HALYARD

FIRST QUARTER 2018 EARNINGS CALL

MAY 2, 2018

Agenda and Speakers

Joe Woody

Chief Executive Officer

Halyard Outlook

Update on 2018 Priorities

Steve Voskuil

Chief Financial Officer

First Quarter Financial Performance

2018 Earnings Outlook

Q&A

Forward Looking Statements

FORWARD-LOOKING INFORMATION

Certain matters in this presentation and conference call, including our 2018 outlook, expectations and planning assumptions, and any estimates, projections, and statements relating to our business plans, objectives, or the divestiture of our Surgical & Infection Prevention business, constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events impacting the Company.

These statements are subject to risks and uncertainties, including currency exchange risks, cost savings and reductions, raw material, energy, and other input costs, competition, market demand, economic condition, S&IP separation execution and legislative and regulatory actions. There can be no assurance that these future events will occur as anticipated or that the Company's results will be as estimated. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to publicly update them. For a more complete listing and description of other factors that could cause the Company's future results to differ materially from those expressed in any forward-looking statements, see the Company's most recent Form 10-K and Quarterly Reports on Form 10-Q.

NON-GAAP FINANCIAL MEASURES

Management believes that non-GAAP financial measures enhance investors' understanding and analysis of the company's performance. As such, results and outlook have been adjusted to exclude certain items for relevant time periods as indicated in the non-GAAP reconciliations to the comparable GAAP financial measures included in this presentation and in today's earnings release posted on our website (www.halyardhealth.com/investors).

Strong Start to the Year

- Continued sales execution and top-line momentum
- Delivered earnings ahead of plan
- Closed S&IP divestiture
- Began reshaping cost structure
- Well-positioned to achieve 2018 goals

First Quarter Summary

- 6% organic top-line growth
  - *Focused company, well-positioned to enhance commercial execution*
- Multiple growth drivers:
  - *Double-digit demand for Coolief*
  - *Continued demand of Corpak portfolio*
  - *Volume growth in Respiratory Health*

First Quarter Summary

- ON-Q sales impacted by:
  - *Industry-wide bupivacaine shortage*
  - *Supply chain partner's inability to fill pumps*
- On-Q outlook remains positive
  - *Converting new accounts*
  - *Deepening surgeon penetration*
  - *Highlighting efficacy and benefits of ON-Q*
- Well-positioned to help reduce life-threatening opioid addiction

First Quarter Summary

- Earned $0.76 adjusted diluted earnings per share, ahead of expectations
- Expect to earn $1.65 to $1.85 for the year, includes continuing and discontinued operations

S&IP Divestiture Complete

- Focused, pure-play Medical Devices company
- Attractive, high-margin, high-growth end-markets
- $800 million of acquisition capacity
- Evaluating M&A through a wider lens
  - *Leverage our technologies*
  - *Expand call points*
  - *Increase addressable markets*
- Right-sizing corporate cost structure
  - *Began installation of new IT system*
  - *$15 to $19 million of savings when completed in 2019*
  - *Efficient structure to support growth, help reduce costs and speed integration of M&A activity*
- Making strategic investments to capitalize on opportunities

Strategic Investments

R&D Investments

- Shifting from sustaining to transformative projects
  - *Investment increased 35%, compared to the prior year*
  - *Launched four Medical Devices products*
  - *14 French Mic-Key GJ Tube, strengthened competitive position of Digestive Health portfolio*

Clinical Studies

- Investment expected to grow more than 50%
- Initiated a new Coolief study to show favorable differentiation to hyaluronic acid
  - *Randomly controlled 200 patient study*
  - *Progressing as planned*

Strategic Investments

Government Relations

- Robust efforts to help improve:
  - *Reimbursement of Medical Devices; and,*
  - *Non-opioid pain management therapies*
- Partnering with AdvaMed to impact current legislation in Congress

Strengthening International Performance

- Appointed Arjun Sarker – Senior Vice President - International
  - *Deep experience in driving commercial success and revenue growth*
  - *Recently served as Vice President and GM of Halyard's Asia-Pacific region*
  - *Held international leadership roles with Covidien*
- Increased focus and leadership will drive acceleration in 2019

Well-Positioned to Achieve 2018 Goals

- Solid first quarter performance
- Streamlined business with focused leadership team
  - *Poised to accelerate top-line momentum;*
  - *Drive efficiencies; and,*
  - *Create new growth opportunities*
- Hosting Investor Day, June 21 in New York

FIRST QUARTER 2018 RESULTS

STEVE VOSKUIL
CHIEF FINANCIAL OFFICER

HALYARD

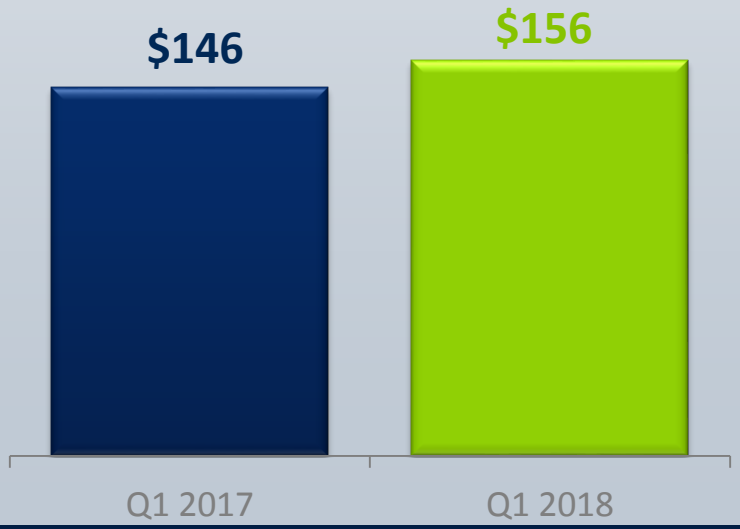
First Quarter Results

- Pleased with results
- Teams delivered across multiple facets of the business
- S&IP results treated as discontinued operations
  - *Shared costs previously allocated to S&IP now included in continuing operations*
  - *2018 first quarter shared costs of $28 million*
  - *2017 first quarter shared costs of $29 million*

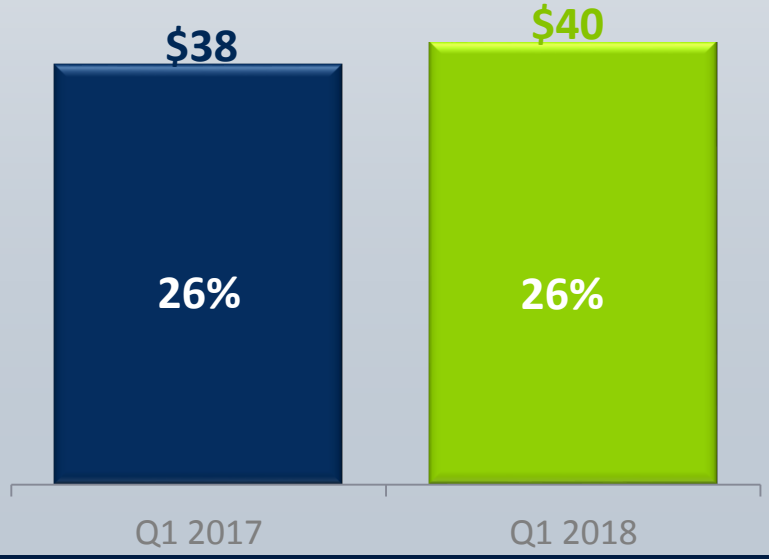
First Quarter Medical Device Performance

- Medical Device sales increased 7% to $156 million
  - *6% increase, in constant currency*
  - *Increased direct to patient marketing and adoption of Coolief*
  - *Solid demand in enteral feeding portfolio*
  - *Last year's oral care contract conversion and a longer and more severe cold and flu season*
  - *On-Q account conversions on track*
- Operating profit increased 6% to $40 million

Medical Device Net Sales



Medical Device Operating Profit



First Quarter Performance

- Adjusted EBITDA of $59 million, up 12%
- Adjusted gross margin from continuing operations was 59%
  - *Post divestiture, expect low 60's Medical Device adjusted gross margin*
- Net income totaled $20 million, compared to $13 million a year ago
- Earned adjusted diluted EPS of $0.76
- Performance benefited from:
  - *Higher Medical Device volume*
  - *SG&A strategic investment for franchise teams below plan*
  - *Stopped depreciation on S&IP and IT assets "held for sale"*

Reshaping Cost Structure

- Organization
  - *Transform into leaner, higher-performing pure play Medical Devices Company*
- IT restructuring
  - *Scalable infrastructure*
  - *Half the cost*
- Supply chain, distribution and purchased services

Balance Sheet and Cash Flow

- Ended first quarter with $203 million of cash
- Repaid $40 million of Term Loan B
  - *Pay off balance with proceeds from divestiture*
- Generated $17 million of free cash flow

2018 Outlook

- Earn adjusted diluted EPS of $1.65 to $1.85
  - *Includes both continuing and discontinued operations*
- Key planning assumptions remain unchanged

First Quarter Summary

- Continued sales momentum
- Delivered earnings ahead of plan
- Firepower to invest in growth opportunities
- Strong position to accelerate growth

Q&A

APPENDICES

2018 Outlook Summary

	February	May
Adjusted diluted earnings per share Includes continuing and discontinued operations		**$1.65 to $1.85**
Medical Device net sales, constant currency	4% to 6%	4% to 6%
FX translation impact on net sales	Even	Even
Adjusted effective tax rate	25% to 27%	25% to 27%
Dis-synergies from S&IP divestiture	$15M to $20M	$15M to $20M

Bold green text indicates updated outlook

Non-GAAP Reconciliations

In millions

	Gross Profit		Operating Profit (Loss)(a)	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2018	2017	2018	2017
As reported	**$ 91.1**	$ 81.5	**$ (7.0)**	$ (17.6)
Restructuring and IT charges	**—**	—	**2.9**	—
Acquisition-related charges	**—**	0.5	**—**	1.6
Spin-related transition charges	**—**	—	**—**	0.5
Litigation and legal	**—**	—	**1.7**	8.0
Intangibles amortization	**0.9**	1.0	**4.5**	5.3
As adjusted non-GAAP	**$ 92.0**	$ 83.0	**$ 2.1**	$ (2.2)

(a) For the three months ended March 31, 2018, operating profit includes $27.9 million of costs formerly included in the S&IP business, $14.5 million of general expenses and $2.9 million of restructuring costs. For the three months ended March 31, 2017, operating profit includes $28.9 million of costs formerly included in the S&IP business, $17.6 million of general expenses, $1.6 million of acquisition-related expenses and $0.5 million of post-spin related rebranding costs.

Non-GAAP Reconciliations

In millions

	Loss Before Income Taxes		Income Tax Benefit	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2018	2017	**2018**	2017
As reported	**$ (14.8)**	$ (24.8)	**$ 3.5**	$ 9.9
Effective tax rate, as reported			**23.6%**	39.9%
Restructuring and IT charges	**2.9**	—	**(0.8)**	—
Acquisition-related charges	**—**	1.6	**—**	(0.6)
Spin-related transition charges	**—**	0.5	**—**	(0.2)
Litigation and legal	**1.7**	8.0	**(0.5)**	(3.0)
Intangibles amortization	**4.5**	5.3	**(1.2)**	(2.1)
As adjusted non-GAAP	**$ (5.7)**	$ (9.4)	**$ 1.0**	$ 4.0
Effective tax rate, as adjusted			**17.5%**	42.6%

Non-GAAP Reconciliations

In millions, except per share amounts

	Loss from Continuing Operations			
	Three Months Ended March 31,			
	2018		2017	
As reported	**$**	**(11.3)**	$	(14.9)
Diluted EPS, as reported	**$**	**(0.24)**	$	(0.32)
Restructuring and IT charges		**2.1**		—
Acquisition-related charges		**—**		1.0
Spin-related transition charges		**—**		0.3
Litigation and legal		**1.2**		5.0
Intangibles amortization		**3.3**		3.2
As adjusted non-GAAP	**$**	**(4.7)**	$	(5.4)
Diluted EPS, as adjusted	**$**	**(0.10)**	$	(0.12)

	Income from Discontinued Operations, net of tax			
	Three Months Ended March 31,			
	2018		2017	
As reported	**$**	**31.5**	$	27.7
Diluted EPS, as reported	**$**	**0.67**	$	0.59
Divestiture-related charges		**9.0**		—
Spin-related transition charges		**—**		0.1
Intangibles amortization		**—**		0.2
As adjusted non-GAAP	**$**	**40.5**	$	28.0
Diluted EPS, as adjusted	**$**	**0.86**	$	0.60

Non-GAAP Reconciliations

In millions, except per share amounts

	Net Income	
	Three Months Ended March 31,	
	2018	2017
As reported	**$ 20.2**	$ 12.8
Diluted EPS, as reported	**$ 0.43**	$ 0.27
Divestiture-related charges	**9.0**	—
Restructuring and IT charges	**2.1**	—
Acquisition-related charges	**—**	1.0
Spin-related transition charges	**—**	0.4
Litigation and legal	**1.2**	5.0
Intangibles amortization	**3.3**	3.4
As adjusted non-GAAP	**$ 35.8**	$ 22.6
Diluted EPS, as adjusted	**$ 0.76**	$ 0.48

	EBITDA	
	Three Months Ended March 31,	
	2018	**2017**
EBITDA, as reported	**$ 41.9**	$ 42.5
Divestiture-related charges	**12.2**	—
Restructuring and IT charges	**2.9**	—
Acquisition-related charges	**—**	1.4
Spin-related transition charges	**—**	0.7
Litigation and legal	**1.7**	8.0
Adjusted EBITDA	**$ 58.7**	$ 52.6

Non-GAAP Reconciliations

In millions

	Free Cash Flow	
	Three Months Ended March 31,	
	2018	2017
Cash provided by operating activities	**$ 26.3**	$ 37.0
Capital expenditures	**(9.6)**	(10.2)
Free Cash Flow	**$ 16.7**	$ 26.8