

# Second Quarter Results Fiscal Year 2020

May 7, 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 foreign currency translation
- 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 schedules, 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.

Note: COVID impact represents BD's estimate of the net financial impact of the global COVID-19 pandemic on the Company's results. Revenue growth rates are not adjusted to reflect the impact of COVID-19.

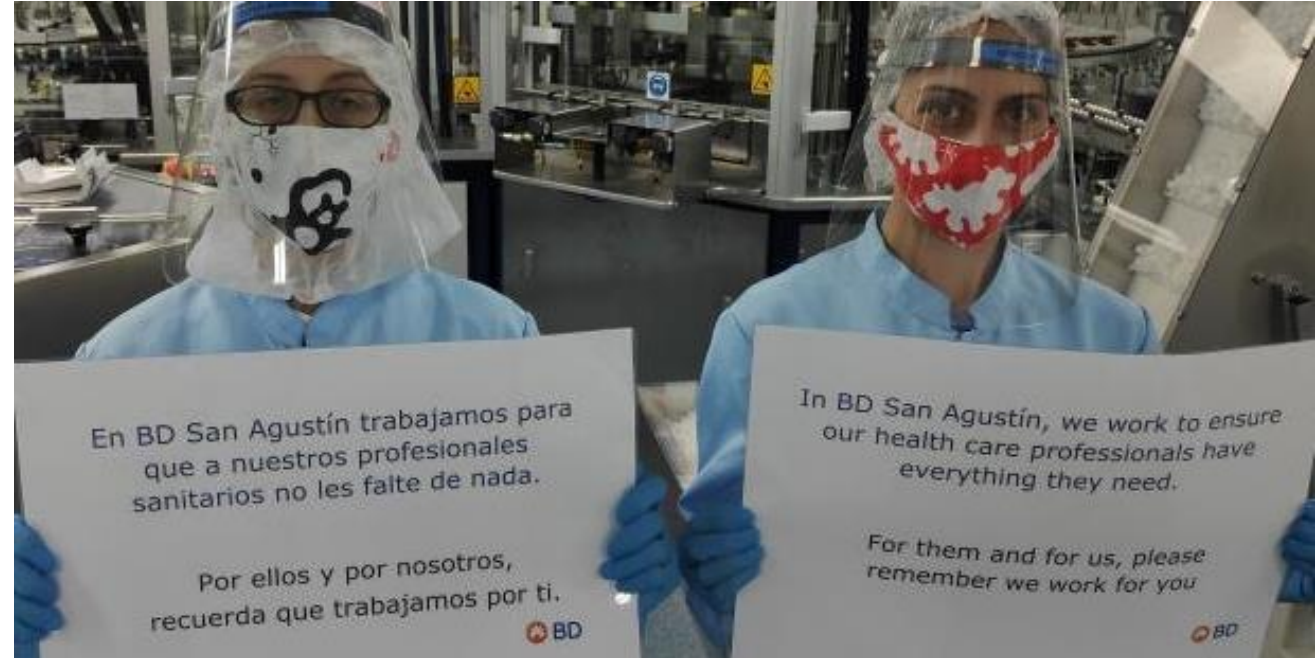
# Making an impact: BD's response to COVID-19

**Tom Polen**

CEO and President



# BD is proud of the essential role we play in the world's COVID-19 response



**BD**

Advancing the world of health



# BD's unmatched capabilities ensure a comprehensive response to an unprecedented healthcare crisis

## BD PANDEMIC RESPONSE PRIORITIES

1. Protect the health & safety of our associates
2. Mobilize our world-class operations
3. Advance solutions across the continuum of care
4. Take proactive measures and emerge strong



**While our critical-to-COVID solutions are in high demand, we are navigating near-term challenges due to significant pressure in businesses tied to routine and non-acute care, elective procedures and research**

# Protecting the health, safety and well-being of our team



## Protecting health & safety



Early to implement **visitor restrictions, travel restrictions, limits on group meetings**



Enabled **remote work** for office-based associates



Implemented **temperature monitoring** and **increased PPE** to those onsite or in field



## Caring for our associates



Providing **pandemic pay** to support self-quarantine



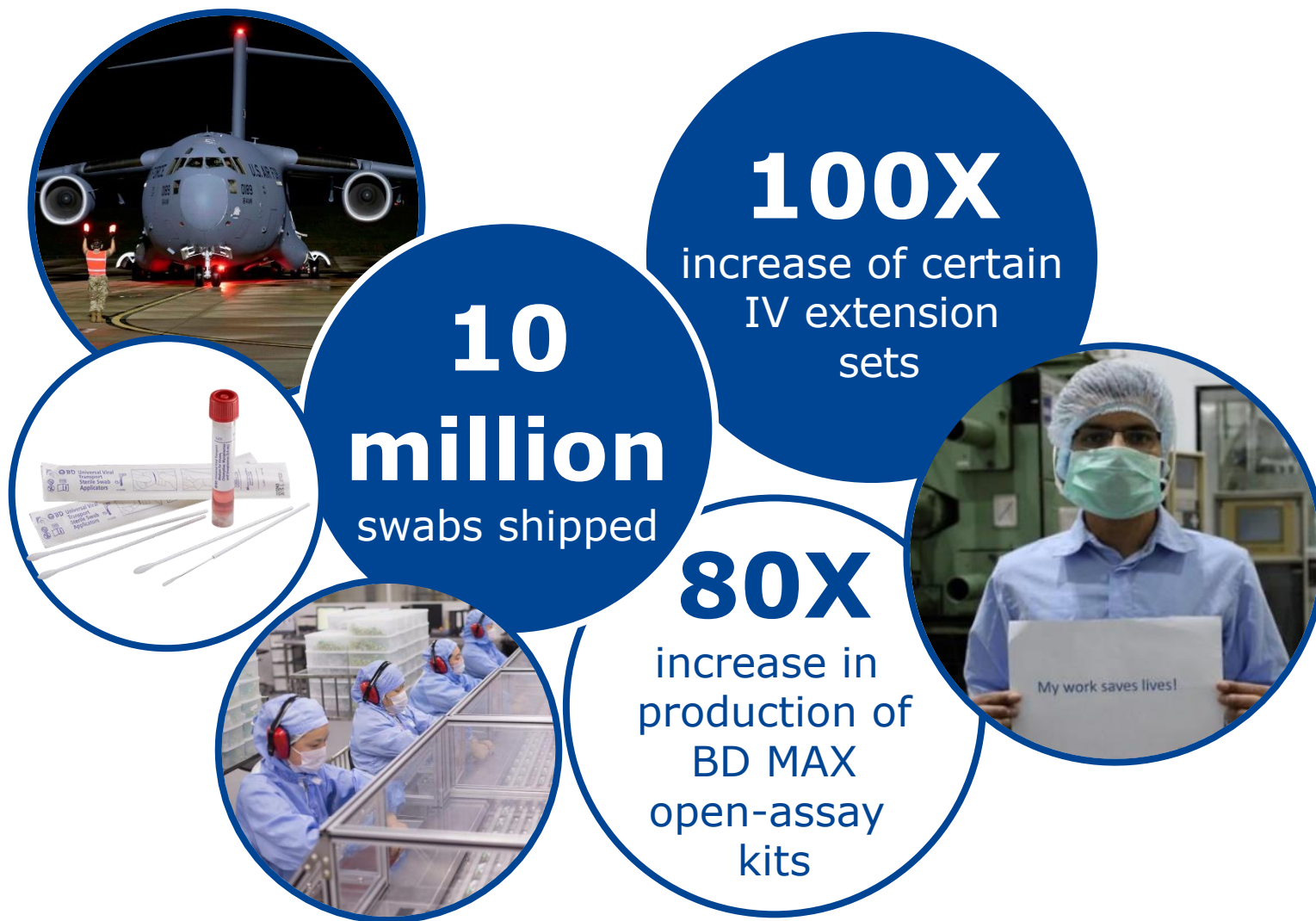
**Enhanced healthcare benefits**, including expanding access to telehealth services and our Employee Assistance Program



Increased **paid volunteer leave** for medically trained professionals and created **Employee Assistance Fund** for furloughed associates



# Leveraging our world-class manufacturing excellence to address critical customer and patient needs



## Built for scale & impact

- Significantly ramped production of all critical-to-COVID devices, maintaining our strong focus on quality and compliance
- Reduced production of select products due to lower demand: Reinforced strong liquidity position
- Engaged governments to ensure business and supply chain continuity

# BD is uniquely positioned to advance COVID-19 solutions across the continuum of care

## CONTINUUM OF CARE

Discovery

Diagnosis

Delivery of care & treatment of disease



### Life Sciences

Improving diagnosis & selection of optimal treatment



- Enabling **research** to understand immune response



- Expanding rapid **diagnostic & point-of-care** testing & surveillance



### Medical

Optimizing core healthcare delivery processes



- Enabling **medication management** and delivery



- Anticipating & preparing for a worldwide **vaccination campaign**



### Interventional

Advancing technologies to treat high-burden diseases & conditions



- Ensuring **critical care** & treatment for high-burden conditions

**Informatics: integrated workflow management and data analytics**



# Advancing innovation and launching new diagnostic solutions to help solve pressing healthcare needs



## Molecular PCR



Easy-to-use, **real-time PCR tests on BD MAX™** confirm active infection in 2-3 hours



## Point-of-care antigen *(in development)*



Rapid **point-of-care test** on BD Veritor™ **will confirm an active infection in as little as 15 minutes**



## Serology / Antibody



Rapid **serology test to detect IgM and IgG antibodies**, responses in as little as 15 minutes

Discovery

Diagnosis

Delivery of care & treatment of disease

# Unparalleled breadth, depth and global scale to enable patient care – wherever care occurs

**“You guys are re-defining what it means to be a partner through this difficult process ...**

**Way to double down and continue to deliver excellence across the board!”**

*- System Vice President of Pharmacy*



*Discovery*

*Diagnosis*

*Delivery of care & treatment of disease*

# We are managing headwinds and actively engaging with customers on recovery efforts



## Interventional



**Elective & non-urgent procedures**



## Medical



**Hospital utilization (inpatient care & capital spend)**



## Life Sciences



**Routine testing & specimen collection**  
**Research activity & clinical testing**

**BD will navigate this near-term challenge and emerge from the pandemic a strong company for all stakeholders**

# Advancing our long-term strategy to emerge strong and better positioned for value creation



## Grow




Category innovation




Customer outcomes




Globalization



## Simplify



Network and portfolio of SKU's



Business processes



## Empower



Digitalization



Strong teams



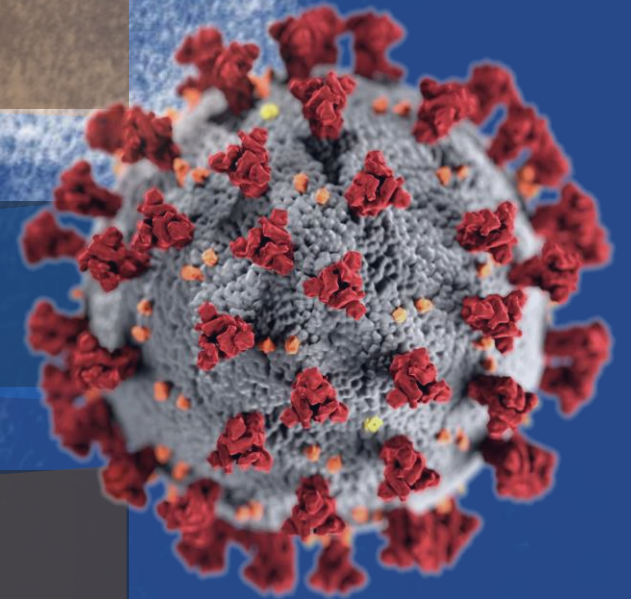
# Q2 results and COVID-19 impact

**Chris Reidy**

Executive Vice President, CFO and Chief Administrative Officer

# Continuing to create and deliver value to all stakeholders

- 1** Prioritizing the needs of our associates and customers around the world
- 2** Taking prudent actions across BDX with a focus on liquidity
- 3** Remaining focused on our long-term strategy



# Financial results: Q2 FY 2020

 <b>Revenue Growth</b>	<p>Q2 growth ahead of expectations despite impact from COVID-19</p>
 <b>Margin Expansion</b>	<p>Q2 operating margins ahead of expectations driven by lower operating expenses including favorable deferred compensation</p>
 <b>Adjusted EPS</b>	<p>Adjusted EPS ahead of expectations driven by higher revenue, improved operating expenses and FX</p>

	Q2	YTD
<b>Revenues</b>	<b>\$4,253</b>	<b>\$8,479</b>
FXN % growth <i>COVID impact</i>	+2.4% ~(140 bps)	+2.5%
% growth	+1.4%	+1.5%
<b>Adjusted OIBT <sup>(1)</sup></b>	<b>\$1,051</b>	<b>\$2,064</b>
% of revenues	+24.7%	+24.3%
Margin expansion (FXN)	+70 bps	+20 bps
<b>Adjusted EPS <sup>(1)</sup></b>	<b>\$2.55</b>	<b>\$5.20</b>
FXN % growth	(1.9%)	(1.1%)
% growth	(1.5%)	(1.7%)

# Cash and liquidity update

## Accessed capital markets for liquidity

- Added \$1.9B in 364-day term loans
- Increased our credit facility by \$0.4B to \$2.63B

## Deleveraging remains a key priority

- Gross leverage at 3.9x as of 3/31
- Expect to paydown ~\$1B debt this year (excluding the term loan)
- Remain committed to our “below 3x” gross leverage target, however timeframe to achieve target will be extended

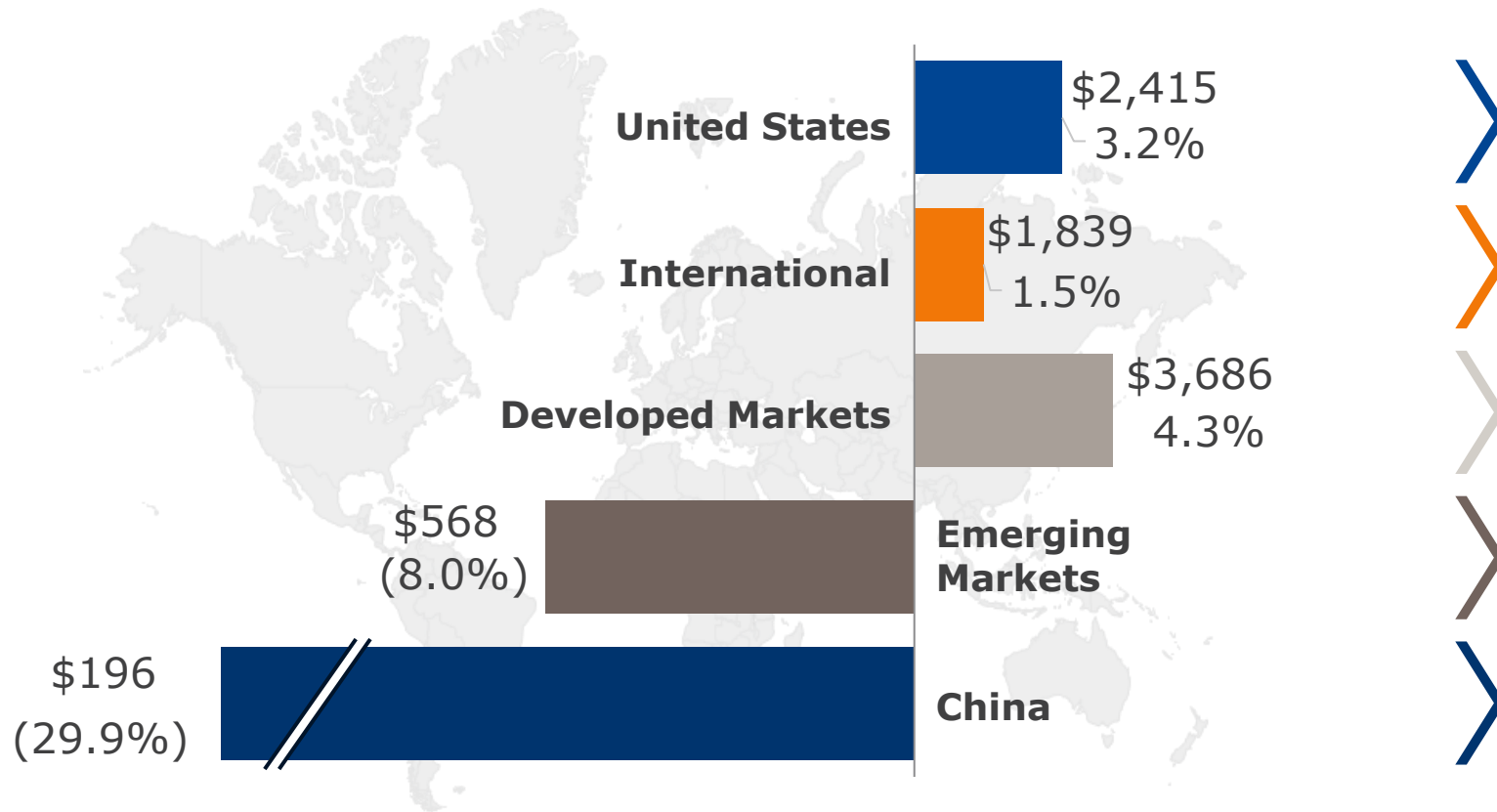
## Cash conservation efforts

- Prioritizing ‘mission-critical’ capital expenditures
  - Expect capital spend of \$700M to \$800M this fiscal year
- Focused on working capital opportunities, particularly inventory
- Instituted cash preservation plans including management and Board level salary reductions and hiring freezes for non-critical positions



# Geographic revenue highlights

## Q2 revenue \$ and FXN growth



## Q2 COVID Impact

~+0.7%
~(4%)
~+0.6%
~(13%)
~(27%)

# Medical segment revenue

 **Q2**

**\$2,151**

(0.3%) FXN

COVID impact: ~ (40 bps)

(1.4%) Growth

**YTD**

**\$4,241**

(0.6%) FXN

(1.7%) Growth

FXN % growth

% growth



## Medication Delivery Solutions: \$904

<b>Q2</b>	(1.3%)	<b>YTD</b>	(0.6%)
	(2.5%)		(1.7%)

Strong injection and vascular access device sales particularly in the U.S. and Europe, offset by lower volumes in China due to COVID-19 along with the ongoing China tendering process  
Q2 COVID impact: ~ (250 bps)



## Medication Management Solutions: \$568

<b>Q2</b>	(7.5%)	<b>YTD</b>	(7.5%)
	(7.9%)		(8.0%)

MMS declined as expected due to limited installations of Alaris pumps



## Pharmaceutical Systems: \$400

<b>Q2</b>	+11.4%	<b>YTD</b>	+10.4%
	+9.4%		+8.3%

Continued strong growth driven by pre-fillable syringes, also aided by timing of shipments



## Diabetes Care: \$278

<b>Q2</b>	+4.2%	<b>YTD</b>	+1.6%
	+2.9%		+0.5%

Distributors and retailers increased inventory due to COVID-19 partially offset by a tough comparison due to the timing of orders in the prior year  
Q2 COVID impact: ~ +600 bps

# Life sciences segment revenue



**Q2**

**\$1,113**

+7.1% FXN

COVID impact: ~ (120 bps)

+5.8% Growth

**YTD**

**\$2,236**

+7.3% FXN

+6.1% Growth

FXN % growth

% growth



## Diagnostic Systems: \$434

<b>Q2</b>	+12.9%	<b>YTD</b>	+9.6%
	+11.5%		+8.4%

Performance driven by a stronger than normal flu season and increased demand in COVID-19 related testing  
Q2 COVID impact: ~+200 bps



## Preanalytical Systems: \$400

<b>Q2</b>	+10.8%	<b>YTD</b>	+6.5%
	+9.3%		+5.2%

Strong growth of wingsets in developed markets and favorable comparison due to prior year distributor ordering patterns partially offset by a decline in routine specimen collection  
Q2 COVID impact: ~ (100 bps)



## Biosciences: \$280

<b>Q2</b>	(5.0%)	<b>YTD</b>	+5.2%
	(5.9%)		+4.1%

Reduced demand for instruments and reagents as research lab activity slowed due to COVID-19 and a tough comparison from prior year licensing revenue and tenders  
Q2 COVID impact: ~ (550 bps)

# Interventional segment revenue



**Q2**

**\$990**

+3.3% FXN

COVID Impact: ~ (350 bps)

+2.8% Growth

**YTD**

**\$2,002**

+4.1% FXN

+3.6% Growth

FXN % growth

% growth



## Peripheral Intervention: \$399

**Q2**

+4.0%

+3.1%

**YTD**

+4.2%

+3.3%

Broad-based strength driving growth through continued expansion of Venovo<sup>®</sup>, WavelinQ<sup>™</sup> and Covera<sup>™</sup> offset by lower oncology and vascular procedures in China  
Q2 COVID-19 impact: ~ (500 bps)



## Surgery: \$312

**Q2**

+1.7%

+1.4%

**YTD**

+3.7%

+3.3%

Strong growth in hernia and infection prevention prior to COVID-19 impact on demand for elective procedures in the U.S. and China  
Q2 COVID-19 impact: ~ (600 bps)



## Urology & Critical Care: \$279

**Q2**

+4.2%

+4.1%

**YTD**

+4.6%

+4.5%

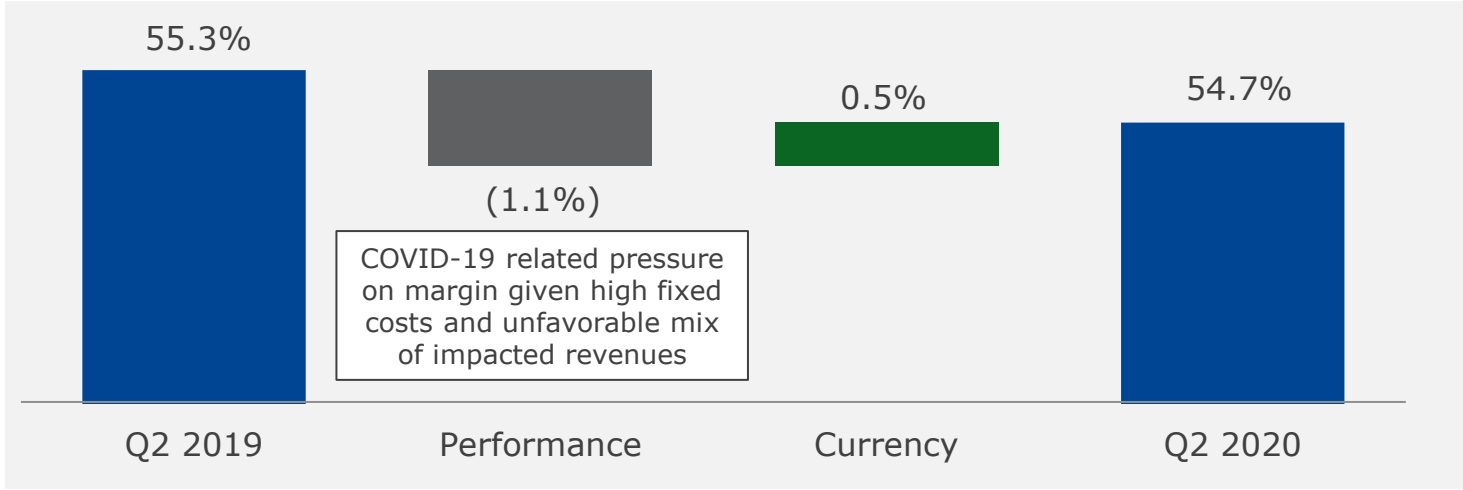
Momentum continued across the product lines – Acute Urology, Home Care and TTM



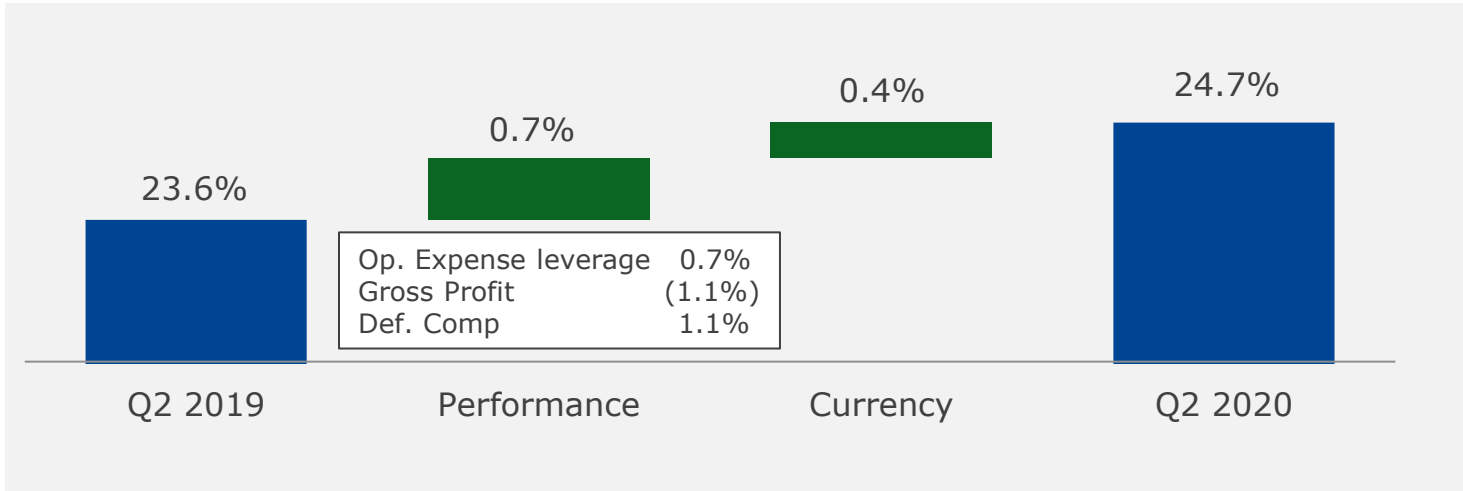


# Adjusted gross and operating margins: Q2 FY 2020

## Adjusted Gross margin



## Adjusted Operating margin



# Adjusted income statement: Q2 FY 2020

<b>As Adjusted</b> <sup>(1)</sup>	<b>Q2 FY 2020</b>	<b>% Growth</b>	<b>% FXN Growth</b>
<b>Revenues</b>	<b>\$4,253</b>	<b>1.4%</b>	<b>2.4%</b>
<b>Gross Profit</b> <i>% of revenues</i>	<b>2,325</b> 54.7%	<b>0.2%</b>	<b>0.3%</b>
SSG&A <i>% of revenues</i>	1,029 24.2%	5.2%	4.3%
R&D <i>% of revenues</i>	246 5.8%	(0.3%)	(0.7%)
<b>Operating Income</b> <i>% of revenues</i>	<b>1,051</b> <b>24.7%</b>	<b>6.0%</b>	<b>5.3%</b>
Interest/Other, Net	170		
Tax Rate	16.0%		
<b>Net Income</b>	<b>740</b>	<b>(1.2%)</b>	<b>(1.4%)</b>
Preferred Dividend	38		
<b>Net Income applicable to common shareholders</b>	<b>702</b>	<b>(1.2%)</b>	<b>(1.4%)</b>
Share Count	275.0		
<b>Adjusted EPS</b> <i>Gore royalty impact</i>	<b>\$2.55</b>	<b>(1.5%)</b> (610 bps)	<b>(1.9%)</b>

Note: Above figures reflects favorable / (unfavorable) performance versus last year.  
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# Macro view of COVID-19 impact as of May 7<sup>th</sup> and key considerations looking forward

## Macro view of COVID-19 impact

- Remain in early stages of recovery and there is uncertainty in how general healthcare utilization will return around the world, starting in China and continuing in Europe and the U.S.
- Expect a weaker global macroeconomic environment will pressure healthcare systems
- Pace of elective procedure return will depend on several factors including disease condition and acuity, COVID-19 testing availability, “reopening” of countries around the world and patient willingness to seek care

## Looking forward

Elective Procedures	Acute Care / Non-Acute	Diagnostic Testing	Research & Clinical Labs
SURG, PI	MDS, MMS, UCC	IDS (DS & PAS)	BIO
<ul style="list-style-type: none"> <li>• Variability to timing of return to pre-COVID procedure levels</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring the pace of hospitals returning to non-COVID patient care</li> <li>• Watching for shift of care to non-acute settings</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring COVID and non-COVID testing volumes globally</li> <li>• Impact on capital equipment purchases</li> <li>• Developing COVID-19 POC test on BD Veritor™</li> </ul>	<ul style="list-style-type: none"> <li>• Timing of when research institutions will resume and scale up to normal operations, including capital spending</li> </ul>

# Estimated COVID-19 impact on preliminary April revenue results and key observations

Elective Procedures	Acute / Non-Acute Care	Diagnostic Testing	Research & Clinical Labs
SURG (~\$60M) PI (~\$50M)	MMS +~\$70M MDS (~\$50M); UCC (~\$20M)	IDS (DS & PAS) (~\$40M)	BIO (~\$20M)
<p><b>↓ Significant procedure declines</b> due to mandates to defer elective procedures and 'stay at home' orders</p> <p><b>↓ Varies by category:</b> Decrease in hernia and other elective procedures impacting Surgery revenue (↓50-70%), and slowdown in Oncology, ESKD &amp; PAD procedures impacting PI revenue (↓30-40%)</p> <p><b>↓ Around the world:</b> China Surgery revenues tracking to ~50% of pre-COVID expectations; and Surgery and PI procedures impacting revenue (↓60 to 90%) in US/Europe</p>	<p><b>↑ Demand for infusion pumps under 'medical necessity'</b>; not expected to continue at same pace</p> <p><b>↓ Delays of instrument installations</b> (Pyxis, ROWA)</p> <p><b>↓ Significant procedure declines impacting US MDS revenue</b> (↓15-20% vs. pre-COVID expectations)</p> <p><b>↓ China utilization:</b> hospital volumes broadly returning, but still ~30% to 40% below pre-COVID expectations</p> <p><b>↑ Europe:</b> some COVID surge demand continued; revenue ~↑5% above pre-COVID expectations</p>	<p><b>↓ Decreased non-COVID 19 BD diagnostic testing and specimen collection revenue</b> (↓20-30%), largest impact in the U.S.</p> <p><b>↑ High demand for BD COVID tests</b> (Molecular and Serology, transport media and lancets)</p> <p><b>↓ Expect delays in large capital installations</b> (Kiestra)</p>	<p><b>↓ Decrease in research activity due to lab closures and reduced clinical testing revenue</b> (↓20-30%); expect slightly larger impact in coming months</p> <p><b>↓ Expect impact on capital spending</b></p>

**Estimate (~\$240M) COVID-19 impact to our preliminary April BDX revenues, partially offset by ~\$70M positive impact in MMS**

Note: April revenue results are preliminary and unaudited, and are uncertain and subject to change when we prepare our consolidated financial statements for the three and nine months ended June 30, 2020. Actual results may differ materially from the revenue results discussed herein. Revenue dollar and growth percentages reflect estimated performance vs. pre-COVID expectations.





# Key takeaways

**Uniquely positioned to respond to COVID-19** by leveraging our core capabilities across research, diagnosis and patient care

.....

**Solid business performance** in the second quarter reflects the strength and diversity of our portfolio

.....

**Actively managing our business over the short-term** as we navigate the negative impacts of COVID-19

.....

**Strong cash and liquidity position**

.....

**Remain confident in our ability to deliver value for all stakeholders** and emerge from this crisis in a position of strength



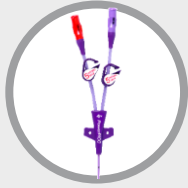
**BD**

Advancing the  
world of health

# 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**



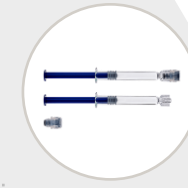
**BD Pyxis™ Logistics 1.2**



**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**



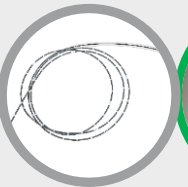
**BD FACSDuet™ Enhancements**



## Interventional



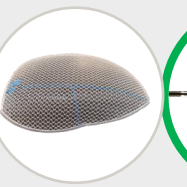
**SureStep™ Vacutainer®**



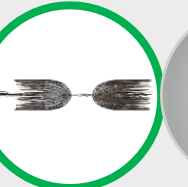
**Ultraverse™ 014 and 018**



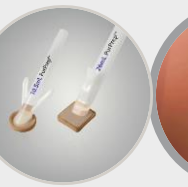
**Lutonix® AV Low Profile**



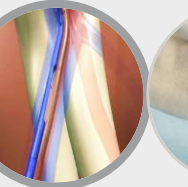
**3D Max™ MID**



**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**

# Impact: Delivering long-term value for all stakeholders

## Management Approach

## Q2 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



• BD **HD Check System**, the first and only rapid hazardous drug detection system, launched a third test for frequently used chemotherapy drugs. **The latest test, for cyclophosphamide, is now available.**



ACCESS

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



• BD was awarded a **\$6 million contract with the Fleming Fund** to provide diagnostic equipment and informatics solutions to more than 70 labs in 19 countries across Asia and sub-Saharan Africa to help combat anti-microbial resistance.



Simplify



EFFICIENCY

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



• The BD manufacturing site in **Curitiba, Brazil** completed a **Water Pump Automation project** that will save the site an ~30,000 kWh per month, **a reduction of 255 metric tons CO2 per year.**



Empower



EMPOWERMENT

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



• In January, BD volunteers at **16 locations** throughout the United States celebrated Martin Luther King, Jr. Day of Service by joining together in meal-packing events to help **Rise Against Hunger** feed hungry and food-insecure people around the world.



Looking forward to sharing our 2030+ impact goals later in 2020



# Q2 FY 2020 & Q2 FY 2019 Adjustment Reconciliations

Three Months Ended March 31, 2020												
	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 March 31, 2020</b>	\$ 4,253	\$ 1,734	\$ 1,025	\$ 264	\$ 75	\$ -	\$ 370	\$ (132)	\$ (38)	\$ 17	\$ 183	\$ 0.53
<i>Reported % of Revenues</i>		40.8%	24.1%	6.2%			8.7%				4.3%	
<i>Reported effective tax rate</i>										8.5%		
<b>Specified items:</b>												
Purchase accounting adjustments pre-tax <sup>(1)</sup>	-	345	4	-	-	-	341	(1)	-	-	340	1.24
Integration costs pre-tax <sup>(2)</sup>	-	-	-	-	(57)	-	57	-	-	-	57	0.21
Restructuring costs pre-tax <sup>(2)</sup>	-	-	-	-	(18)	-	18	-	-	-	18	0.07
European regulatory initiatives-related costs pre-tax <sup>(3)</sup>	-	8	-	(18)	-	-	27	-	-	-	27	0.10
Transaction gain/loss and product-related matters pre-tax <sup>(4)</sup>	-	199	-	-	-	-	199	-	-	-	199	0.72
Investment gains/losses and asset impairments pre-tax <sup>(5)</sup>	-	39	-	-	-	-	39	-	1	-	40	0.14
Income tax benefit of special items and impact of tax reform	-	-	-	-	-	-	-	-	-	124	(124)	(0.45)
<b>Adjusted \$ for Three Months Ended March 31, 2020</b>	A \$ 4,253	\$ 2,325	\$ 1,029	\$ 246	\$ -	\$ -	\$ 1,051	\$ (133)	\$ (37)	\$ 141	\$ 740	\$ 2.55
<i>Adjusted % of Adjusted Revenues</i>		54.7%	24.2%	5.8%			24.7%			16.0%	17.4%	
<i>Adjusted effective tax rate</i>												
Three Months Ended March 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 Expense, Net	Income Tax Provision	Net Income	Diluted Earnings per Share
<b>Reported \$ for Three Months Ended March 31, 2019</b>	\$ 4,195	\$ 1,974	\$ 1,089	\$ 252	\$ 101	\$ 396	\$ 136	\$ (153)	\$ 20	\$ (17)	\$ 20	\$ (0.07)
<i>Reported % of Revenues</i>		47.1%	25.9%	6.0%			3.2%				0.5%	
<i>Reported effective tax rate</i>										-540.4%		
<b>Specified items:</b>												
Purchase accounting adjustments pre-tax <sup>(1)</sup>	-	343	(3)	-	-	-	347	(1)	33	-	379	1.40
Integration costs pre-tax <sup>(2)</sup>	-	1	-	-	(69)	-	70	-	-	-	70	0.26
Restructuring costs pre-tax <sup>(2)</sup>	-	-	-	-	(31)	-	31	-	-	-	31	0.12
European regulatory initiative-related costs pre-tax <sup>(3)</sup>	-	3	-	(7)	-	-	10	-	-	-	10	0.04
Transaction gain/loss and product-related matters pre-tax <sup>(4)</sup>	-	-	-	-	-	(396)	396	-	-	-	396	1.47
Transaction costs pre-tax <sup>(2)</sup>	-	-	-	-	(1)	-	1	-	-	-	1	-
Losses on debt extinguishment pre-tax <sup>(6)</sup>	-	-	-	-	-	-	-	-	1	-	1	-
Dilutive impact <sup>(7)</sup>	-	-	-	-	-	-	-	-	-	-	-	(0.04)
Income tax benefit of special items and impact of tax reform	-	-	-	-	-	-	-	-	-	160	(160)	(0.59)
<b>Adjusted \$ for Three Months Ended March 31, 2019</b>	B \$ 4,195	\$ 2,321	\$ 1,085	\$ 245	\$ -	\$ -	\$ 991	\$ (154)	\$ 54	\$ 143	\$ 748	\$ 2.59
<i>Adjusted % of Revenues</i>		55.3%	25.9%	5.8%			23.6%			16.0%	17.8%	
<i>Adjusted effective tax rate</i>												
Three Months Ended March 31, 2020 versus March 31, 2019												
<b>Adjusted \$ change</b>	C=A-B \$ 58	\$ 4	\$ 56	\$ (1)	\$ -	\$ -	\$ 59	\$ 21	\$ (91)	\$ 2	\$ (9)	\$ (0.04)
<b>Adjusted % change</b>	D=C/B 1.4%	0.2%	5.2%	(0.3%)	-	-	6.0%	13.6%	(167.8%)	1.2%	(1.2%)	(1.5%)
<b>Foreign currency translation impact</b>	E \$ (43)	\$ (3)	\$ 10	\$ 1	\$ -	\$ -	\$ 7	\$ 1	\$ (5)	\$ (1)	\$ 1	\$ 0.01
<b>Adjusted foreign currency neutral \$ change</b>	F=C-E \$ 101	\$ 7	\$ 47	\$ (2)	\$ -	\$ -	\$ 52	\$ 20	\$ (86)	\$ 3	\$ (10)	\$ (0.05)
<b>Adjusted foreign currency neutral % change</b>	G=F/B 2.4%	0.3%	4.3%	(0.7%)	-	-	5.3%	12.9%	(158.0%)	1.8%	(1.4%)	(1.9%)

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

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

(3) 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").

(4) The current-period amount represents a probable estimate of future costs associated with incremental product remediation efforts which was recorded in Cost of products sold. The prior-period amount includes amounts recorded to Other operating expense, net to record product liability reserves of \$331 million and the estimated cumulative costs of a product recall of \$65 million.

(5) Primarily represents a charge recorded to write down the carrying value of certain intangible assets in the Biosciences unit.

(6) Represents the impacts recognized upon the extinguishment of certain long-term senior notes.

(7) Represents the exclusion of share equivalents associated with share-based plans from the reported diluted shares outstanding calculation because such equivalents would have been antidilutive due to the net loss applicable to common shareholders incurred during the period. The adjusted diluted average shares outstanding (in thousands) were 274,287.



# YTD Q2 FY 2020 & YTD Q2 FY 2019 Adjustment Reconciliations

Six Months Ended March 31, 2020												
	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 Six Months Ended March 31, 2020</b>	\$ 8,479	\$ 3,712	\$ 2,146	\$ 535	\$ 161	\$ 0	\$ 871	\$ (266)	\$ (11)	\$ 134	\$ 461	\$ 1.40
<i>Reported % of Revenues</i>		43.8%	25.3%	6.3%			10.3%			22.5%	5.4%	
<i>Reported effective tax rate</i>												
<b>Specified Items:</b>												
Purchase accounting adjustments pre-tax <sup>(1)</sup>	-	690	3	(3)	-	-	690	(3)	-	-	688	2.50
Integration costs pre-tax <sup>(2)</sup>	-	-	-	-	(119)	-	119	-	-	-	119	0.43
Restructuring costs pre-tax <sup>(2)</sup>	-	-	-	-	(41)	-	41	-	-	-	41	0.15
European regulatory initiatives-related costs pre-tax <sup>(3)</sup>	-	13	-	(31)	-	-	44	-	-	-	44	0.16
Transaction gain/loss and product liability-related matters <sup>(4)</sup>	-	258	-	-	-	-	258	-	-	-	258	0.94
Investment gains/losses and asset impairments pre-tax <sup>(5)</sup>	-	39	-	-	-	-	39	-	1	-	41	0.15
Income tax benefit of special items and impact of tax reform	-	-	-	-	-	-	-	-	-	146	(146)	(0.53)
<b>Adjusted \$ for Six Months Ended March 31, 2020</b>	\$ 8,479	\$ 4,713	\$ 2,149	\$ 501	\$ -	\$ -	\$ 2,064	\$ (269)	\$ (9)	\$ 280	\$ 1,506	\$ 5.20
<i>Adjusted % of Adjusted Revenues</i>		55.6%	25.3%	5.9%			24.3%			15.7%	17.8%	
<i>Adjusted effective tax rate</i>												
Six Months Ended March 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 Six Months Ended March 31, 2019</b>	\$ 8,355	\$ 3,948	\$ 2,161	\$ 510	\$ 191	\$ 61	\$ 1,024	\$ (336)	\$ 30	\$ 98	\$ 619	\$ 1.98
<i>Reported % of Revenues</i>		47.2%	25.9%	6.1%			12.3%			13.7%	7.4%	
<i>Reported effective tax rate</i>												
<b>Specified Items:</b>												
Purchase accounting adjustments pre-tax <sup>(1)</sup>	-	688	(5)	-	-	-	693	(3)	67	-	757	2.76
Integration costs pre-tax <sup>(2)</sup>	-	25	-	-	(118)	-	143	-	-	-	143	0.52
Restructuring costs pre-tax <sup>(2)</sup>	-	-	-	-	(72)	-	72	-	-	-	72	0.26
European regulatory initiatives-related costs pre-tax <sup>(3)</sup>	-	5	-	(10)	-	-	15	-	-	-	15	0.05
Transaction gain/loss and product liability-related matters pre-tax <sup>(4)</sup>	-	-	-	-	-	(61)	61	-	-	-	61	0.22
Transaction costs pre-tax <sup>(2)</sup>	-	-	-	-	(2)	-	2	-	-	-	2	0.01
Losses on debt extinguishment pre-tax <sup>(6)</sup>	-	-	-	-	-	-	-	-	1	-	1	-
Income tax benefit of special items and impact of tax reform <sup>(7)</sup>	-	-	-	-	-	-	-	-	-	143	(143)	(0.52)
<b>Adjusted \$ for Six Months Ended March 31, 2019</b>	\$ 8,355	\$ 4,665	\$ 2,156	\$ 500	\$ -	\$ -	\$ 2,010	\$ (339)	\$ 98	\$ 241	\$ 1,528	\$ 5.29
<i>Adjusted % of Revenues</i>		55.8%	25.8%	6.0%			24.1%			13.6%	18.3%	
<i>Adjusted effective tax rate</i>												
Six Months Ended March 31, 2020 versus March 31, 2019												
<b>Adjusted \$ change</b>	C=A-B	\$ 123	\$ 48	\$ 7	\$ (1)	\$ -	\$ 54	\$ 70	\$ (107)	\$ (39)	\$ (22)	\$ (0.09)
<b>Adjusted % change</b>	D=C/B	1.5%	1.0%	0.3%	(0.2%)	-	2.7%	20.8%	(109.3%)	(16.3%)	(1.4%)	(1.7%)
<b>Foreign currency translation impact</b>	E	\$ (82)	\$ (27)	\$ 20	\$ 2	\$ -	\$ (5)	\$ 1	\$ (5)	\$ 1	\$ (8)	\$ (0.03)
<b>Adjusted foreign currency neutral \$ change</b>	F=C-E	\$ 205	\$ 75	\$ (13)	\$ (3)	\$ -	\$ 60	\$ 69	\$ (102)	\$ (41)	\$ (14)	\$ (0.06)
<b>Adjusted foreign currency neutral % change</b>	G=F/B	2.5%	1.6%	(0.6%)	(0.5%)	-	3.0%	20.3%	(104.6%)	(16.8%)	(0.9%)	(1.1%)

(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, restructuring and transaction costs associated with acquisitions.

(3) Represents initial costs required to develop processes and systems to comply with emerging regulations such as the EUMDR and GDPR.

(4) The current-period amount represents a probable estimate of future costs associated with product remediation efforts which was recorded in Cost of products sold. The prior-period amount includes amounts recorded to Other operating expense, net to record product liability reserves of \$331 million and the estimated cumulative costs of a product recall of \$65 million, as well as the pre-tax gain of \$335 million related to BD's sale of its Advanced Bioprocessing business.

(5) Primarily represents a charge recorded to write down the carrying value of certain intangible assets in the Biosciences unit.

(6) Represents the impacts recognized upon the extinguishment of certain long-term senior notes.

(7) The amount for the six months ended March 31, 2019 included additional tax expense, net, of \$20 million relating to new U.S. tax legislation.

# Q2 FY 2020 Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS

	Three Months Ended March 31,						
	2020	2019	Growth	Foreign Currency Translation	Foreign Currency Neutral Growth	Growth %	Foreign Currency Neutral Growth %
Reported Diluted Earnings (Loss) per Share	\$ 0.53	\$ (0.07)	\$ 0.60	\$ 0.01	\$ 0.59	857.1 %	842.9 %
Purchase accounting adjustments (\$340 million and \$379 million pre-tax, respectively) <sup>(1)</sup>	1.24	1.40		—			
Integration costs (\$57 million and \$70 million pre-tax, respectively) <sup>(2)</sup>	0.21	0.26		—			
Restructuring costs (\$18 million and \$31 million pre-tax, respectively) <sup>(2)</sup>	0.07	0.12		—			
European regulatory initiative-related costs (\$27 million and \$10 million pre-tax, respectively) <sup>(3)</sup>	0.10	0.04		—			
Transaction gain/loss and product-related matters (\$199 million and \$396 million pre-tax, respectively) <sup>(4)</sup>	0.72	1.47		—			
Investment gains/losses and asset impairments (\$40 million pre-tax) <sup>(5)</sup>	0.14	—		—			
Transaction costs (\$1 million pre-tax) <sup>(2)</sup>	—	—		—			
Impacts of debt extinguishment (\$1 million pre-tax)	—	—		—			
Dilutive Impact <sup>(6)</sup>	—	(0.04)		—			
Income tax benefit of special items and impact of tax reform (\$124 million and \$(160) million, respectively)	(0.45)	(0.59)		—			
Adjusted Diluted Earnings per Share	\$ 2.55	\$ 2.59	\$ (0.04)	\$ 0.01	\$ (0.05)	(1.5)%	(1.9)%

- (1) Includes amortization and other adjustments related to the purchase accounting for acquisitions impacting identified intangible assets and valuation of fixed assets and debt.
- (2) Represents integration, restructuring and transaction costs associated with acquisitions.
- (3) 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").
- (4) The current-period amount represents a probable estimate of future costs associated with incremental product remediation efforts which was recorded in *Cost of products sold*. The prior-period amount includes amounts recorded to *Other operating expense, net* to record product liability reserves of \$331 million and the estimated cumulative costs of a product recall of \$65 million.
- (5) Primarily represents a charge recorded to write down the carrying value of certain intangible assets in the Biosciences unit.
- (6) Represents the exclusion of share equivalents associated with share-based plans from the reported diluted shares outstanding calculation because such equivalents would have been antidilutive due to the net loss applicable to common shareholders incurred during the period. The adjusted diluted average shares outstanding (in thousands) were 274,287.

# YTD Q2 FY 2020 Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS

	Six Months Ended March 31,						
	2020	2019	Growth	Foreign Currency Translation	Foreign Currency Neutral Growth	Growth %	Foreign Currency Neutral Growth %
Reported Diluted Earnings per Share	\$ 1.40	\$ 1.98	\$(0.58)	\$ (0.03)	\$ (0.55)	(29.3)%	(27.8)%
Purchase accounting adjustments (\$688 million and \$757 million pre-tax, respectively) <sup>(1)</sup>	2.50	2.76	—	—	—	—	—
Integration costs (\$119 million and \$143 million pre-tax, respectively) <sup>(2)</sup>	0.43	0.52	—	—	—	—	—
Restructuring costs (\$41 million and \$72 million pre-tax, respectively) <sup>(2)</sup>	0.15	0.26	—	—	—	—	—
European regulatory initiative-related costs (\$44 million and \$15 million pre-tax, respectively) <sup>(3)</sup>	0.16	0.05	—	—	—	—	—
Transaction gain/loss and product-related matters (\$258 million and \$61 million pre-tax, respectively) <sup>(4)</sup>	0.94	0.22	—	—	—	—	—
Investment gains/losses and asset impairments (\$41 million pre-tax) <sup>(5)</sup>	0.15	—	—	—	—	—	—
Transaction costs (\$2 million pre-tax) <sup>(2)</sup>	—	0.01	—	—	—	—	—
Impacts of debt extinguishment (\$1 million pre-tax)	—	—	—	—	—	—	—
Income tax benefit of special items and impact of tax reform (\$146 million and \$(143) million, respectively) <sup>(6)</sup>	(0.53)	(0.52)	—	—	—	—	—
Adjusted Diluted Earnings per Share	\$ 5.20	\$ 5.29	\$(0.09)	\$ (0.03)	\$ (0.06)	(1.7)%	(1.1)%

- (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, restructuring and transaction costs associated with acquisitions.
- (3) Represents initial costs required to develop processes and systems to comply with emerging regulations such as the EUMDR and GDPR.
- (4) The current-period amount represents a probable estimate of future costs associated with product remediation efforts which was recorded in *Cost of products sold*. The prior-period amount includes amounts recorded to *Other operating expense, net* to record product liability reserves of \$331 million and the estimated cumulative costs of a product recall of \$65 million, as well as the pre-tax gain of \$335 million related to BD's sale of its Advanced Bioprocessing business.
- (5) Primarily represents a charge recorded to write down the carrying value of certain intangible assets in the Biosciences unit.
- (6) The amount for the six months ended March 31, 2019 included additional tax expense, net, of \$20 million relating to new U.S. tax legislation.

# Q2 and YTD 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 %
	2020	2019	Change		Change
<b>Three Months Ended March 31,</b>					
DEVELOPED MARKETS	3,686	3,558	3.6	(24)	4.3
EMERGING MARKETS	568	637	-10.9	(19)	-8.0
CHINA	196	285	-31.0	(3)	-29.9
<b>Six Months Ended March 31,</b>					
	<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 %
	2020	2019	Change		Change
DEVELOPED MARKETS	7,256	7,085	2.4	(52)	3.1
EMERGING MARKETS	1,223	1,270	-3.7	(30)	-1.4
CHINA	491	559	-12.1	(9)	-10.5

# YTD Q2 FY 2020 Operating Cash Flow Reconciliation

(Unaudited, Amounts in billions)

Reported Operating Cash Flow	\$ 1.2
Adjustments (excludes non-cash items)	
Restructuring costs	0.0
Transaction & Integration costs	0.1
Transaction gain/loss and product-related matters	0.3
Other	0.2
Tax impact related to items above	(0.1)
<b>Adjusted Operating Cash Flow</b>	<b>\$ 1.7</b>