

# Fourth Quarter and Full Year Results Fiscal Year 2019

November 5, 2019



## 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. As such, all FY 2018 revenue amounts reflect BD standalone results in Q1'18 and BD + Bard results starting in Q2'18. In addition, revenue amounts reflect the BD / Bard portfolio alignment. Comparable FXN revenue growth reflects growth on a currency neutral basis, adjusted to include Bard in all periods, excludes divestitures, and reflects BD / Bard portfolio alignment and an adjustment to the prior year related to customer rebates and incentive fees. Reconciliations of comparable FXN revenue growth to the comparable GAAP measure are included in our earnings release and the related financial schedules.
- A copy of our earnings release, including the financial schedules, is posted on the "Investors" section of the BD.com website.

Note: All figures on accompanying slides are rounded. Totals may not add due to rounding. Percentages are based on un-rounded figures. FXN = Estimated foreign exchange-neutral currency growth. \$ = Dollars in millions, except per share data.

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# Executive overview

**Vincent A. Forlenza**

Chairman and CEO

# FY 2019 Year-end highlights

## **Strong performance to finish FY 2019**

- Balanced growth across all three segments continues to demonstrate the breadth and depth of the portfolio
- Accelerated revenue growth in the back half, as expected
- Annual margin expansion in-line with expectations

## **Continue to successfully integrate BD and Bard**

- Bard integration and synergy capture on track
- \$2.0B debt pay down this year, 3.5x gross leverage as of September 30<sup>th</sup>
- Confident in delivering on the third year of the Bard deal model

# BD + BARD: two-year lookback

- ✓ 1. **Strengthens the core strategy** – focusing on the most impactful areas in healthcare
- ✓ 2. **Durable 5 to 6% growth profile** with balanced performance across the portfolio

|   |  |      |
|---|--|------|
| FY 2018 – 2019<br>Revenue CAGR<br>% FXN | Legacy BD  | 5.6% |
|   | Legacy BARD  | 6.2% |
|   | Combined <sup>1</sup> <small>FY 2018 6.5% + FY 2019 5.1%</small> | 5.8% |

- ✓ 3. **“Mid-teens” earnings growth profile** driven by strong operating performance and execution

|                            |                             |      |
|----------------------------|-----------------------------|------|
| FY 2018 – 2019<br>EPS CAGR | Underlying FXN <sup>1</sup> | ~16% |
|                            | FXN                         | 12%  |
|                            | Reported                    | 10%  |

- ✓ 4. Cost, revenue & tax **synergies tracking to plan**
- ✓ 5. **Successful Bard integration** (culture, talent, new products)
- ✓ 6. **On-track to de-lever** to below 3x; currently 3.5x

(1) Represents underlying revenue and EPS growth as presented within the Q4 FY 2018 and Q4 FY2019 earnings presentations.

# FY 2020 Guidance and outlook

| FY 2020 Guidance            |                    |
|-----------------------------|--------------------|
| Revenues FXN % Growth       | 5.0% to 5.5%       |
| Adjusted EPS \$             | \$12.50 to \$12.65 |
| Underlying EPS FXN % Growth | 15.5% to 17%       |
| Adjusted EPS FXN % Growth   | 9.5% to 11%        |
| Adjusted EPS % Growth       | 7% to 8.5%         |

- Guidance reflects strong revenue growth and continued momentum
- Revenue growth coupled with margin expansion driving high-teens underlying EPS growth
- Confident in our outlook for FY 2020
- **BD Analyst Day 2020 set for May 28, 2020 in New York**

# Financial performance

**Christopher Reidy**

Executive Vice President, CFO and Chief Administrative Officer

# Q4 FY 2019

## Financial highlights

### Revenue growth:

Q4 revenues driven by strength in all three segments

### Margin Expansion:

Q4 operating margins of 27.4% - highest of the year and reflects +150 bps of expansion

### Capital deployment:

\$675M debt pay down in the fourth quarter and 3.5x gross leverage at September 30<sup>th</sup>

|  | Fourth Quarter | Full Year       |
|--|----------------|-----------------|
| <b>Revenues</b>                        | <b>\$4,584</b> | <b>\$17,290</b> |
| % Growth                               | +4.1%          | +8.2%           |
| Comparable FXN % Growth <sup>(1)</sup> | +6.2%          | +5.1%           |
| <b>Adjusted EPS<sup>(2)</sup></b>      | <b>\$3.31</b>  | <b>\$11.68</b>  |
| % Growth                               | +13.0%         | +6.1%           |
| FXN % Growth                           | +12.3%         | +11.9%          |

(1) Reflects comparable revenue growth on a currency neutral basis, adjusted to include Bard, excludes divestitures, reflects BD / Bard portfolio alignment, and an adjustment to the prior year related to customer rebates and incentive fees.

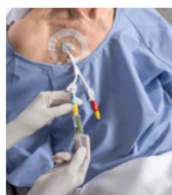
(2) Current and prior-year adjusted diluted earnings per share results exclude, among other things, the impact of purchase accounting adjustments (including the non-cash amortization of acquisition-related intangible assets); integration, and restructuring and transaction costs.



# Q4 FY 2019

## Medical segment update

| Revenues                               | Fourth Quarter |          |  | Full Year |          |  |
|--|----------------|----------|--|-----------|----------|--|
|  | \$             | % Growth | Comparable FXN % Growth <sup>(1)</sup> | \$        | % Growth | Comparable FXN % Growth <sup>(1)</sup> |
| <b>Medical segment</b>                 | \$2,437        | +3.9%    | <b>+5.3%</b>                           | \$9,064   | +5.2%    | <b>+5.1%</b>                           |
| <b>Medication Delivery Solutions</b>   | 988            | +2.2%    | <b>+3.6%</b>                           | 3,859     | +5.9%    | <b>+3.0%</b>                           |
| <b>Medication Management Solutions</b> | 733            | +6.0%    | <b>+6.8%</b>                           | 2,629     | +6.4%    | <b>+7.5%</b>                           |
| <b>Diabetes Care</b>                   | 292            | +2.5%    | <b>+3.8%</b>                           | 1,110     | +0.5%    | <b>+3.0%</b>                           |
| <b>Pharmaceutical Systems</b>          | 425            | +5.3%    | <b>+7.8%</b>                           | 1,465     | +4.8%    | <b>+8.2%</b>                           |

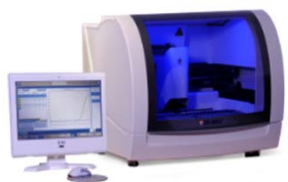


(1) Reflects comparable revenue growth on a currency neutral basis, adjusted to include Bard, excludes divestitures, reflects BD / Bard portfolio alignment, and an adjustment to the prior year related to customer rebates and incentive fees.

# Q4 FY 2019

## Life Sciences segment update

| Revenues                     | Fourth Quarter |          |  | Full Year |          |  |
|------------------------------|----------------|----------|--|-----------|----------|--|
|                              | \$             | % Growth | Comparable FXN % Growth <sup>(1)</sup> | \$        | % Growth | Comparable FXN % Growth <sup>(1)</sup> |
| <b>Life Sciences segment</b> | \$1,134        | +2.3%    | <b>+6.9%</b>                           | \$4,300   | (0.7%)   | <b>+4.9%</b>                           |
| <b>Diagnostic Systems</b>    | 409            | +6.6%    | <b>+8.4%</b>                           | 1,547     | +0.7%    | <b>+3.8%</b>                           |
| <b>Preanalytical Systems</b> | 393            | +0.1%    | <b>+1.9%</b>                           | 1,558     | +0.3%    | <b>+4.5%</b>                           |
| <b>Biosciences</b>           | 332            | +0.1%    | <b>+11.4%</b>                          | 1,194     | (3.8%)   | <b>+7.1%</b>                           |



(1) Reflects comparable revenue growth on a currency neutral basis, adjusted to include Bard, excludes divestitures, reflects BD / Bard portfolio alignment, and an adjustment to the prior year related to customer rebates and incentive fees.

# Q4 FY 2019

## Interventional segment update

| Revenues                           | Fourth Quarter |          |  | Full Year |          |  |
|------------------------------------|----------------|----------|--|-----------|----------|--|
|                                    | \$             | % Growth | Comparable FXN % Growth <sup>(1)</sup> | \$        | % Growth | Comparable FXN % Growth <sup>(1)</sup> |
| <b>Interventional segment</b>      | \$1,013        | +6.9%    | <b>+7.7%</b>                           | \$3,926   | +29.3%   | <b>+5.5%</b>                           |
| <b>Peripheral Intervention</b>     | 361            | +3.5%    | <b>+4.7%</b>                           | 1,389     | +33.0%   | <b>+2.9%</b>                           |
| <b>Surgery</b>                     | 355            | +8.3%    | <b>+8.9%</b>                           | 1,397     | +17.3%   | <b>+6.3%</b>                           |
| <b>Urology &amp; Critical Care</b> | 297            | +9.3%    | <b>+9.9%</b>                           | 1,140     | +42.4%   | <b>+7.9%</b>                           |



(1) Reflects comparable revenue growth on a currency neutral basis, adjusted to include Bard, excludes divestitures, reflects BD / Bard portfolio alignment, and an adjustment to the prior year related to customer rebates and incentive fees.

# Q4 FY 2019

## Geographic revenue highlights

| Revenues          | Fourth Quarter |          |  | Full Year |          |  |
|-------------------|----------------|----------|--|-----------|----------|--|
|                   | \$             | % Growth | Comparable FXN % Growth <sup>(1)</sup> | \$        | % Growth | Comparable FXN % Growth <sup>(1)</sup> |
| United States     | \$2,562        | +4.6%    | +4.9%                                  | \$9,730   | +11.0%   | +4.5%                                  |
| International     | \$2,022        | +3.5%    | +7.9%                                  | \$7,560   | +4.8%    | +5.9%                                  |
| Developed Markets | 3,847          | +3.9%    | +5.7%                                  | 14,579    | +8.3%    | +4.5%                                  |
| Emerging Markets  | 737            | +5.6%    | +8.8%                                  | 2,710     | +7.3%    | +8.8%                                  |
| China             | 301            | +4.6%    | +8.0%                                  | 1,172     | +13.1%   | +11.1%                                 |

(1) Reflects comparable revenue growth on a currency neutral basis, adjusted to include Bard, excludes divestitures, reflects BD / Bard portfolio alignment, and an adjustment to the prior year related to customer rebates and incentive fees.

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# Q4 FY 2019 adjusted income statement

| As adjusted <sup>(1)</sup>                                      | Q4 FY 2019                   | % Growth     | % FXN Growth               | Q4 FY 2018                   |
|---|------------------------------|--------------|----------------------------|------------------------------|
| <b>Revenues</b><br><i>Comparable % FXN Growth<sup>(2)</sup></i> | <b>\$4,584</b>               | <b>4.1%</b>  | <b>5.4%</b><br><b>6.2%</b> | <b>\$4,402</b>               |
| <b>Gross profit</b><br>% of revenues                            | <b>2,616</b><br>57.1%        | <b>5.1%</b>  | <b>5.2%</b>                | <b>2,490</b><br>56.6%        |
| SSG&A<br>% of revenues  | 1,101<br>24.0%               | (0.1%)       | (1.4%)                     | 1,100<br>25.0%               |
| R&D<br>% of revenues  | 257<br>5.6%                  | 5.5%         | 5.1%                       | 272<br>6.2%                  |
| <b>Operating income</b><br>% of revenues                        | <b>1,257</b><br><b>27.4%</b> | <b>12.5%</b> | <b>11.6%</b>               | <b>1,118</b><br><b>25.4%</b> |
| Interest / Other, Net   | 114                          |              |                            | 124                          |
| Tax rate  | 17.0%                        |              |                            | 15.3%                        |
| <b>Net Income</b>   | <b>949</b>                   | <b>12.6%</b> | <b>12.1%</b>               | <b>842</b>                   |
| Preferred Dividend  | 38                           |              |                            | 38                           |
| <b>Net Income applicable to common shareholders</b>             | <b>911</b>                   | <b>13.2%</b> | <b>12.7%</b>               | <b>804</b>                   |
| Share Count   | 286.6                        |              |                            | 274.7                        |
| <b>Adjusted EPS<sup>(3)</sup></b>                               | <b>\$3.31</b>                | <b>13.0%</b> | <b>12.3%</b>               | <b>\$2.93</b>                |

(1) Figures other than Revenue and Preferred Dividend are "as adjusted."

(2) Reflects comparable revenue growth on a currency neutral basis, adjusted to include Bard, excludes divestitures, reflects BD / Bard portfolio alignment, and an adjustment to the prior year related to customer rebates and incentive fees.

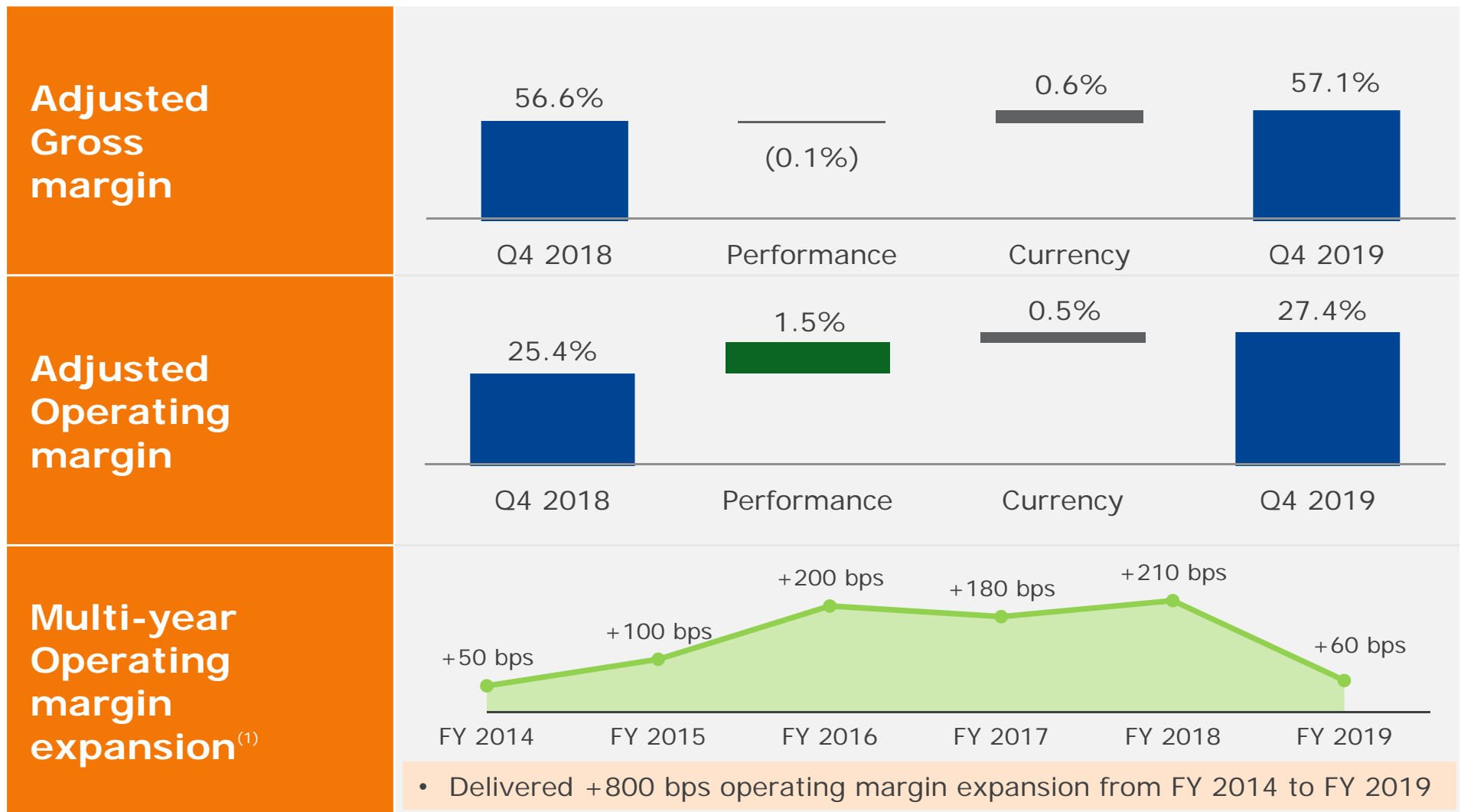
(3) Current and prior-year adjusted diluted earnings per share results exclude, among other things, the impact of purchase accounting adjustments (including the non-cash amortization of acquisition-related intangible assets); integration, and restructuring and transaction costs.

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

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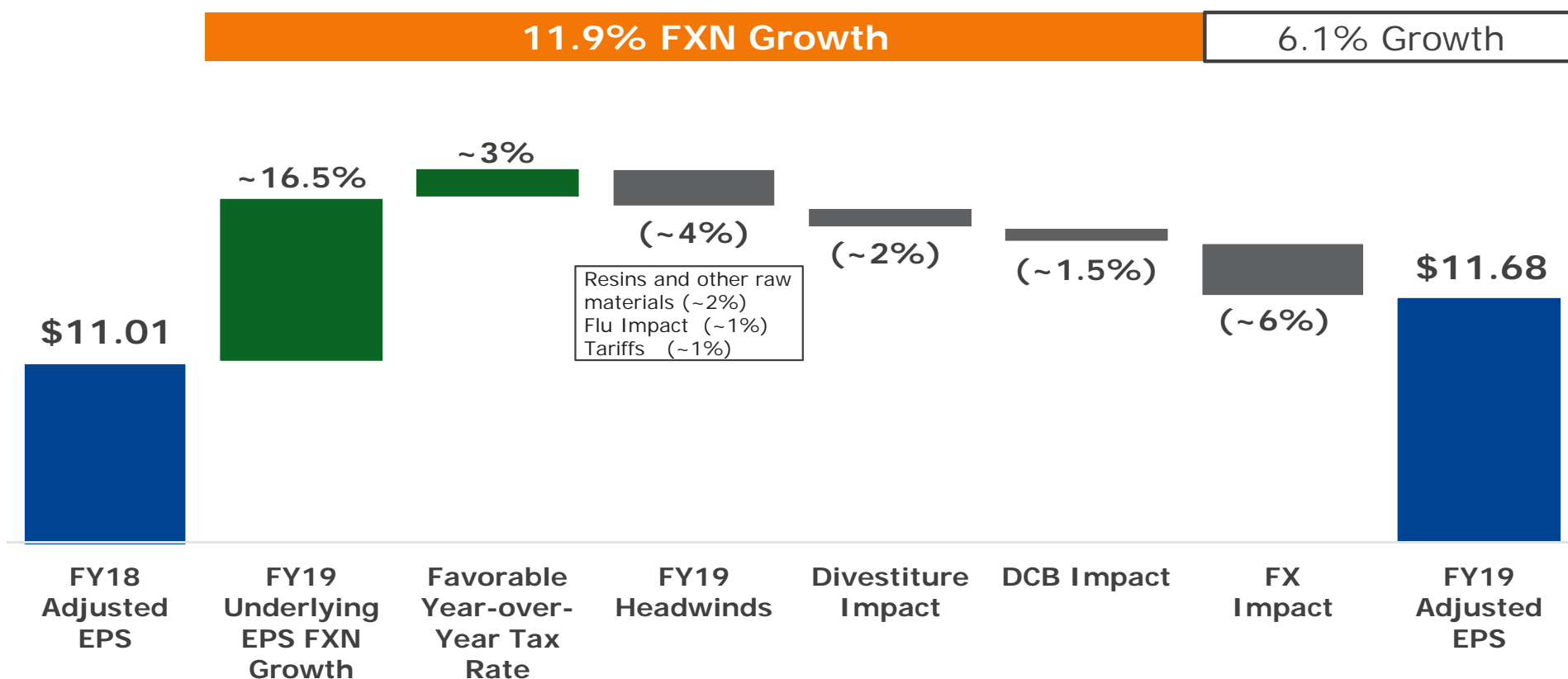


# Q4 FY 2019 adjusted gross and operating margins



(1) Underlying margin expansion excludes currency and pension impacts for all periods.  
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# FY 2019 adjusted EPS results<sup>(1)</sup>



- Strong underlying EPS growth of ~16.5% FXN

(1) Current and prior-year adjusted diluted earnings per share results 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.

# Guidance

**Christopher Reidy**

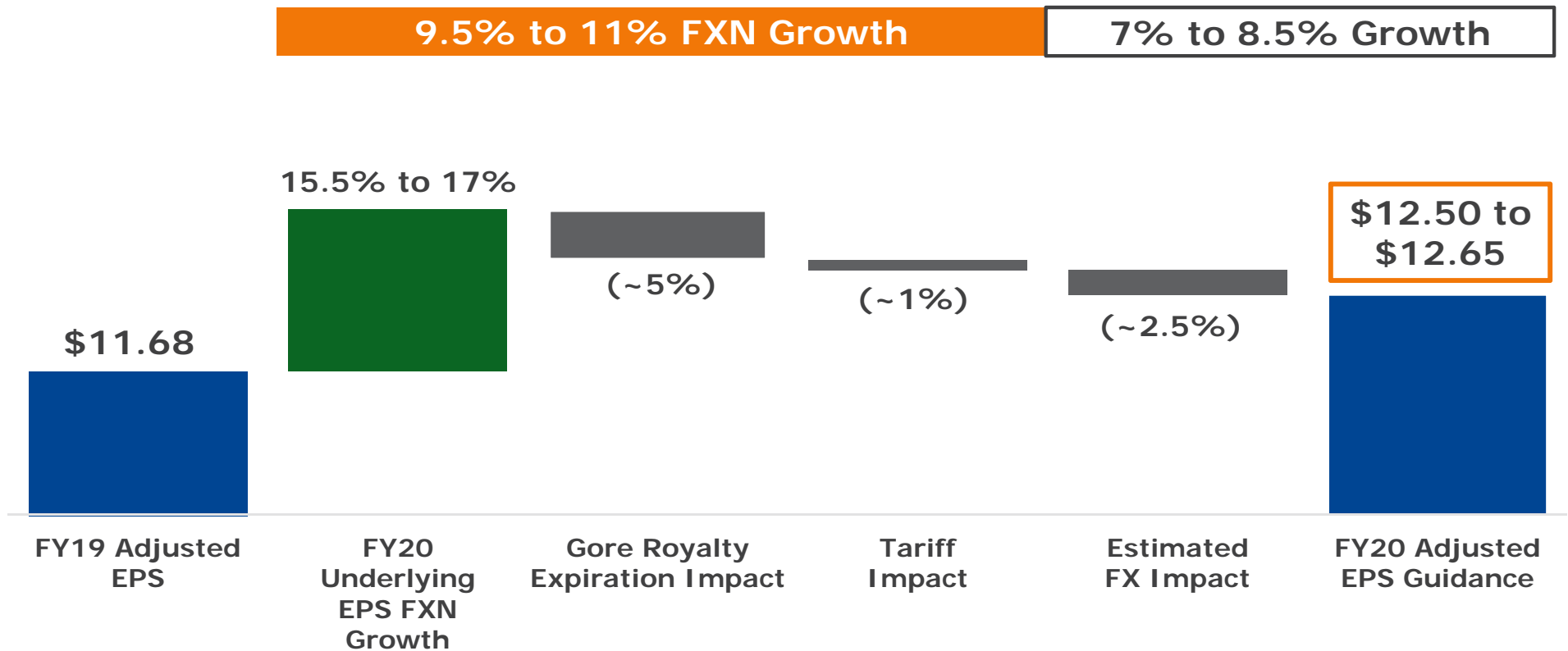
Executive Vice President, CFO and Chief Administrative Officer



# FY 2020 revenue guidance

| Revenues FXN %<br>Growth Guidance | FY 2020<br>Guidance |
|-----------------------------------|---------------------|
| BDX                               | 5% to 5.5%          |
| Medical                           | 4% to 5%            |
| Life Sciences                     | 6% to 7%            |
| Interventional                    | 5% to 6%            |

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



(1) Current and prior-year adjusted diluted earnings per share results 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.

# FY 2020 guidance

| As adjusted                       | FY 2020 Guidance          |
|-----------------------------------|---------------------------|
| <b>BD Revenues FXN % Growth</b>   | <b>5% to 5.5%</b>         |
| <b>Revenue – FX Impact</b>        | <b>(~1%)</b>              |
| <b>BD Reported Revenues</b>       | <b>4% to 4.5%</b>         |
| Gross margin                      | 56% to 57%                |
| SSG&A (% of sales)                | 24% to 24.5%              |
| R&D (% of sales)                  | 5.5% to 6%                |
| Operating margin                  | 26% to 27%                |
| Operating margin expansion FXN    | ~+150 bps                 |
| Interest/other, net               | (\$525M to \$550M)        |
| Effective tax rate                | 14% to 16%                |
| Preferred Dividend                | (\$76M)                   |
| Share count                       | ~287M                     |
| <b>Adjusted EPS<sup>(1)</sup></b> | <b>\$12.50 to \$12.65</b> |
| <b>Adjusted EPS FXN % Growth</b>  | <b>9.5% to 11%</b>        |
| <b>Adjusted EPS % Growth</b>      | <b>7% to 8.5%</b>         |
| Operating cash flow               | \$4.2B to \$4.3B          |
| Capital expenditures              | \$900M to \$1B            |

(1) Current and prior-year adjusted diluted earnings per share results 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.

# Executive summary

**Vincent A. Forlenza**  
Chairman and CEO

# FY 2020 Planned Product Launches

| Medical   | Life Sciences  | Interventional  |
|---|--|---|
| <ul style="list-style-type: none"> <li>• BD Provena™ Solo</li> <li>• BD Provena™ Midline Catheter with Max Barrier+ Kits</li> <li>• BD PowerMidline™ Catheter with Max Barrier+ Kits</li> <li>• BD InSyte™ Autoguard™ BC Pro</li> <li>• BD HealthSight™ Infusion Diversion</li> <li>• BD HealthSight™ MedSafety</li> <li>• BD HealthSight™ Clinical Advisor</li> <li>• BD Pyxis™ Logistics 1.2</li> <li>• BD Intevia™ 1ml</li> <li>• BD Ultrasafe Plus™ 2.25</li> <li>• BD Hylok™ for IV</li> </ul> | <ul style="list-style-type: none"> <li>• BD Eclipse™ Ultrafill blood collection safety needle</li> <li>• BD Synapsys™ 3.1</li> <li>• BD COR™ GX/PX with Onclarity™</li> <li>• BD Kiestra™ IdentifA</li> <li>• BD Kiestra™ ReadA Compact</li> <li>• BD FACSymphony™ S6 sorter</li> <li>• BD OptiBuild™ reagents</li> <li>• BD FACSMelody™ 4-way sorting</li> <li>• BD FACSDuet™ enhancements</li> </ul> | <ul style="list-style-type: none"> <li>• SureStep™ Vacutainer®</li> <li>• Ultraverse™ 014 and 018</li> <li>• Lutonix® AV low profile</li> <li>• 3D Max™ MID</li> <li>• Caterpillar™ embolization device</li> <li>• Phoenix™ 2.0</li> <li>• WavelinQ™ 4F+</li> <li>• Layered non-woven hemostat</li> <li>• Dry-Doc™ Vacuum Station</li> <li>• Arctic Sun® Stat Temperature Management System</li> <li>• Elevation™ breast biopsy device</li> <li>• Bone biopsy device</li> </ul> |

# Key takeaways

- Strong operating performance to finish FY 2019
- Balanced growth across all three segments continues to demonstrate the breadth and depth of the portfolio
- Bard integration and synergy capture on track
- Confident in delivering on the 3<sup>rd</sup> year of the Bard deal model
- Focused on execution and innovation to drive our growth strategy as we pivot to the next phase of value creation
- Looking forward to Analyst Day on May 28, 2020
- Thank you to all BD associates for working hard to fulfill our purpose of Advancing the World of Health



**BD**

Advancing the  
world of health

# Our focus on sustainable performance

*Addressing unmet societal needs through business models and initiatives that also contribute to the commercial success of BD.*



## INNOVATION

Developing new products and solutions that improve outcomes, reduce system costs and promote healthcare safety

### Q4 Update

BD continued active participation in the International Medical Device Regulators Forum, which aims to accelerate the convergence and harmonization of international standards and regulation for medical devices. BD is one of 3 non-regulator members.



## ACCESS

Providing access to affordable medical technologies to resource limited populations around the globe

### Q4 Update

BD launched a Technology Campus in Bangalore, India. This center will help to deliver results across product life cycle management, design and innovation for global products and global markets.



## EFFICIENCY

Working across the value chain to minimize environmental impact and maintain resilient global operations

### Q4 Update

BD identified over 240 energy reduction projects during FY'19 that will amount to over \$6 million in energy savings, once completed. BD's worldwide headquarters in NJ went live with a 1MW solar installation.



## EMPOWERMENT

Fostering a purpose-driven culture that supports an inclusive and diverse workplace and community engagement

### Q4 Update

BD awarded six grants to clinics across the US to support and improve evidence-based care in partnership with Heart to Heart International and the National Association of Free and Charitable Clinics.



# Recognized for making an impact



- ✓ Fortune World's Most Admired Companies
- ✓ CR Magazine's 100 Best Corporate Citizens
- ✓ Forbes America's Best Employers by State (MD, NJ and UT)

# FY 2019 Planned Product Launches

| Medical   | Life Sciences   | Interventional  |
|---|---|---|
| <ul style="list-style-type: none"> <li>✓ BD PhaSeal™ Optima (US)</li> <li>✓ IV Solutions – 0.45% sodium chloride and lactated ringers</li> <li>✓ PowerGlide® Cue</li> <li>✓ BD Provena™ PICC</li> <li>✓ BD Neoflon™ Pro Global Markets</li> <li>✓ BD Pyxis™ ES 1.6</li> <li>✓ BD HealthSight™ Data Manager 1.1</li> <li>✓ BD HealthSight™ Diversion Analytics</li> <li>✓ BD Pyxis SupplyStation™ RF</li> <li>✓ BD Nano Pro™ pen needles</li> <li>✓ BD Hylok™ glass pre-fillable syringe platform</li> </ul> | <ul style="list-style-type: none"> <li>✓ BD MAX™ – Enteric Viral Panel (US)</li> <li>✓ BD Phoenix™ CPO Detect (US)</li> <li>● BD Kiestra™ IdentifA</li> <li>✓ BD COR (EU) early access launch</li> <li>● BD Eclipse™ Ultrafill blood collection safety needle</li> <li>✓ BD FACSDuet™ automated sample processor</li> <li>✓ BD FACSLyric™ 12 color clinical instrument</li> <li>✓ BD Horizon™ brilliant UV dyes</li> <li>● BD FACSymphony™ S6 sorter</li> <li>✓ BD AbSeq protein expression: 400 additional assays</li> </ul> | <ul style="list-style-type: none"> <li>✓ Covera™ stent graft (fistula indication)</li> <li>✓ Venovo™ (large diameter venous stent)</li> <li>✓ WavelinQ™ (Endovascular AV Fistula System)</li> <li>✓ TRIDYNE™ aortic vascular sealant</li> <li>✓ OptiFix™ AT (articulating mesh fixation product)</li> <li>✓ SureStep™ Externals Female external catheters</li> <li>✓ SureStep™ Intermittent catheters</li> <li>✓ SureStep™ Male external catheters</li> </ul> |

● Planned launch in FY20

✓ New launch since last quarter



# FY 2019 guidance and actuals

| As adjusted   | August Guidance           | FY 2019 Actuals |
|---|---------------------------|-----------------|
| <b>BD Comparable Revenues FXN % Growth<sup>(1)</sup></b>  | <b>5.0% to 6.0%</b>       | <b>5.1%</b>     |
| <b>Revenue – FX Impact</b>                                | <b>(~2.5%)</b>            | <b>(2.2%)</b>   |
| <b>BD Reported Revenues</b>                               | <b>8% to 9%</b>           | <b>8.2%</b>     |
| Gross margin  | 56% to 57%                | 56.1%           |
| SSG&A (% of sales)  | 24.5% to 25.5%            | 25.1%           |
| R&D (% of sales)  | ~6.0%                     | 5.8%            |
| Operating margin  | 25% to 26%                | 25.3%           |
| Underlying operating margin expansion, FXN <sup>(2)</sup> | +150 to 200 bps           | +130 bps        |
| Operating margin expansion FXN                            | +50 to 100 bps            | +60 bps         |
| Interest/other, net                                       | (~\$450M)                 | (\$447M)        |
| Effective tax rate  | 14% to 16%                | 14.4%           |
| Preferred Dividend  | (\$152M)                  | (\$152M)        |
| Share count   | ~275M                     | 275M            |
| <b>Adjusted EPS<sup>(3)</sup></b>                         | <b>\$11.65 to \$11.75</b> | <b>\$11.68</b>  |
| <b>Adjusted EPS FXN % Growth</b>                          | <b>~12%</b>               | <b>11.9%</b>    |
| <b>Adjusted EPS % Growth</b>                              | <b>6% to 7%</b>           | <b>6.1%</b>     |
| Operating cash flow                                       | ~\$4.1B                   | \$4.0B          |
| Capital expenditures                                      | ~\$900M                   | \$957M          |

(1) Reflects comparable revenue growth on a currency neutral basis, adjusted to include Bard, excludes divestitures, reflects BD / Bard portfolio alignment, reflects BD / Bard portfolio alignment, and an adjustment to the prior year related to customer rebates and incentives.

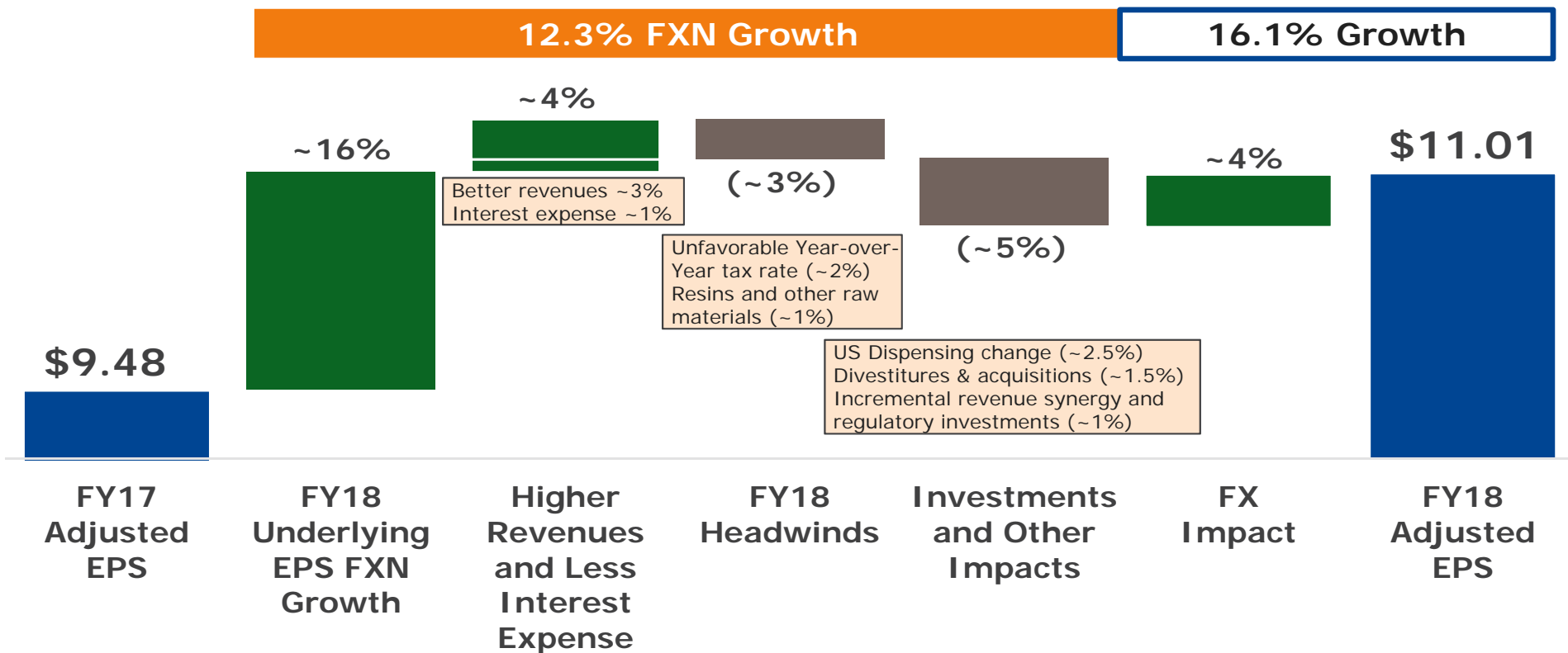
(2) Underlying margin expansion excludes the impact from incremental tariffs, raw material costs, and the unfavorable impact of less DCB sales.

(3) Current and prior-year adjusted diluted earnings per share results 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.

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# FY 2018 adjusted EPS results



- Robust underlying EPS growth of ~16% FXN

# Q4 FY 2019 & Q4 FY 2018 Adjustment Reconciliations

## Three Months Ended September 30, 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 September 30, 2019</b>                | \$ 4,584 | \$ 2,266     | \$ 1,094                           | \$ 270                           | \$ 199                                | \$ 592                           | \$ 111           | \$ (137)                      | \$ 11             | \$ (164)             | \$ 150     | \$ 0.41                    |
| <i>Reported % of Revenues</i>   |          | 49.4%        | 23.9%                              | 5.9%                             |                                       |                                  | 2.4%             |                               |                   |                      | 3.3%       |                            |
| <i>Reported effective tax rate</i>  |          |              |                                    |                                  |                                       |                                  |                  |                               |                   | 1118.3%              |            |                            |
| <b>Specified items:</b>   |          |              |                                    |                                  |                                       |                                  |                  |                               |                   |                      |            |                            |
| Purchase accounting adjustments pre-tax <sup>(1)</sup>                      | -        | 343          | -                                  | -                                | -                                     | -                                | 343              | (1)                           | 22                | -                    | 364        | 1.32                       |
| Restructuring costs pre-tax <sup>(2)</sup>                                  | -        | -            | -                                  | -                                | (81)                                  | -                                | 81               | -                             | -                 | -                    | 81         | 0.30                       |
| Integration costs pre-tax <sup>(2)</sup>                                    | -        | -            | -                                  | -                                | (118)                                 | -                                | 118              | -                             | -                 | -                    | 118        | 0.43                       |
| Transaction gain/loss and product-related matters pre-tax <sup>(3)</sup>    | -        | -            | 11                                 | -                                | -                                     | (592)                            | 582              | -                             | 3                 | -                    | 585        | 2.13                       |
| Impacts of debt extinguishment pre-tax <sup>(4)</sup>                       | -        | -            | -                                  | -                                | -                                     | -                                | -                | -                             | 1                 | -                    | 1          | 0.01                       |
| European regulatory initiatives-related costs pre-tax <sup>(5)</sup>        | -        | -            | (3)                                | (13)                             | -                                     | -                                | 22               | -                             | -                 | -                    | 22         | 0.08                       |
| Hurricane-related (insurance proceeds) recovery costs                       | -        | -            | -                                  | -                                | -                                     | -                                | -                | -                             | (14)              | -                    | (14)       | (0.05)                     |
| Income tax benefit of special items and impact of tax reform <sup>(6)</sup> | -        | -            | -                                  | -                                | -                                     | -                                | -                | -                             | -                 | 359                  | (359)      | (1.31)                     |
| <b>Adjusted \$ for Three Months Ended September 30, 2019</b>                | \$ 4,584 | \$ 2,616     | \$ 1,101                           | \$ 257                           | \$ -                                  | \$ -                             | \$ 1,257         | \$ (138)                      | \$ 24             | \$ 195               | \$ 949     | \$ 3.31                    |
| <i>Adjusted % of Adjusted Revenues</i>                                      |          | 57.1%        | 24.0%                              | 5.6%                             |                                       |                                  | 27.4%            |                               |                   |                      | 20.7%      |                            |
| <i>Adjusted effective tax rate</i>  |          |              |                                    |                                  |                                       |                                  |                  |                               |                   | 17.0%                |            |                            |

## Three Months Ended September 30, 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 September 30, 2018</b>                          | \$ 4,402 | \$ 2,094     | \$ 1,102                           | \$ 276                           | \$ 139                                | \$ -                             | \$ 576           | \$ (172)                      | \$ 10              | \$ 550               | \$ (135)   | \$ (0.64)                  |
| <i>Reported % of Revenues</i>   |          | 47.6%        | 25.0%                              | 6.3%                             |                                       |                                  | 13.1%            |                               |                    |                      | -3.1%      |                            |
| <i>Reported effective tax rate</i>  |          |              |                                    |                                  |                                       |                                  |                  |                               |                    | 132.5%               |            |                            |
| <b>Specified items:</b>   |          |              |                                    |                                  |                                       |                                  |                  |                               |                    |                      |            |                            |
| Purchase accounting adjustments pre-tax <sup>(1)</sup>                                | -        | 341          | (1)                                | -                                | -                                     | -                                | 342              | (1)                           | 33                 | -                    | 374        | 1.39                       |
| Restructuring costs pre-tax <sup>(2)</sup>  | -        | -            | -                                  | -                                | (56)                                  | -                                | 56               | -                             | 0                  | -                    | 57         | 0.21                       |
| Integration costs pre-tax <sup>(2)</sup>  | -        | -            | -                                  | -                                | (88)                                  | -                                | 88               | -                             | -                  | -                    | 88         | 0.33                       |
| Transaction costs pre-tax <sup>(2)</sup>  | -        | -            | -                                  | -                                | 5                                     | -                                | (5)              | -                             | -                  | -                    | (5)        | (0.02)                     |
| Net impact of gain on sale of investment and asset impairments pre-tax <sup>(7)</sup> | -        | 53           | -                                  | (5)                              | -                                     | -                                | 58               | -                             | 5                  | -                    | 63         | 0.23                       |
| Hurricane recovery costs pre-tax  | -        | 2            | -                                  | -                                | -                                     | -                                | 2                | -                             | -                  | -                    | 2          | 0.01                       |
| Dilutive impact <sup>(8)</sup>  | -        | -            | -                                  | -                                | -                                     | -                                | -                | -                             | -                  | -                    | -          | (0.07)                     |
| Income tax benefit of special items <sup>(6)</sup>                                    | -        | -            | -                                  | -                                | -                                     | -                                | -                | -                             | -                  | (398)                | 398        | 1.48                       |
| <b>Adjusted \$ for Three Months Ended September 30, 2018</b>                          | \$ 4,402 | \$ 2,490     | \$ 1,100                           | \$ 272                           | \$ -                                  | \$ -                             | \$ 1,118         | \$ (173)                      | \$ 49              | \$ 152               | \$ 842     | \$ 2.93                    |
| <i>Adjusted % of Revenues</i>   |          | 56.6%        | 25.0%                              | 6.2%                             |                                       |                                  | 25.4%            |                               |                    |                      | 19.1%      |                            |
| <i>Adjusted effective tax rate</i>  |          |              |                                    |                                  |                                       |                                  |                  |                               |                    | 15.3%                |            |                            |

## Three Months Ended September 30, 2019 versus September 30, 2018

|  |       |         |        |         |       |      |      |        |       |         |         |        |         |
|--|-------|---------|--------|---------|-------|------|------|--------|-------|---------|---------|--------|---------|
| <b>Adjusted \$ change</b>                          | C=A-B | \$ 182  | \$ 126 | \$ (1)  | \$ 15 | \$ - | \$ - | \$ 140 | \$ 35 | \$ (25) | \$ (43) | \$ 106 | \$ 0.38 |
| <b>Adjusted % change</b>                           | D=C/B | 4.1%    | 5.1%   | (0.1%)  | 5.5%  | -    | -    | 12.5%  | 20.2% | (51.4%) | (28.3%) | 12.6%  | 13.0%   |
| <b>Foreign currency translation impact</b>         | E     | \$ (56) | \$ (5) | \$ 14   | \$ 1  | \$ - | \$ - | \$ 10  | \$ -  | \$ (5)  | \$ (1)  | \$ 4   | \$ 0.02 |
| <b>Adjusted foreign currency neutral \$ change</b> | F=C-E | \$ 238  | \$ 131 | \$ (15) | \$ 14 | \$ - | \$ - | \$ 129 | \$ 35 | \$ (20) | \$ (42) | \$ 102 | \$ 0.36 |
| <b>Adjusted foreign currency neutral % change</b>  | G=F/B | 5.4%    | 5.2%   | (1.4%)  | 5.1%  | -    | -    | 11.6%  | 20.2% | (40.8%) | (27.8%) | 12.1%  | 12.3%   |

\* As a result of the Company's retrospective adoption of an accounting standard update on October 1, 2018, the presentation of prior-period amounts was revised to reflect components of the Company's net periodic pension and postretirement benefit costs, aside from service cost, within Other income (expense), net on its consolidated income statements.

- (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 restructuring, integration and transaction costs associated with acquisitions.
- (3) Primarily includes amounts recorded to Other operating expense, net to record product liability reserves, including related legal defense costs, of \$582 million.
- (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 European Union Medical Device Regulation ("EU MDR") and General Data Protection Regulation ("GDPR").
- (6) The amount in 2018 includes additional tax expense, net, of \$365 million relating to new U.S. tax legislation.
- (7) Includes \$58 million of charges to write down the value of fixed assets primarily in the Diabetes Care unit.
- (8) The amount in 2018 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 incurred during the period. The adjusted diluted average shares outstanding (in thousands) were 274,693.



# FY 2019 & FY 2018 Adjustment Reconciliations

Twelve Months Ended September 30, 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 Twelve Months Ended September 30, 2019</b>                 | <b>\$ 17,290</b> | <b>\$ 8,288</b> | <b>\$ 4,332</b>                    | <b>\$ 1,062</b>                  | <b>\$ 480</b>                         | <b>\$ 654</b>                    | <b>\$ 1,760</b>  | <b>\$ (627)</b>               | <b>\$ 30</b>      | <b>\$ (57)</b>       | <b>\$ 1,220</b> | <b>\$ 3.89</b>             |
| <i>Reported % of Revenues</i>   |                  | 47.9%           | 25.1%                              | 6.1%                             |                                       |                                  | 10.2%            |                               |                   |                      | 7.1%            |                            |
| <i>Reported effective tax rate</i>  |                  |                 |                                    |                                  |                                       |                                  |                  |                               |                   | -4.9%                |                 |                            |
| <b>Specified Items:</b>   |                  |                 |                                    |                                  |                                       |                                  |                  |                               |                   |                      |                 |                            |
| Purchase accounting adjustments pre-tax <sup>(1)</sup>                        | -                | 1,374           | (8)                                | -                                | -                                     | -                                | 1,382            | (5)                           | 122               | -                    | 1,499           | 5.46                       |
| Restructuring costs pre-tax <sup>(2)</sup>                                    | -                | -               | -                                  | -                                | (180)                                 | -                                | 180              | -                             | -                 | -                    | 180             | 0.66                       |
| Integration costs pre-tax <sup>(2)</sup>                                      | -                | 25              | -                                  | -                                | (298)                                 | -                                | 323              | -                             | -                 | -                    | 323             | 1.18                       |
| Transaction gain/loss and product-related matters pre-tax <sup>(3)</sup>      | -                | -               | 11                                 | -                                | -                                     | (654)                            | 643              | -                             | 3                 | -                    | 646             | 2.35                       |
| Impacts of debt extinguishment pre-tax <sup>(4)</sup>                         | -                | -               | -                                  | -                                | -                                     | -                                | -                | (5)                           | 59                | -                    | 54              | 0.20                       |
| European regulatory initiatives-related costs pre-tax <sup>(5)</sup>          | -                | 15              | (4)                                | (33)                             | -                                     | -                                | 51               | -                             | -                 | -                    | 51              | 0.19                       |
| Net impact of gain on sale of investment and asset impairments <sup>(6)</sup> | -                | -               | -                                  | (30)                             | -                                     | -                                | 30               | -                             | -                 | -                    | 30              | 0.11                       |
| Hurricane-related (insurance proceeds) recovery costs                         | -                | -               | -                                  | -                                | -                                     | -                                | -                | -                             | (24)              | -                    | (24)            | (0.09)                     |
| Transaction costs pre-tax <sup>(2)</sup>                                      | -                | -               | -                                  | -                                | (1)                                   | -                                | 1                | -                             | -                 | -                    | 1               | -                          |
| Income tax benefit of special items and impact of tax reform <sup>(7)</sup>   | -                | -               | -                                  | -                                | -                                     | -                                | -                | -                             | -                 | 622                  | (622)           | (2.26)                     |
| <b>Adjusted \$ for Twelve Months Ended September 30, 2019</b>                 | <b>\$ 17,290</b> | <b>\$ 9,701</b> | <b>\$ 4,331</b>                    | <b>\$ 999</b>                    | <b>\$ -</b>                           | <b>\$ -</b>                      | <b>\$ 4,372</b>  | <b>\$ (637)</b>               | <b>\$ 190</b>     | <b>\$ 565</b>        | <b>\$ 3,360</b> | <b>\$ 11.68</b>            |
| <i>Adjusted % of Adjusted Revenues</i>  |                  | 56.1%           | 25.1%                              | 5.8%                             |                                       |                                  | 25.3%            |                               |                   |                      | 19.4%           |                            |
| <i>Adjusted effective tax rate</i>  |                  |                 |                                    |                                  |                                       |                                  |                  |                               |                   | 14.4%                |                 |                            |

Twelve Months Ended September 30, 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 Income, Net | Income Tax Provision | Net Income      | Diluted Earnings per Share |
|---|------------------|-----------------|------------------------------------|----------------------------------|---------------------------------------|----------------------------------|------------------|-------------------------------|-------------------|----------------------|-----------------|----------------------------|
| <b>Reported \$ for Twelve Months Ended September 30, 2018</b>                         | <b>\$ 15,983</b> | <b>\$ 7,269</b> | <b>\$ 4,016</b>                    | <b>\$ 1,004</b>                  | <b>\$ 740</b>                         | <b>\$ -</b>                      | <b>\$ 1,509</b>  | <b>\$ (641)</b>               | <b>\$ 305</b>     | <b>\$ 862</b>        | <b>\$ 311</b>   | <b>\$ 0.60</b>             |
| <i>Reported % of Revenues</i>   |                  | 45.5%           | 25.1%                              | 6.3%                             |                                       |                                  | 9.4%             |                               |                   |                      | 1.9%            |                            |
| <i>Reported effective tax rate</i>  |                  |                 |                                    |                                  |                                       |                                  |                  |                               |                   | 73.5%                |                 |                            |
| <b>Specified Items:</b>   |                  |                 |                                    |                                  |                                       |                                  |                  |                               |                   |                      |                 |                            |
| Purchase accounting adjustments pre-tax <sup>(1)</sup>                                | -                | 1,633           | (6)                                | -                                | -                                     | -                                | 1,639            | (7)                           | 101               | -                    | 1,733           | 6.55                       |
| Restructuring costs pre-tax <sup>(2)</sup>  | -                | -               | -                                  | -                                | (340)                                 | -                                | 340              | -                             | 4                 | -                    | 344             | 1.30                       |
| Integration costs pre-tax <sup>(2)</sup>  | -                | -               | -                                  | -                                | (344)                                 | -                                | 344              | -                             | -                 | -                    | 344             | 1.30                       |
| Transaction costs pre-tax <sup>(2)</sup>  | -                | -               | -                                  | -                                | (56)                                  | -                                | 56               | -                             | -                 | -                    | 56              | 0.21                       |
| Impacts of debt extinguishment pre-tax <sup>(4)</sup>                                 | -                | -               | -                                  | -                                | -                                     | -                                | -                | -                             | 16                | -                    | 16              | 0.06                       |
| Net impact of gain on sale of investment and asset impairments pre-tax <sup>(6)</sup> | -                | 116             | -                                  | (23)                             | -                                     | -                                | 139              | -                             | (290)             | -                    | (151)           | (0.57)                     |
| Hurricane recovery costs, pre-tax   | -                | 16              | (1)                                | -                                | -                                     | -                                | 17               | -                             | -                 | -                    | 17              | 0.07                       |
| Financing impacts pre-tax <sup>(8)</sup>  | -                | -               | -                                  | -                                | -                                     | -                                | -                | 49                            | -                 | -                    | 49              | 0.19                       |
| Dilutive impact <sup>(9)</sup>  | -                | -               | -                                  | -                                | -                                     | -                                | -                | -                             | -                 | -                    | -               | 0.30                       |
| Income tax benefit of special items and impact of tax reform <sup>(7)</sup>           | -                | -               | -                                  | -                                | -                                     | -                                | -                | -                             | -                 | (265)                | 265             | 1.00                       |
| <b>Adjusted \$ for Twelve Months Ended September 30, 2018</b>                         | <b>\$ 15,983</b> | <b>\$ 9,034</b> | <b>\$ 4,010</b>                    | <b>\$ 980</b>                    | <b>\$ -</b>                           | <b>\$ -</b>                      | <b>\$ 4,044</b>  | <b>\$ (599)</b>               | <b>\$ 137</b>     | <b>\$ 597</b>        | <b>\$ 2,985</b> | <b>\$ 11.01</b>            |
| <i>Adjusted % of Revenues</i>   |                  | 56.5%           | 25.1%                              | 6.1%                             |                                       |                                  | 25.3%            |                               |                   |                      | 18.7%           |                            |
| <i>Adjusted effective tax rate</i>  |                  |                 |                                    |                                  |                                       |                                  |                  |                               |                   | 16.7%                |                 |                            |

Twelve Months Ended September 30, 2019 versus September 30, 2018

|  |              |                 |                 |                 |                |             |                 |                |               |              |                 |                  |
|--|--------------|-----------------|-----------------|-----------------|----------------|-------------|-----------------|----------------|---------------|--------------|-----------------|------------------|
| <b>Adjusted \$ change</b>                          | <b>C=A-B</b> | <b>\$ 1,307</b> | <b>\$ 667</b>   | <b>\$ (321)</b> | <b>\$ (18)</b> | <b>\$ -</b> | <b>\$ 328</b>   | <b>\$ (38)</b> | <b>\$ 53</b>  | <b>\$ 32</b> | <b>\$ 375</b>   | <b>\$ 0.67</b>   |
| <b>Adjusted % change</b>                           | <b>D=C/B</b> | <b>8.2%</b>     | <b>7.4%</b>     | <b>(8.0%)</b>   | <b>(1.9%)</b>  | <b>-</b>    | <b>8.1%</b>     | <b>(6.3%)</b>  | <b>39.1%</b>  | <b>5.3%</b>  | <b>12.6%</b>    | <b>6.1%</b>      |
| <b>Foreign currency translation impact</b>         | <b>E</b>     | <b>\$ (363)</b> | <b>\$ (294)</b> | <b>\$ 89</b>    | <b>\$ 6</b>    | <b>\$ -</b> | <b>\$ (199)</b> | <b>\$ -</b>    | <b>\$ (7)</b> | <b>\$ 30</b> | <b>\$ (175)</b> | <b>\$ (0.64)</b> |
| <b>Adjusted foreign currency neutral \$ change</b> | <b>F=C-E</b> | <b>\$ 1,670</b> | <b>\$ 961</b>   | <b>\$ (411)</b> | <b>\$ (24)</b> | <b>\$ -</b> | <b>\$ 526</b>   | <b>\$ (38)</b> | <b>\$ 60</b>  | <b>\$ 2</b>  | <b>\$ 550</b>   | <b>\$ 1.31</b>   |
| <b>Adjusted foreign currency neutral % change</b>  | <b>G=F/B</b> | <b>10.4%</b>    | <b>10.6%</b>    | <b>(10.2%)</b>  | <b>(2.5%)</b>  | <b>-</b>    | <b>13.0%</b>    | <b>(6.3%)</b>  | <b>43.9%</b>  | <b>0.3%</b>  | <b>18.4%</b>    | <b>11.9%</b>     |

\* As a result of the Company's retrospective adoption of an accounting standard update on October 1, 2018, the presentation of prior-period amounts was revised to reflect components of the Company's net periodic pension and postretirement benefit costs, aside from service cost, within Other income (expense), net on its consolidated income statements.

(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 represented 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 Vyair 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) 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.

(8) Represents financing impacts associated with the Bard acquisition.

(9) 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.



# Q4 FY 2019 Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS

|   | Three Months Ended September 30, |           |         |                                    |  |          |  |
|---|----------------------------------|-----------|---------|------------------------------------|--|----------|--|
|   | 2019                             | 2018      | Growth  | Foreign<br>Currency<br>Translation | Foreign<br>Currency<br>Neutral<br>Growth | Growth % | Foreign<br>Currency<br>Neutral<br>Growth % |
| Reported Diluted Earnings (Loss) per Share  | \$ 0.41                          | \$ (0.64) | \$ 1.05 | \$ 0.02                            | \$ 1.03                                  | 164.1%   | 160.9%                                     |
| Purchase accounting adjustments (\$364 million and \$374 million pre-tax, respectively) <sup>(1)</sup>                        | 1.32                             | 1.39      |         | —                                  |  |          |  |
| Restructuring costs (\$81 million and \$57 million pre-tax, respectively) <sup>(2)</sup>                                      | 0.30                             | 0.21      |         | —                                  |  |          |  |
| Integration costs (\$118 million and \$88 million pre-tax, respectively) <sup>(2)</sup>                                       | 0.43                             | 0.33      |         | —                                  |  |          |  |
| Transaction gain/loss and product-related matters (\$585 million pre-tax) <sup>(3)</sup>                                      | 2.13                             | —         |         | —                                  |  |          |  |
| Impacts of debt extinguishment (\$1 million pre-tax) <sup>(4)</sup>   | 0.01                             | —         |         | —                                  |  |          |  |
| European regulatory initiative-related costs (\$22 million pre-tax) <sup>(5)</sup>  | 0.08                             | —         |         | —                                  |  |          |  |
| Net impact of gain on sale of investment and asset impairments (\$63 million pre-tax) <sup>(6)</sup>                          | —                                | 0.23      |         | —                                  |  |          |  |
| Hurricane-related (insurance proceeds) recovery costs (\$14 million and \$2 million pre-tax, respectively)                    | (0.05)                           | 0.01      |         | —                                  |  |          |  |
| Transaction costs (\$(5) million pre-tax) <sup>(2)</sup>  | —                                | (0.02)    |         | —                                  |  |          |  |
| Dilutive Impact <sup>(7)</sup>  | —                                | (0.07)    |         | —                                  |  |          |  |
| Income tax benefit of special items and impact of tax reform (\$(359) million and \$398 million, respectively) <sup>(8)</sup> | (1.31)                           | 1.48      |         | —                                  |  |          |  |
| Adjusted Diluted Earnings per Share   | \$ 3.31                          | \$ 2.93   | \$ 0.38 | \$ 0.02                            | \$ 0.36                                  | 13.0%    | 12.3%                                      |

(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 restructuring, integration and transaction costs associated with acquisitions.

(3) Primarily includes amounts recorded to *Other operating expense, net* to record product liability reserves, including related legal defense costs, of \$582 million.

(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 European Union Medical Device Regulation ("EUMDR") and General Data Protection Regulation ("GDPR").

(6) Includes \$58 million of charges to write down the value of fixed assets primarily in the Diabetes Care unit.

(7) The amount in 2018 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 incurred during the period. The adjusted diluted average shares outstanding (in thousands) were 274,693.

(8) The amount in 2018 includes additional tax expense, net, of \$365 million relating to new U.S. tax legislation.

# FY 2019 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  | \$ 3.89                           | \$ 0.60  | \$ 3.29 | \$ (0.62)                    | \$ 3.91                         | 548.3%   | 651.7%                            |
| 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                              | —        |         | —                            |                                 |          |                                   |
| Net impact of gain on sale of investment and asset impairments (\$30 million and \$(151) million pre-tax, respectively) <sup>(6)</sup> | 0.11                              | (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 represents 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 Vyair 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 2019 Reconciliation – FX Impact Emerging, Developed Markets & China

|  | A              | B                          | C=A+B      | D              | E           | F                          | Divestiture<br>and Other<br>Adjustments | H=D+E+F+G  | I=(A-D)/D        | J                | K=(C-H-J)/H     |
|--|----------------|----------------------------|------------|----------------|-------------|----------------------------|---|------------|------------------|------------------|-----------------|
|  | BD<br>Reported | Divestiture<br>Adjustments | Comparable | BD<br>Reported | Bard Q1 (b) | Intercompany<br>Adjustment | (a)                                     | Comparable | % Rptd<br>Change | FX Impact<br>(d) | FXN %<br>Change |
|  | 2019           | (a)                        | 2019       | 2018           | 2018        | (c)                        |   | 2018       |                  |                  |                 |
| <b>Three Months Ended September 30,</b>  |                |                            |            |                |             |                            |   |            |                  |                  |                 |
| DEVELOPED MARKETS                        | 3,847          | 0                          | 3,847      | 3,704          | -           | -                          | (26)                                    | 3,678      | 3.9              | (41)             | 5.7             |
| EMERGING MARKETS                         | 737            | (0)                        | 737        | 698            | -           | -                          | (3)                                     | 695        | 5.6              | (19)             | 8.8             |
| CHINA                                    | 301            | 0                          | 301        | 288            | -           | -                          | (1)                                     | 286        | 4.6              | (8)              | 8.0             |
| <b>Twelve Months Ended September 30,</b> |                |                            |            |                |             |                            |   |            |                  |                  |                 |
| DEVELOPED MARKETS                        | 14,579         | (8)                        | 14,571     | 13,458         | 848         | (3)                        | (132)                                   | 14,171     | 8.3              | (230)            | 4.5             |
| EMERGING MARKETS                         | 2,710          | (1)                        | 2,710      | 2,525          | 119         | -                          | (12)                                    | 2,632      | 7.3              | (155)            | 8.8             |
| CHINA                                    | 1,172          | -                          | 1,172      | 1,036          | 72          | -                          | (5)                                     | 1,103      | 13.1             | (54)             | 11.1            |

## Footnote Explanations

- (a) The amounts for the twelve months ended September 30, 2019 and 2018 include adjustments for BD's divestiture of its Advanced Bioprocessing business. The amounts for the twelve months ended September 30, 2018 also include adjustments for BD's divestitures of its soft tissue core needle biopsy product line and Bard's divestiture of its Aspira® product line. Additionally, Medication Delivery Solutions and Preanalytical Systems results for the twelve months ended September 30, 2019 included a total of \$21 million in cumulative customer rebate and incentive fees relating to fiscal year 2018. Accordingly, to ensure comparability of revenue growth, the results for the twelve months ended September 30, 2018 have been adjusted to reflect these cumulative fees. The Company records rebate and customer incentive fees as a reduction to revenue.
- (b) Amounts represent revenues for the quarter ended December 31, 2017. BD reported a Gore royalty amount, which was previously reported as revenues by Bard, as non-operating income in the current-year period.
- (c) Represents the elimination of revenues from the Medication Delivery Solutions unit which BD previously recognized from Bard as third-party revenues and that would be treated as intercompany revenues in the current-year period.
- (d) Under U.S. generally accepted accounting principles and as a result of Argentina's highly inflationary economy, the functional currency of the Company's operations in Argentina was the U.S. dollar for the twelve months ended September 30, 2019. The total foreign currency translation impact above includes \$22 million that was calculated by comparing local currency revenues in Argentina for the twelve months ended September 30, 2019, translated using the prior-period exchange rate, to the reported U.S. dollar revenues for this same period.



# FY 2019 Operating Cash Flow Reconciliation

(Unaudited, Amounts in billions)

|   |               |
|---|---------------|
| Reported Operating Cash Flow                                | \$ 3.3        |
| Adjustments (excludes non-cash items)                       |               |
| Restructuring costs   | 0.1           |
| Transaction & Integration costs                             | 0.3           |
| Transaction gain/loss and product liability-related impacts | 0.1           |
| Other   | 0.2           |
| Tax impact related to items above                           | (0.1)         |
| <b>Adjusted Operating Cash Flow</b>                         | <b>\$ 4.0</b> |

Note: schedule does not foot due to rounding

# FY 2020 EPS Outlook Reconciliation

|             | <u>FY2019</u>    | <u>FY2020 Outlook</u> |                  |                     |
|-------------|------------------|-----------------------|------------------|---------------------|
|             | <u>Revenues</u>  | <u>% Change</u>       | <u>FX Impact</u> | <u>% Change FXN</u> |
| BDX Revenue | <u>\$ 17,290</u> | <u>4.0% to 4.5%</u>   | <u>~1.0%</u>     | <u>5.0% to 5.5%</u> |

|   | <u>FY2020 Outlook</u>               |                         |                      |
|---|-------------------------------------|-------------------------|----------------------|
|   | <u>Full Year FY2020<br/>Outlook</u> | <u>Full Year FY2019</u> | <u>% Increase</u>    |
| Adjusted Fully Diluted Earnings per Share | <u>\$ 12.50 to 12.65</u>            | <u>\$ 11.68</u>         | <u>7.0% to 8.5%</u>  |
| Estimated FX Impact                       |                                     |                         | <u>~2.5%</u>         |
| Adjusted FXN Growth                       |                                     |                         | <u>9.5% to 11.0%</u> |

FXN - Foreign Currency Neutral