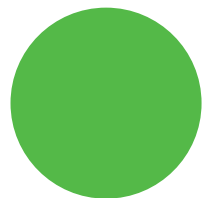
# Affirming full year 2021 proforma guidance

Non-GAAP, proforma as if OGN was standalone Jan 1, 2021	Prior Guidance	Revised Guidance November 11, 2021
<b>Revenue</b>	<b>\$6.1B - \$6.4B</b>	<b>\$6.2B - \$6.3B</b>
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
<b>Adjusted EBITDA margin</b>	<b>36.0% - 38.0%</b>	<b>36.5% - 37.5%</b>
Interest expense	~\$400M	No change
Depreciation (*)	\$100 - \$115M	No change
Effective non-GAAP tax rate	17.5% -19.5%	No change
Shares outstanding	~254M, fully diluted	No change

(\*) Guidance provided in connection with the spin-off and unlikely to be a recurring component of the company's annual guidance



# Q&A







# Appendix



# Third quarter and YTD revenue

\$ mil	Q3-21	Q3-20	Actual VPY	Ex FX VPY	2021 YTD	2020 YTD	Actual VPY	Ex FX VPY
Women's Health	381	424	(10)%	(11)%	1,197	1,164	3%	1%
Biosimilars	140	99	41%	39%	306	227	35%	30%
Est. Brands	1,027	1,088	(6)%	(8)%	3,030	3,478	(13)%	(17)%
Other <sup>(1)</sup>	52	2	NM	NM	168	50	NM	NM
<b>Total Revenue</b>	<b>1,600</b>	<b>1,613</b>	<b>(1)%</b>	<b>(3)%</b>	<b>4,701</b>	<b>4,919</b>	<b>(4)%</b>	<b>(8)%</b>

<sup>(1)</sup> Primarily reflects manufacturing sales to Merck and third parties for current and prior periods and allocated amounts from revenue hedging activities through the date of Separation.

# Gross margin reconciliation

\$ mil	Q3-21	Q3-20	2021 YTD	2020 YTD
<b>Revenue</b>	<b>1,600</b>	<b>1,613</b>	<b>4,701</b>	<b>4,919</b>
Cost of Goods Sold	609	535	1,783	1,533
Gross Profit	991	1,078	2,918	3,386
<i>Gross Margin</i>	<i>61.9%</i>	<i>66.8%</i>	<i>62.1%</i>	<i>68.8%</i>
Amortization	27	23	69	65
One-time costs <sup>(1)</sup>	17	—	27	—
Stock-based compensation	3	5	8	14
<b>Non-GAAP Adjusted Gross Profit<sup>(2)</sup></b>	<b>1,038</b>	<b>1,106</b>	<b>3,022</b>	<b>3,465</b>
<b><i>Non-GAAP Adjusted Gross Margin</i></b>	<b><i>64.9%</i></b>	<b><i>68.6%</i></b>	<b><i>64.3%</i></b>	<b><i>70.4%</i></b>

<sup>(1)</sup> One-time costs primarily include inventory discards related to separation re-labeling and other costs to stand up the Company

<sup>(2)</sup> Non-GAAP Adjusted Gross Profit is calculated by excluding amortization, one-time costs, and the portion of stock-based compensation expense allocated to Cost of Goods Sold

# Net Income to Adjusted EBITDA reconciliation

\$ mil	Q3-21	Q3-20
<b>Net income from continuing operations before income tax</b>	<b>389</b>	<b>681</b>
Depreciation	25	17
Amortization <sup>(1)</sup>	27	23
Interest expense	98	—
<b>EBITDA</b>	<b>539</b>	<b>721</b>
Restructuring costs	1	12
One-time costs <sup>(2)</sup>	56	7
Acquired in-process research and development <sup>(3)</sup>	25	—
Stock-based compensation	15	11
<b>Adjusted EBITDA</b>	<b>636</b>	<b>751</b>
<b>Adjusted EBITDA margin</b>	<b>39.8%</b>	<b>46.6%</b>

<sup>(1)</sup> Amortization in all periods is included in Cost of goods sold

<sup>(2)</sup> One-time costs primarily include cost incurred in connection with the spin-off of Organon. For the three months ended September 30, 2021, approximately \$35 million of the one-time costs are recorded in Selling, general and administrative expenses, and approximately \$17 million are recorded in Cost of goods sold. For the three months ended September 30, 2020, \$7 million of the one-time costs are classified in Selling, general and administrative expenses

<sup>(3)</sup> Costs represent upfront licensing payment associated with ObsEva of \$25 million during the third quarter 2021, which was recorded in Research and development expense

# Net Income to Adjusted EBITDA reconciliation

\$ mil	2021 YTD	2020 YTD
<b>Net income from continuing operations before income tax</b>	<b>1,293</b>	<b>2,227</b>
Depreciation	64	42
Amortization <sup>(1)</sup>	69	65
Interest expense	160	—
<b>EBITDA</b>	<b>1,586</b>	<b>2,334</b>
Restructuring costs	3	43
One-time costs <sup>(2)</sup>	171	30
Acquired in-process research and development <sup>(3)</sup>	25	—
Stock-based compensation	44	32
<b>Adjusted EBITDA</b>	<b>1,829</b>	<b>2,439</b>
<b>Adjusted EBITDA margin</b>	<b>38.9%</b>	<b>49.6%</b>

<sup>(1)</sup> Amortization in all periods is included in Cost of goods sold

<sup>(2)</sup> One-time costs primarily include cost incurred in connection with the spin-off of Organon as well as \$23 million of costs incurred in June 2021 pertaining to the Alydia acquisition. For the nine months ended September 30, 2021, approximately \$139 million of the one-time costs are recorded in Selling, general and administrative expenses, and approximately \$27 million are recorded in Cost of goods sold. For the nine months ended September 30, 2020, \$30 million of the one-time costs are classified in Selling, general and administrative expenses

<sup>(3)</sup> Costs represent upfront licensing payment associated with ObsEva of \$25 million during the third quarter 2021, which was recorded in Research and development expense

# Net Income to Adjusted Net Income reconciliation

\$ mil (except EPS)	Q3-21	Q3-20
<b>Net income from continuing operations before income tax</b>	<b>389</b>	<b>681</b>
Amortization <sup>(1)</sup>	27	23
Restructuring costs	1	12
One-time costs <sup>(2)</sup>	56	7
Acquired in-process research and development <sup>(3)</sup>	25	—
Stock-based compensation	15	11
<b>Total Adjustments</b>	<b>124</b>	<b>53</b>
Non-GAAP pre-tax income from continuing operations	513	734
Taxes on income as reported in accordance with GAAP	66	121
Tax benefit on adjustments	23	9
Tax benefit on GAAP-only discrete items	—	—
Non-GAAP adjusted taxes on income	89	130
<b>Non-GAAP adjusted net income, continuing operations</b>	<b>424</b>	<b>604</b>
<b>Non-GAAP adjusted net income, continuing operations per diluted share</b>	<b>1.67</b>	<b>2.38</b>

<sup>(1)</sup> Amortization in all periods is included in Cost of goods sold

<sup>(2)</sup> One-time costs primarily include cost incurred in connection with the spin-off of Organon. For the three months ended September 30, 2021, approximately \$35 million of the one-time costs are recorded in Selling, general and administrative expenses, and approximately \$17 million are recorded in Cost of goods sold. For the three months ended September 30, 2020, \$7 million of the one-time costs are classified in Selling, general and administrative expenses

<sup>(3)</sup> Costs represent upfront licensing payment associated with ObsEva of \$25 million during the third quarter 2021, which was recorded in Research and development expense

# Net Income to Adjusted Net Income reconciliation

\$ mil (except EPS)	2021 YTD	2020 YTD
<b>Net income from continuing operations before income tax</b>	<b>1,293</b>	<b>2,227</b>
Amortization <sup>(1)</sup>	69	65
Restructuring costs	3	43
One-time costs <sup>(2)</sup>	171	30
Acquired in-process research and development <sup>(3)</sup>	25	—
Stock-based compensation	44	32
<b>Total Adjustments</b>	<b>312</b>	<b>170</b>
Non-GAAP pre-tax income from continuing operations	1,605	2,397
Taxes on income as reported in accordance with GAAP	144	347
Tax benefit on adjustments	58	22
Tax benefit on GAAP-only discrete items <sup>(4)</sup>	91	—
Non-GAAP adjusted taxes on income	293	369
<b>Non-GAAP adjusted net income, continuing operations</b>	<b>1,312</b>	<b>2,028</b>
<b>Non-GAAP adjusted net income, continuing operations per diluted share</b>	<b>5.17</b>	<b>8.00</b>

<sup>(1)</sup> Amortization in all periods is included in Cost of goods sold

<sup>(2)</sup> One-time costs primarily include cost incurred in connection with the spin-off of Organon as well as \$23 million of costs incurred in June 2021 pertaining to the Alydia acquisition. For the nine months ended September 30, 2021, approximately \$139 million of the one-time costs are recorded in Selling, general and administrative expenses, and approximately \$27 million are recorded in Cost of goods sold. For the nine months ended September 30, 2020, \$30 million of the one-time costs are classified in Selling, general and administrative expenses

<sup>(3)</sup> Costs represent upfront licensing payment associated with ObsEva of \$25 million during the third quarter 2021, which was recorded in Research and development expense

<sup>(4)</sup> 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