

# First Quarter Results Fiscal Year 2020

February 6, 2020



## Forward-Looking Statements

- These materials include forward-looking statements and it's possible that actual results could differ from our expectations. Factors that could cause such differences appear in our earnings release furnished as an exhibit to the Form 8-k that BD filed today with the SEC, and in our recent SEC filings

## Non-GAAP Financial Measures

- These materials also include Non-GAAP financial measures. A reconciliation to the most directly comparable GAAP measures can be found herein, or in our earnings release and the financial schedules attached thereto.
- Certain financial information excludes the impact of the following items:
  1. Foreign currency translation.
  2. Adjustments to current and prior year periods as noted in the schedules in the appendix of this presentation.
- Reconciliations of certain forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures are omitted from the financial schedules attached hereto as we are unable to provide such reconciliations without unreasonable efforts. Sufficient information is not available to calculate certain forward-looking adjustments required for such reconciliations, including future restructuring charges and acquisition-related costs. We expect these future charges and costs could have a potentially significant impact on our future GAAP financial results.
- Basis of Presentation for Revenue Growth Metrics: All revenue amounts are presented on a GAAP basis. FXN revenue growth reflects growth on a currency neutral basis.
- A copy of our earnings release, including the financial scheduled, is posted on the "Investors" section of the BD.com website.

## Footnotes

- (1) Figures other than Revenue and Preferred Dividend are "as adjusted" which exclude, among other things, the impact of purchase accounting adjustments (including the non-cash amortization of acquisition-related intangible assets); integration, restructuring and transaction costs.
- (2) For modeling purposes, the Q1 and Q2 EPS calculation should utilize a diluted share count of ~275M shares and include the preferred dividend paid to arrive at net income available to common shareholders. The Q3, Q4 and Full Year 2020 EPS calculation should utilize a diluted share count of ~287M shares, as the preferred shares will convert to common shares in Q3, and a preferred dividend will no longer be paid. The earnings per share computations for the full year does not contemplate a weighted average.

# Our playbook for the next phase of value creation



## Grow



Category innovation



Customer outcomes



Globalization



## Simplify



Network and portfolio of SKU's



Business processes



## Empower



Digitalization



Strong teams

# Impact: Delivering long-term value for all stakeholders

## Management Approach

## Q1 Update

Grow



INNOVATION

Develop and maintain a strong portfolio of **leading products and solutions that address significant unmet clinical needs**, improve outcomes, and reduce costs



- Launching **BD HealthSight™ Clinical Advisor** which helps reduce potential medication waste and supports antimicrobial stewardship
- Named a **Top Global Innovator** for 2019–2020



ACCESS

Leverage our global scale to expand our reach in **providing access to affordable medical technologies** around the world



- **Opening 4<sup>th</sup>** manufacturing plant in China
- ~250 BDI global product registrations in FY20



Simplify



EFFICIENCY

Work across our supply chain to minimize environmental impacts and **create more resilient operations**, including an enterprise-wide renewable energy strategy



- **#12 in green energy use** among Fortune 500® companies in the U.S. EPA Green Power Partnership
- Completed another solar installation at our Canaan, CT manufacturing facility – representing our 8th in 8 years



Empower



EMPOWERMENT

Foster a purpose-driven culture with a **focus on positive impact to all stakeholders** – customers, patients, employees and communities



- Named one of America's **Most JUST Companies** for 2020 by Forbes & JUST Capital and to Newsweek's 2020 list of America's **Most Responsible Companies**
- Launched **Good Jobs** strategy in manufacturing, to further invest in the wellbeing of our workforce.



Looking forward to sharing our 2030+ impact goals at Analyst Day



# Executive overview

**Tom Polen**

CEO and President

# Highlights: Q1 FY 2020

## Q1 Summary

- Solid start to the year, in-line with our expectations

## Business performance

- Strong growth in Life Sciences and Interventional
- Medical performance as expected

## Bard on track

- On-track in the 3<sup>rd</sup> year of the Bard integration and revenue and cost synergy activities

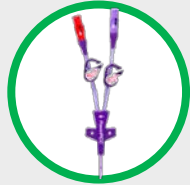
## Innovation and globalization

- Plans to register ~250 Interventional products internationally in FY 2020
- ~250 new products in our development pipeline

# FY 2020 Planned Product Launches: Robust pipeline drives growth with innovative solutions



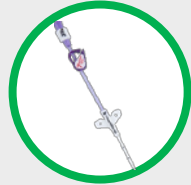
## Medical



BD Provena™ Solo



BD Provena™ Midline Catheter with Max Barrier+ Kits



BD PowerMidline™ Catheter with Max Barrier+ Kits



BD InSyte™ Autoguard™ BC Pro



BD Intraosseous Vascular Access Device



BD HealthSight™: MedSafety, Clinical Advisor & Infusion Diversion



BD Pyxis™ Logistics 1.2



BD Intevia™ 1ml



BD Ultrasafe Plus™ 2.25



BD Hylok™ for IV



## Life Sciences



BD Eclipse™ Ultrafill Blood Collection Safety Needle



BD Synapsys™ 3.1



BD COR™ GX/PX with Onclarity™



BD Kiestra™ Identifa



BD Kiestra™ ReadA Compact



BD FACSymphony™ S6 Sorter



BD OptiBuild™ Reagents



BD FACSMelody™ 4-way Sorting



BD FACSDuet™ Enhancements



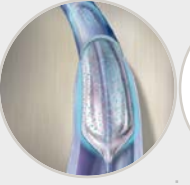
## Interventional



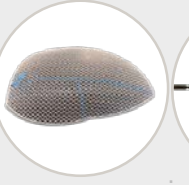
SureStep™ Vacutainer®



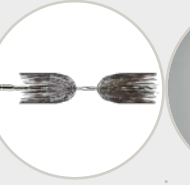
Ultraverse™ 014 and 018



Lutonix® AV Low Profile



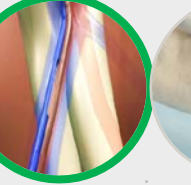
3D Max™ MID



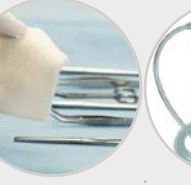
Caterpillar™ Embolization Device



BD PurPrep™



WavelinQ™ 4F+



Layered Non-woven Hemostat



Dry-Doc™ Vacuum Station



Arctic Sun® Stat Temperature Management System



Elevation™ Breast Biopsy Device



Bone Biopsy Device

# Financial overview

**Chris Reidy**

Executive Vice President, CFO and Chief Administrative Officer

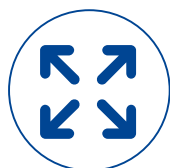


# Financial results: Q1 FY 2020



## Revenue growth

Q1 growth driven by Life Sciences and Interventional with Medical performance as expected



## Margin expansion

Q1 operating margins of 24.0% are in-line with our expectations



## Capital deployment

\$90M debt pay down in the first quarter and 3.5x gross leverage at December 31<sup>st</sup>

Q1

|                                     |                |
|-------------------------------------|----------------|
| <b>Revenues</b>                     | <b>\$4,225</b> |
| FXN % growth                        | +2.5%          |
| % growth                            | +1.6%          |
| <b>Adjusted OIBT <sup>(1)</sup></b> | <b>\$1,013</b> |
| % of revenues                       | +24.0%         |
| Margin expansion (FXN)              | (40 bps)       |
| <b>Adjusted EPS <sup>(1)</sup></b>  | <b>\$2.65</b>  |
| FXN % growth                        | (0.4%)         |
| % growth                            | (1.9%)         |

# Medical Segment Revenue

Q1

**\$2,090**

(1.1%) FXN  
(2.1%) Growth



## Medication Delivery Solutions: **\$948**

Q1

+0.2%  
(0.9%)

Strength in vascular care and devices offset by China, as expected, along with unfavorable timing within the year



## Medication Management Solutions: **\$575**

Q1

(7.5%)  
(8.0%)

MMS declined as expected due to limited installations of Alaris pumps



## Pharmaceutical Systems: **\$299**

Q1

+9.2%  
+6.8%

Continued strong growth driven by pre-fillable syringes



## Diabetes Care: **\$268**

Q1

(1.0%)  
(1.9%)

Performance as expected, impacted by timing

FXN % growth

% growth

# Life Sciences Segment Revenue

Q1

**\$1,123**

+7.4% FXN

+6.4% Growth



## Diagnostic Systems: \$402

Q1

+6.2%

+5.3%

Performance driven by broad-based growth across the portfolio – molecular, microbiology, women’s health and point-of-care, aided by a strong start to the flu season



## Preanalytical Systems: \$398

Q1

+2.5%

+1.4%

Solid performance given tough compare to prior year, push-button blood collection capacity additions and distributor order timing



## Biosciences: \$323

Q1

+16.0%

+14.8%

Very strong growth driven by licensing revenue, with solid underlying growth in instruments and reagents

FXN % growth

% growth

# Interventional Segment Revenue

Q1

**\$1,012**

+5.0% FXN

+4.4% Growth



## Peripheral Intervention: **\$395**

Q1

+4.4%

+3.4%

Broad-based strength driving growth through continued expansion of Venovo<sup>®</sup>, WavelinQ<sup>™</sup> and Covera<sup>™</sup>; DCB impact in Q1 was slightly better than expected



## Surgery: **\$326**

Q1

+5.6%

+5.2%

Strong performance in hernia, biosurgery and OUS - Europe and China



## Urology & Critical Care: **\$291**

Q1

+5.0%

+4.9%

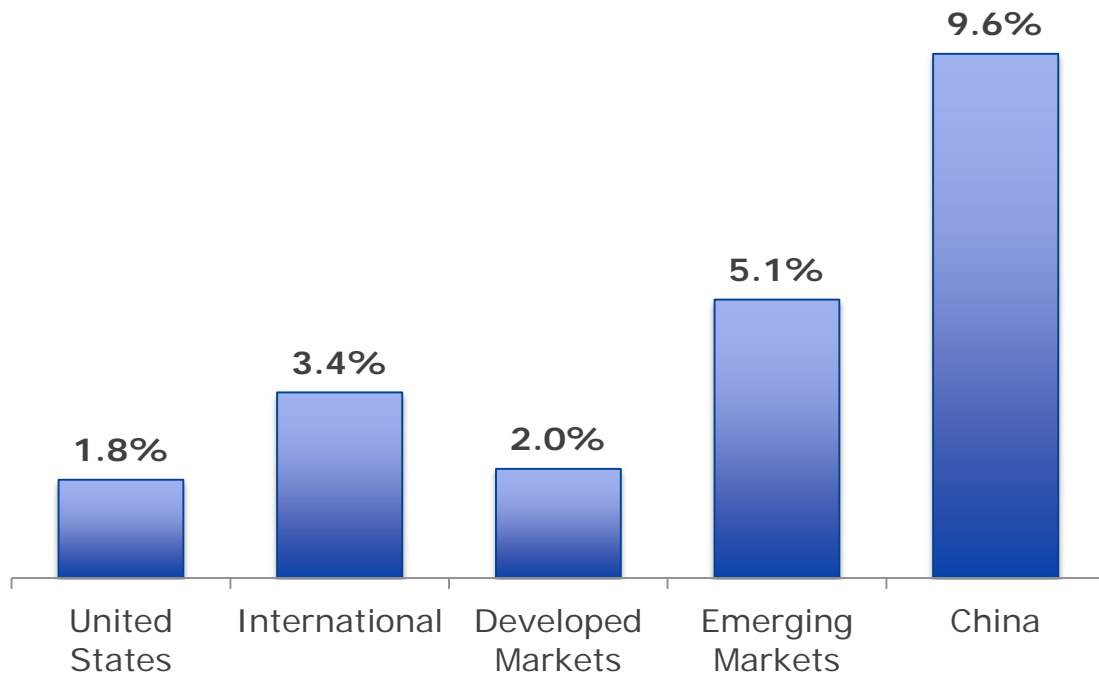
Continued momentum across the product lines – Acute Urology, Home Care and TTM

FXN % growth

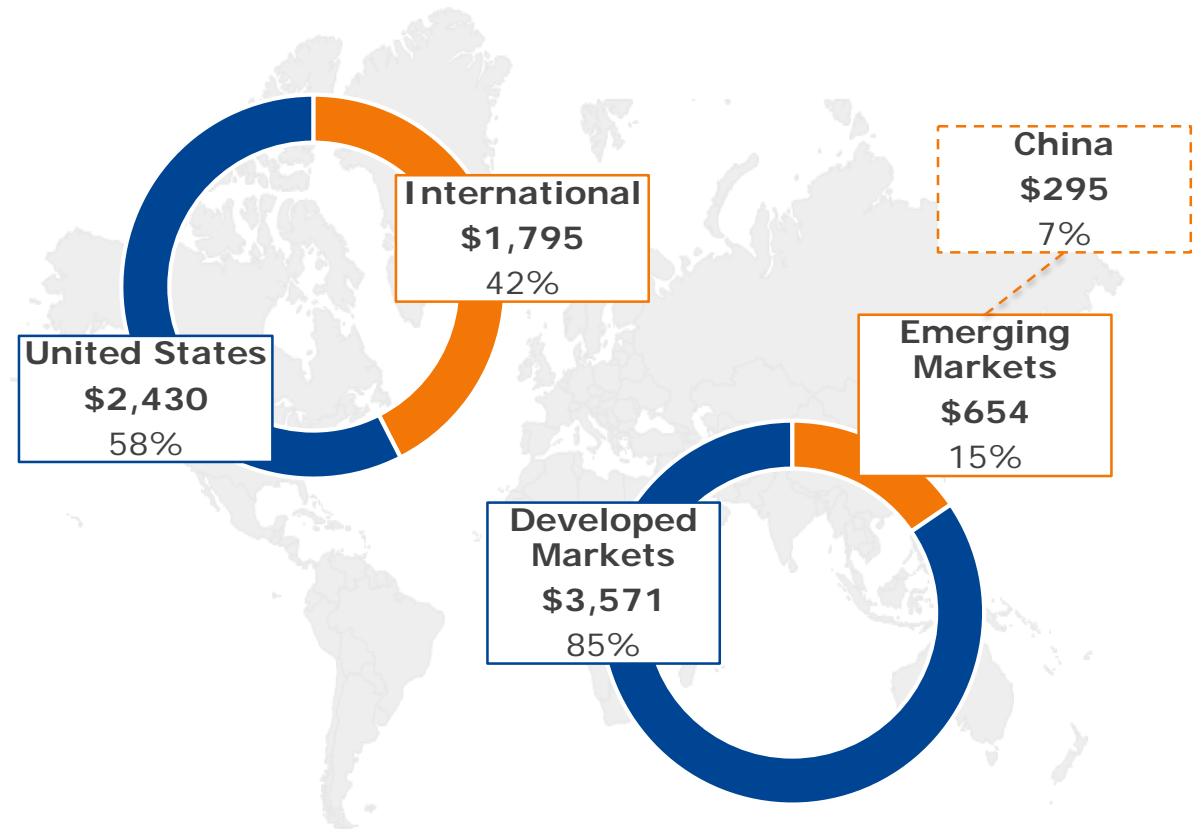
% growth

# Geographic Revenue Highlights

## FXN % Growth



## Revenue \$ and % of total



# Adjusted income statement: Q1 FY 2020

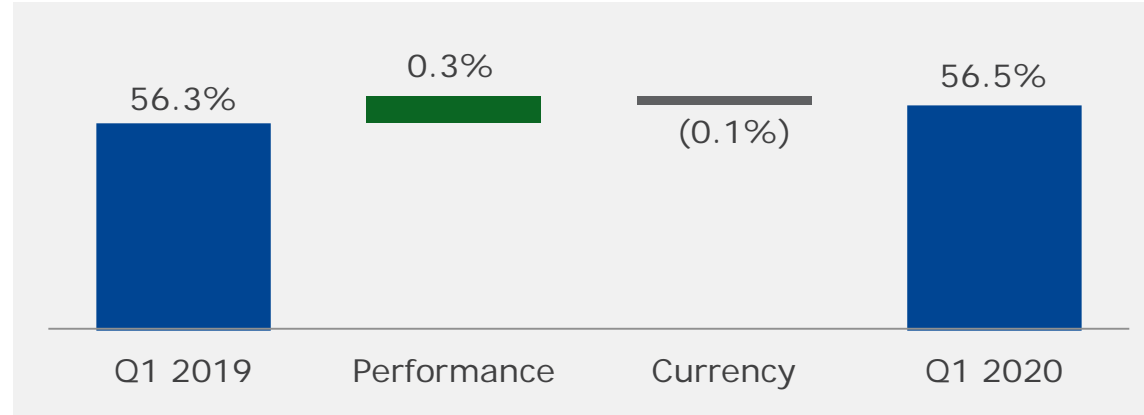
| As adjusted <sup>(1)</sup>                          | Q1 FY 2020                   | % Growth                       | % FXN Growth  |
|---|------------------------------|--------------------------------|---------------|
| <b>Revenues</b>                                     | <b>\$4,225</b>               | <b>1.6%</b>                    | <b>2.5%</b>   |
| <b>Gross Profit</b><br><i>% of revenues</i>         | <b>2,388</b><br><i>56.5%</i> | <b>1.9%</b>                    | <b>2.9%</b>   |
| SSG&A<br><i>% of revenues</i>                       | 1,120<br><i>26.5%</i>        | (4.6%)                         | (5.5%)        |
| R&D<br><i>% of revenues</i>                         | 255<br><i>6.0%</i>           | 0.0%                           | (0.4%)        |
| <b>Operating Income</b><br><i>% of revenues</i>     | <b>1,013</b><br><b>24.0%</b> | <b>(0.5%)</b>                  | <b>0.8%</b>   |
| Interest/Other, Net                                 | 108                          |                                |               |
| Tax Rate  | 15.3%                        |                                |               |
| <b>Net Income</b>                                   | <b>767</b>                   | <b>(1.6%)</b>                  | <b>(0.3%)</b> |
| Preferred Dividend                                  | 38                           |                                |               |
| <b>Net Income applicable to common shareholders</b> | <b>729</b>                   | <b>(1.7%)</b>                  | <b>(0.3%)</b> |
| Share Count   | 275.0                        |                                |               |
| <b>Adjusted EPS</b><br><i>Gore royalty impact</i>   | <b>\$2.65</b>                | <b>(1.9%)</b><br><i>(5.6%)</i> | <b>(0.4%)</b> |

Note: Above figures reflects favorable / (unfavorable) performance versus last year.  
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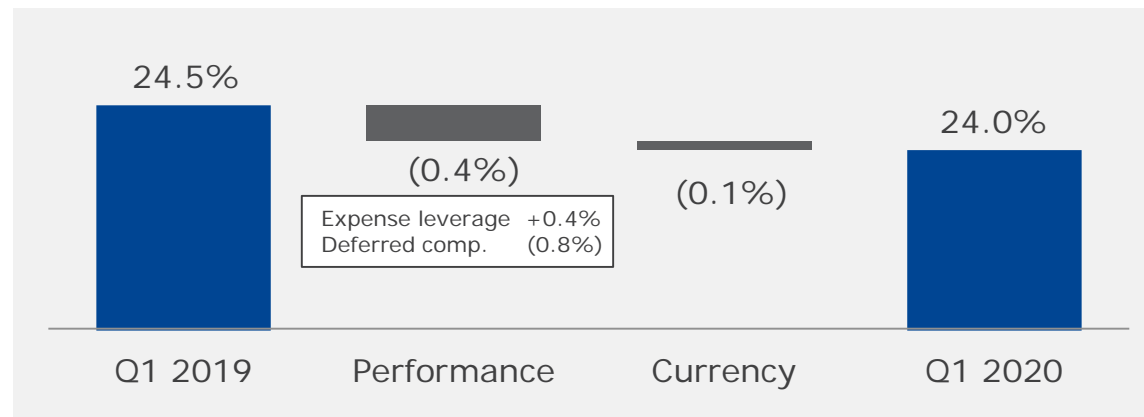


# Adjusted gross and operating margins: Q1 FY 2020

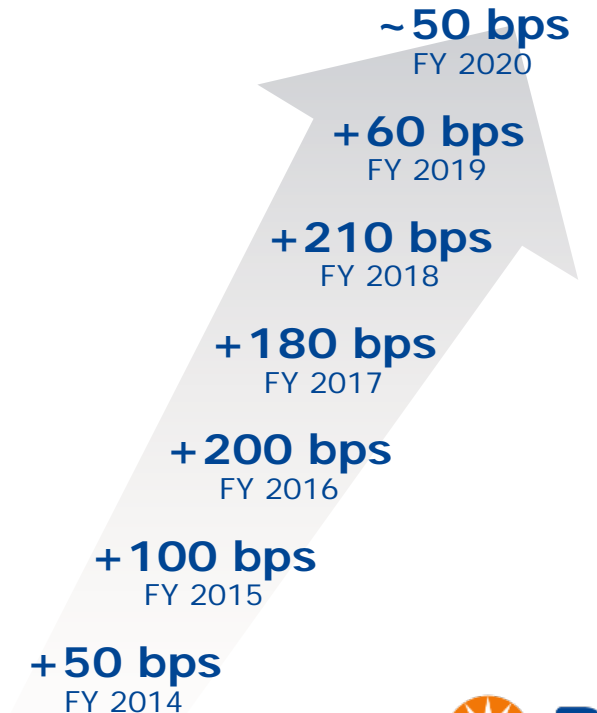
## Adjusted Gross margin



## Adjusted Operating margin



Delivering ~850 bps operating margin expansion from FY 2014 to FY 2020



Note: Underlying margin expansion excludes currency and pension impacts for all periods.  
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# FY 2020 Guidance

Update to guidance

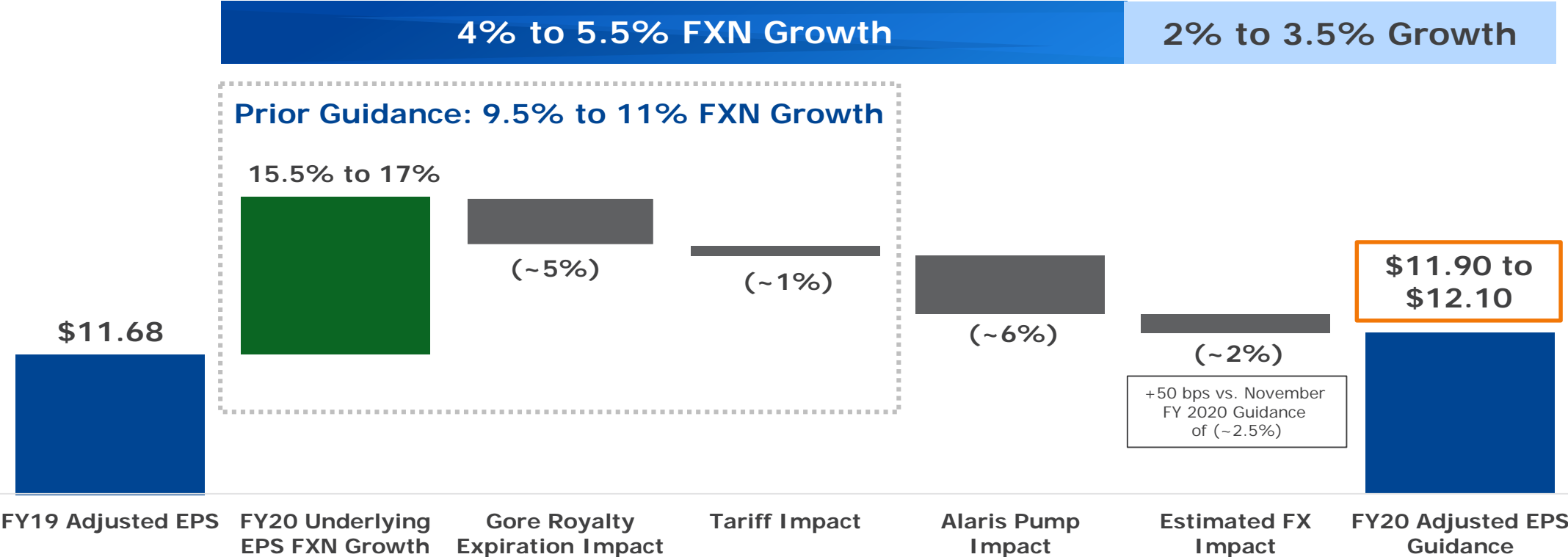
| As adjusted <sup>(1)</sup>                         | February Guidance       | November Guidance        |
|--|-------------------------|--------------------------|
| BD Revenues FXN % Growth                           | 2.5% to 3.5%            | 5% to 5.5%               |
| Revenue – FX Impact                                | (~1%)                   | (~1%)                    |
| BD Reported Revenues                               | 1.5% to 2.5%            | 4% to 4.5%               |
| Gross margin                                       | 55.5% to 56.5%          | 56% to 57%               |
| SSG&A (% of sales)                                 | 24.5% to 25%            | 24% to 24.5%             |
| R&D (% of sales)                                   | 5.5% to 6%              | 5.5% to 6%               |
| Operating margin<br>Operating margin expansion FXN | 25% to 26%<br>~ +50 bps | 26% to 27%<br>~ +150 bps |
| Interest/other, net                                | (\$525M to \$550M)      | (\$525M to \$550M)       |
| Effective tax rate                                 | 14% to 16%              | 14% to 16%               |
| Share count <sup>(2)</sup>                         | ~287M                   | ~287M                    |
| Adjusted EPS                                       | \$11.90 to \$12.10      | \$12.50 to \$12.65       |
| Adjusted EPS FXN % Growth                          | 4% to 5.5%              | 9.5% to 11%              |
| Adjusted EPS % Growth                              | 2% to 3.5%              | 7% to 8.5%               |
| Operating cash flow                                | ~\$4B                   | \$4.2B to \$4.3B         |
| Capital expenditures                               | \$900M to \$1B          | \$900M to \$1B           |

| Revenue               | February Guidance | November Guidance |
|-----------------------|-------------------|-------------------|
| <b>BDX</b>            | 2.5% to 3.5%      | 5% to 5.5%        |
| <b>Medical</b>        | ~ Flat            | 4% to 5%          |
| <b>Life Sciences</b>  | 6% to 7%          | 6% to 7%          |
| <b>Interventional</b> | 5% to 6%          | 5% to 6%          |





# Adjusted earnings guidance<sup>(1)</sup>: FY 2020



# Key takeaways

**BD delivered solid performance** in the first quarter

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Good progress on **BD-Bard integration** and continuing to bring our robust innovation pipeline to market

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**Committed to resolving the Alaris situation** and returning to our long-standing track record of **delivering value to customers, their patients and shareholders**



**BD**

Advancing the  
world of health

# Q1 FY 2020 & Q1 FY 2019 Adjustment Reconciliations

| Three Months Ended December 31, 2019  |          |              |                                    |                                  |                                       |                                  |                  |                               |                    |                      |            |                            |
|---|----------|--------------|------------------------------------|----------------------------------|---------------------------------------|----------------------------------|------------------|-------------------------------|--------------------|----------------------|------------|----------------------------|
|   | Revenues | Gross Profit | Selling and Administrative Expense | Research and Development Expense | Acquisitions and Other Restructurings | Other Operating (Income) Expense | Operating Income | Interest Income (Expense) Net | Other Income, Net  | Income Tax Provision | Net Income | Diluted Earnings per Share |
| <b>Reported \$ for Three Months Ended December 31, 2019</b>                 | \$ 4,225 | \$ 1,979     | \$ 1,121                           | \$ 270                           | \$ 86                                 | \$ -                             | \$ 501           | \$ (134)                      | \$ 27              | \$ 117               | \$ 278     | \$ 0.87                    |
| <i>Reported % of Revenues</i>   |          | 46.8%        | 26.5%                              | 6.4%                             |                                       |                                  | 11.9%            |                               |                    |                      | 6.6%       |                            |
| <i>Reported effective tax rate</i>  |          |              |                                    |                                  |                                       |                                  |                  |                               |                    | 29.6%                |            |                            |
| <b>Specified items:</b>   |          |              |                                    |                                  |                                       |                                  |                  |                               |                    |                      |            |                            |
| Purchase accounting adjustments pre-tax <sup>(1)</sup>                      | -        | 345          | (1)                                | (3)                              | -                                     | -                                | 349              | (1)                           | -                  | -                    | 348        | 1.27                       |
| Restructuring costs pre-tax <sup>(2)</sup>                                  | -        | -            | -                                  | -                                | (23)                                  | -                                | 23               | -                             | -                  | -                    | 23         | 0.08                       |
| Integration costs pre-tax <sup>(2)</sup>                                    | -        | -            | -                                  | -                                | (62)                                  | -                                | 62               | -                             | -                  | -                    | 62         | 0.23                       |
| Transaction gain/loss and product-related matters pre-tax <sup>(3)</sup>    | -        | 59           | -                                  | -                                | -                                     | -                                | 59               | -                             | -                  | -                    | 59         | 0.22                       |
| European regulatory initiatives-related costs pre-tax <sup>(4)</sup>        | -        | 5            | (0)                                | (12)                             | -                                     | -                                | 17               | -                             | -                  | -                    | 17         | 0.06                       |
| Income tax benefit of special items and impact of tax reform <sup>(5)</sup> | -        | -            | -                                  | -                                | -                                     | -                                | -                | -                             | -                  | 22                   | (22)       | (0.08)                     |
| <b>Adjusted \$ for Three Months Ended December 31, 2019</b>                 | \$ 4,225 | \$ 2,388     | \$ 1,120                           | \$ 255                           | \$ -                                  | \$ -                             | \$ 1,013         | \$ (136)                      | \$ 27              | \$ 138               | \$ 767     | \$ 2.65                    |
| <i>Adjusted % of Adjusted Revenues</i>                                      |          | 56.5%        | 26.5%                              | 6.0%                             |                                       |                                  | 24.0%            |                               |                    | 15.3%                | 18.1%      |                            |
| <i>Adjusted effective tax rate</i>  |          |              |                                    |                                  |                                       |                                  |                  |                               |                    |                      |            |                            |
| Three Months Ended December 31, 2018  |          |              |                                    |                                  |                                       |                                  |                  |                               |                    |                      |            |                            |
|   | Revenues | Gross Profit | Selling and Administrative Expense | Research and Development Expense | Acquisitions and Other Restructurings | Other Operating (Income) Expense | Operating Income | Interest Income (Expense) Net | Other Expense, Net | Income Tax Provision | Net Income | Diluted Earnings per Share |
| <b>Reported \$ for Three Months Ended December 31, 2018</b>                 | \$ 4,160 | \$ 1,974     | \$ 1,073                           | \$ 258                           | \$ 91                                 | \$ (335)                         | \$ 888           | \$ (183)                      | \$ 10              | \$ 115               | \$ 599     | \$ 2.05                    |
| <i>Reported % of Revenues</i>   |          | 47.4%        | 25.8%                              | 6.2%                             |                                       |                                  | 21.3%            |                               |                    |                      | 14.4%      |                            |
| <i>Reported effective tax rate</i>  |          |              |                                    |                                  |                                       |                                  |                  |                               |                    | 16.1%                |            |                            |
| <b>Specified items:</b>   |          |              |                                    |                                  |                                       |                                  |                  |                               |                    |                      |            |                            |
| Purchase accounting adjustments pre-tax <sup>(1)</sup>                      | -        | 344          | (2)                                | -                                | -                                     | -                                | 346              | (1)                           | 34                 | -                    | 379        | 1.38                       |
| Restructuring costs pre-tax <sup>(2)</sup>                                  | -        | -            | -                                  | -                                | (41)                                  | -                                | 41               | -                             | -                  | -                    | 41         | 0.15                       |
| Integration costs pre-tax <sup>(2)</sup>                                    | -        | 24           | -                                  | -                                | (49)                                  | -                                | 73               | -                             | -                  | -                    | 73         | 0.27                       |
| Transaction costs pre-tax <sup>(2)</sup>                                    | -        | -            | -                                  | -                                | (1)                                   | -                                | 1                | -                             | -                  | -                    | 1          | -                          |
| Transaction gain/loss and product-related matters pre-tax <sup>(3)</sup>    | -        | -            | -                                  | -                                | -                                     | 335                              | (335)            | -                             | -                  | -                    | (335)      | (1.22)                     |
| European regulatory initiative-related costs pre-tax <sup>(4)</sup>         | -        | 2            | -                                  | (3)                              | -                                     | -                                | 5                | -                             | -                  | -                    | 5          | 0.02                       |
| Income tax benefit of special items and impact of tax reform <sup>(5)</sup> | -        | -            | -                                  | -                                | -                                     | -                                | -                | -                             | -                  | (17)                 | 17         | 0.06                       |
| <b>Adjusted \$ for Three Months Ended December 31, 2018</b>                 | \$ 4,160 | \$ 2,344     | \$ 1,071                           | \$ 255                           | \$ -                                  | \$ -                             | \$ 1,018         | \$ (184)                      | \$ 44              | \$ 98                | \$ 779     | \$ 2.70                    |
| <i>Adjusted % of Revenues</i>   |          | 56.3%        | 25.7%                              | 6.1%                             |                                       |                                  | 24.5%            |                               |                    | 11.2%                | 18.7%      |                            |
| <i>Adjusted effective tax rate</i>  |          |              |                                    |                                  |                                       |                                  |                  |                               |                    |                      |            |                            |
| Three Months Ended December 31, 2019 versus December 31, 2018               |          |              |                                    |                                  |                                       |                                  |                  |                               |                    |                      |            |                            |
| <b>Adjusted \$ change</b>   | C=A-B    | \$ 65        | \$ 44                              | \$ (49)                          | \$ -                                  | \$ -                             | \$ (5)           | \$ 49                         | \$ (16)            | \$ (40)              | \$ (13)    | \$ (0.05)                  |
| <b>Adjusted % change</b>  | D=C/B    | 1.6%         | 1.9%                               | (4.6%)                           | 0.0%                                  | -                                | (0.5%)           | 26.5%                         | (37.2%)            | (40.9%)              | (1.6%)     | (1.9%)                     |
| <b>Foreign currency translation impact</b>                                  | E        | \$ (39)      | \$ (24)                            | \$ 10                            | \$ 1                                  | \$ -                             | \$ (13)          | \$ -                          | \$ 1               | \$ 2                 | \$ (10)    | \$ (0.04)                  |
| <b>Adjusted foreign currency neutral \$ change</b>                          | F=C-E    | \$ 104       | \$ 68                              | \$ (59)                          | \$ (1)                                | \$ -                             | \$ 8             | \$ 49                         | \$ (17)            | \$ (42)              | \$ (2)     | \$ (0.01)                  |
| <b>Adjusted foreign currency neutral % change</b>                           | G=F/B    | 2.5%         | 2.9%                               | (5.5%)                           | (0.4%)                                | -                                | 0.8%             | 26.5%                         | (38.8%)            | (42.7%)              | (0.3%)     | (0.4%)                     |

(1) Includes amortization and other adjustments related to the purchase accounting for acquisitions impacting identified intangible assets and valuation of fixed assets and debt.

(2) Represents integration and restructuring costs associated with acquisitions.

(3) The current-period amount represents the estimated cost of a product recall which was recorded in Cost of products sold. The prior-period amount represents the pre-tax gain recognized as a result of BD's sale of its Advanced Bioprocessing business which was recorded to Other operating income, net.

(4) Represents initial costs required to develop processes and systems to comply with emerging regulations such as the European Union Medical Device Regulation ("EU MDR") and General Data Protection Regulation ("GDPR").

(5) The amount for the three months ended December 31, 2018 included additional tax expense, net, of \$51 million relating to new U.S. tax legislation.



# Q1 FY 2020 Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS

|   | Three Months Ended December 31, |         |           |                              |                                 |          |                                   |
|---|---------------------------------|---------|-----------|------------------------------|---------------------------------|----------|-----------------------------------|
|   | 2019                            | 2018    | Growth    | Foreign Currency Translation | Foreign Currency Neutral Growth | Growth % | Foreign Currency Neutral Growth % |
| Reported Diluted Earnings per Share   | \$ 0.87                         | \$ 2.05 | \$ (1.18) | \$ (0.03)                    | \$ (1.15)                       | (57.6)%  | (56.1)%                           |
| Purchase accounting adjustments (\$348 million and \$379 million pre-tax, respectively) <sup>(1)</sup>                      | 1.27                            | 1.38    | —         | —                            | —                               | —        | —                                 |
| Integration costs (\$62 million and \$73 million pre-tax, respectively) <sup>(2)</sup>                                      | 0.23                            | 0.27    | —         | —                            | —                               | —        | —                                 |
| Restructuring costs (\$23 million and \$41 million pre-tax, respectively) <sup>(2)</sup>                                    | 0.08                            | 0.15    | —         | —                            | —                               | —        | —                                 |
| Transaction gain/loss and product-related matters (\$59 million and \$(335) million pre-tax, respectively) <sup>(3)</sup>   | 0.22                            | (1.22)  | —         | —                            | —                               | —        | —                                 |
| European regulatory initiative-related costs (\$17 million and \$5 million pre-tax, respectively) <sup>(4)</sup>            | 0.06                            | 0.02    | —         | —                            | —                               | —        | —                                 |
| Income tax benefit of special items and impact of tax reform (\$(22) million and \$17 million, respectively) <sup>(5)</sup> | (0.08)                          | 0.06    | —         | —                            | —                               | —        | —                                 |
| Adjusted Diluted Earnings per Share   | \$ 2.65                         | \$ 2.70 | \$ (0.05) | \$ (0.04)                    | \$ (0.01)                       | (1.9)%   | (0.4)%                            |

- (1) Includes amortization and other adjustments related to the purchase accounting for acquisitions impacting identified intangible assets and valuation of fixed assets and debt.
- (2) Represents integration and restructuring costs associated with acquisitions.
- (3) The current-period amount represents the estimated cost of a product recall which was recorded in *Cost of products sold*. The prior-period amount represents the pre-tax gain recognized as a result of BD's sale of its Advanced Bioprocessing business which was recorded to *Other operating income, net*.
- (4) Represents initial costs required to develop processes and systems to comply with emerging regulations such as the European Union Medical Device Regulation ("EUMDR") and General Data Protection Regulation ("GDPR").
- (5) The amount for the three months ended December 31, 2018 included additional tax expense, net, of \$51 million relating to new U.S. tax legislation.

# FY 2019 & FY 2018 Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS

|   | Twelve Months Ended September 30, |          |         |                              |                                 |          |                                   |
|---|-----------------------------------|----------|---------|------------------------------|---------------------------------|----------|-----------------------------------|
|   | 2019                              | 2018     | Growth  | Foreign Currency Translation | Foreign Currency Neutral Growth | Growth % | Foreign Currency Neutral Growth % |
| Reported Diluted Earnings per Share   | \$ 3.94                           | \$ 0.60  | \$ 3.34 | \$ (0.62)                    | \$ 3.96                         | 556.7%   | 660.0%                            |
| Purchase accounting adjustments (\$1.499 billion and \$1.733 billion pre-tax, respectively) <sup>(1)</sup>                    | 5.46                              | 6.55     |         | (0.01)                       |                                 |          |                                   |
| Restructuring costs (\$180 million and \$344 million pre-tax, respectively) <sup>(2)</sup>                                    | 0.66                              | 1.30     |         | —                            |                                 |          |                                   |
| Integration costs (\$323 million and \$344 million pre-tax, respectively) <sup>(2)</sup>                                      | 1.18                              | 1.30     |         | (0.01)                       |                                 |          |                                   |
| Transaction gain/loss and product-related matters (\$646 million pre-tax) <sup>(3)</sup>                                      | 2.35                              | —        |         | —                            |                                 |          |                                   |
| Impacts of debt extinguishment (\$54 million and \$16 million pre-tax, respectively) <sup>(4)</sup>                           | 0.20                              | 0.06     |         | —                            |                                 |          |                                   |
| European regulatory initiative-related costs (\$51 million pre-tax) <sup>(5)</sup>  | 0.19                              | —        |         | —                            |                                 |          |                                   |
| Investment gains/losses and asset impairments (\$17 million and \$(151) million pre-tax, respectively) <sup>(6)</sup>         | 0.06                              | (0.57)   |         | —                            |                                 |          |                                   |
| Hurricane-related (insurance proceeds) recovery costs (\$(24) million and \$17 million pre-tax, respectively)                 | (0.09)                            | 0.07     |         | —                            |                                 |          |                                   |
| Transaction costs (\$1 million and \$56 million pre-tax, respectively) <sup>(2)</sup>   | —                                 | 0.21     |         | —                            |                                 |          |                                   |
| Financing impacts (\$49 million pre-tax) <sup>(7)</sup>   | —                                 | 0.19     |         | —                            |                                 |          |                                   |
| Dilutive Impact <sup>(8)</sup>  | —                                 | 0.30     |         | —                            |                                 |          |                                   |
| Income tax benefit of special items and impact of tax reform (\$(622) million and \$265 million, respectively) <sup>(9)</sup> | (2.26)                            | 1.00     |         | —                            |                                 |          |                                   |
| Adjusted Diluted Earnings per Share   | \$ 11.68                          | \$ 11.01 | \$ 0.67 | \$ (0.64)                    | \$ 1.31                         | 6.1%     | 11.9%                             |

- (1) Includes amortization and other adjustments related to the purchase accounting for acquisitions impacting identified intangible assets and valuation of fixed assets and debt. The amount in 2018 also included a fair value step-up adjustment of \$478 million recorded relative to Bard's inventory on the acquisition date.
- (2) Represents restructuring, integration and transaction costs associated with acquisitions.
- (3) Includes amounts recorded to *Other operating expense, net* to record product liability reserves, including related legal defense costs, of \$914 million and the estimated cumulative costs of a product recall of \$75 million. Also includes the pre-tax gain of \$336 million recognized in *Other operating expense, net* related to BD's sale of its Advanced Bioprocessing business.
- (4) Represents the impacts recognized upon the extinguishment of certain long-term senior notes.
- (5) Represents initial costs required to develop processes and systems to comply with emerging regulations such as the EUMDR and GDPR.
- (6) The amount in 2019 includes an unrealized gain recorded within *Other income (expense), net* relating to an investment and a charge recorded to write down the carrying value of certain intangible assets in the Surgery unit. The amount in 2018 included the net amount recognized in the period related to BD's sale of its non-controlling interest in Vyaire Medical, partially offset by \$81 million of charges recorded to write down the carrying value of certain intangible and other assets in the Biosciences unit as well as \$58 million of charges to write down the value of fixed assets primarily in the Diabetes Care unit.
- (7) Represents financing impacts associated with the Bard acquisition.
- (8) Represents the dilutive impact of BD shares issued in May 2017, in anticipation of the Bard acquisition and BD shares issued as consideration transferred to acquire Bard. The adjusted diluted average shares outstanding (in thousands) was 260,758.
- (9) The amount for the twelve months ended September 30, 2018 included additional tax expense, net, of \$640 million, relating to new U.S. tax legislation.



# FY 2020 Reconciliation – FX Impact Emerging, Developed Markets & China

|  | <u>A</u> | <u>B</u> | <u>C=(A-B)/B</u> | <u>D</u>  | <u>E=(A-B-D)/B</u> |
|--|----------|----------|------------------|-----------|--------------------|
|  | BD       | BD       |                  |           |                    |
|  | Reported | Reported | % Rptd           | FX Impact | FXN %              |
|  | 2019     | 2018     | Change           |           | Change             |
| <b>Three Months Ended December 31,</b> |          |          |                  |           |                    |
| DEVELOPED MARKETS                      | 3,571    | 3,528    | 1.2              | (28)      | 2.0                |
| EMERGING MARKETS                       | 654      | 633      | 3.3              | (11)      | 5.1                |
| CHINA                                  | 295      | 275      | 7.5              | (6)       | 9.6                |





# Q1 FY 2020 Operating Cash Flow Reconciliation

(Unaudited, Amounts in billions)

|   |               |
|---|---------------|
| Reported Operating Cash Flow                      | \$ 0.7        |
| Adjustments (excludes non-cash items)             |               |
| Restructuring costs                               | 0.0           |
| Transaction & Integration costs                   | 0.1           |
| Transaction gain/loss and product-related matters | 0.1           |
| Other   | 0.1           |
| Tax impact related to items above                 | (0.0)         |
| <b>Adjusted Operating Cash Flow</b>               | <b>\$ 0.9</b> |