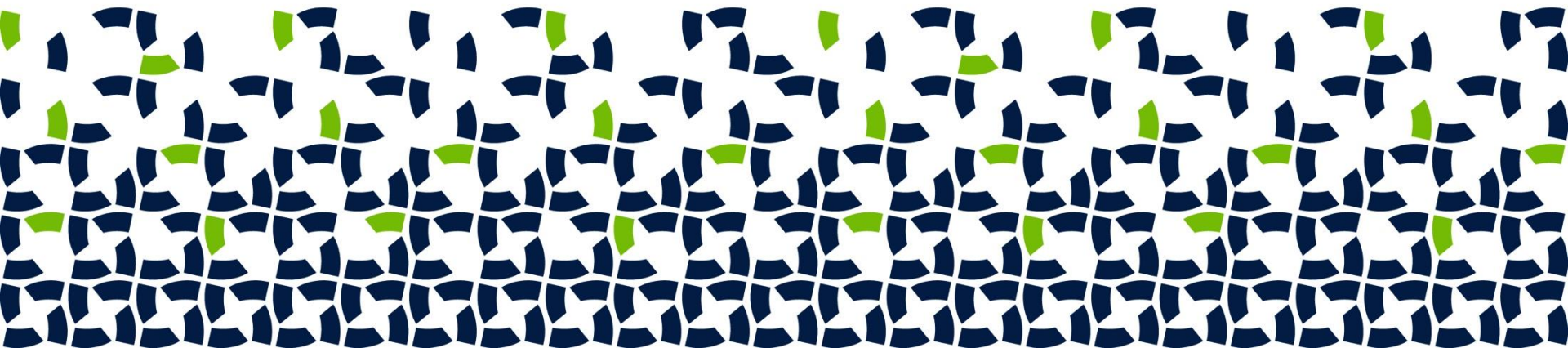
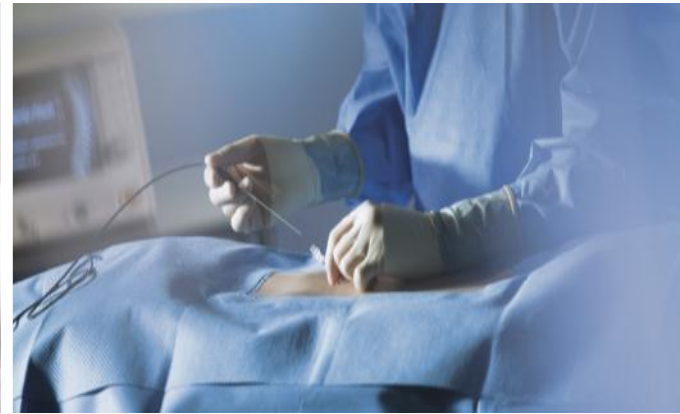




SECOND QUARTER 2016 EARNINGS CALL

August 3, 2016



SECOND QUARTER EARNINGS CALL AGENDA



Second Quarter Update

– Robert Abernathy, Chairman
and Chief Executive Officer



Second Quarter Results and 2016 Outlook

– Steve Voskuil, Chief Financial Officer

CONFERENCE CALL REMINDERS

FORWARD-LOOKING INFORMATION

Certain matters in this presentation and conference call, including our 2016 outlook, expectations and planning assumptions, and any estimates, projections, and statements relating to our business plans or objectives, constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events impacting the Company.

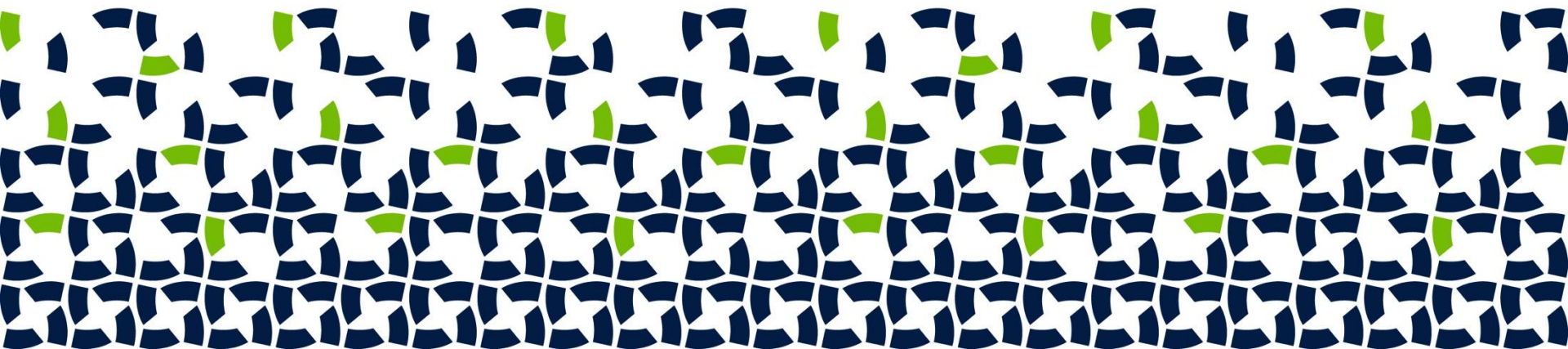
These statements are subject to risks and uncertainties, including currency exchange risks, cost savings and reductions, raw material, energy, and other input costs, competition, market demand, economic condition, and legislative and regulatory actions. There can be no assurance that these future events 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).

SECOND QUARTER UPDATE

**ROBERT ABERNATHY, CHAIRMAN AND
CHIEF EXECUTIVE OFFICER**



SECOND QUARTER UPDATE

- Making solid progress on our transformation into a leading medical device company
- Achieving our two objectives:
 - Delivering our 2016 plan
 - Fueling our growth pipeline



DELIVERING OUR 2016 PLAN

- Delivered another good quarter
 - Reported adjusted diluted EPS of \$0.45
- Net sales of \$400 million
 - Up 3 percent over last year
- Strong start to the year
- Raising guidance for our full-year adjusted diluted EPS by \$0.20, to \$1.70 to \$1.90

DELIVERING OUR 2016 PLAN

- Medical Devices grew 12 percent
 - CORPAK bolstered results
 - Organic performance in-line with expectations
- S&IP sales increased 1 percent
 - Good performance in a challenging environment
 - Price loss of 3 percent



FUELING GROWTH PIPELINE

Strategic Acquisitions

- CORPAK integration on plan
 - A leader in enteral feeding
 - Accelerating results for Medical Devices
 - Well-positioned to deliver or exceed expected commitments



FUELING GROWTH PIPELINE

Innovation

- Increased R&D investment
 - New product introductions
 - Differentiate portfolio
 - Maintain market-leading positions
- Launched six new products
 - On track to launch 10 in 2016



FUELING GROWTH PIPELINE

Medical Devices Innovation

- Launched initial placement kit for enteral access
 - *Adopts new industry standard*
- Submitted two 510(k)s for innovation in Surgical Pain



FUELING GROWTH PIPELINE

S&IP Innovation

- Launched new exam gloves
 - Enhanced portfolio offering in the non-acute care segment and EMEA
- Black-Fire dual protection glove
 - Enables EMS professionals to quickly detect breaches
- Flexaprene Green
 - Designed for dental professionals
 - An alternative to latex



FUELING GROWTH PIPELINE

S&IP Innovation

- AREO Chrome AAMI level 4 surgical gown
 - Protection for high-fluid procedures
 - Unprecedented level of comfort
- Continued commitment to:
 - Improving patient outcomes and safety
 - Reducing cost of care



COMPANY TRANSFORMATION

- Cash generation to fund strategic investments
- Free cash flow higher than expected
- Positive cash flow generation to continue



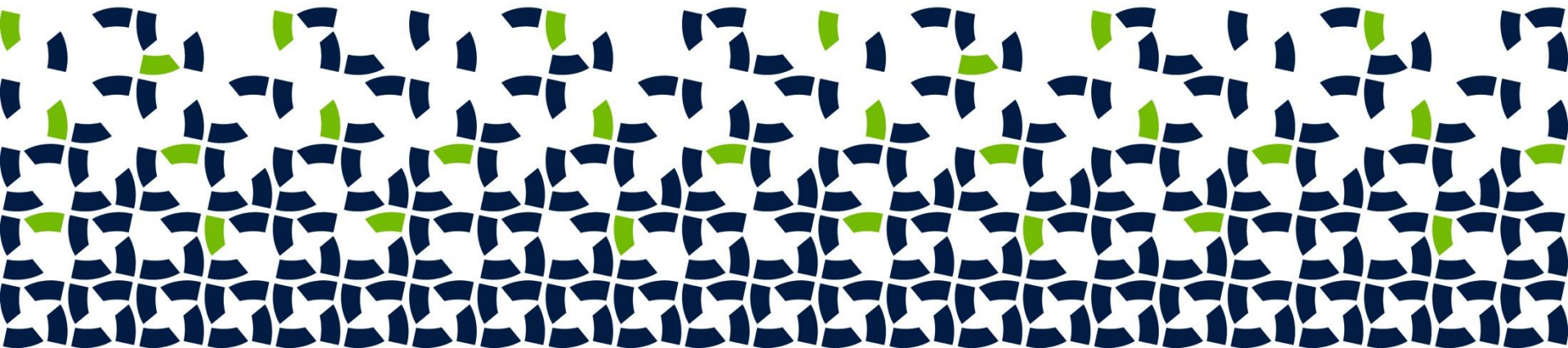
SUMMARY

- Built momentum
 - Solid earnings
 - CORPAK integration going well
 - New product launches
- Transforming into a leading medical device company
- Focused on delivering in 2016 and beyond



SECOND QUARTER 2016 RESULTS

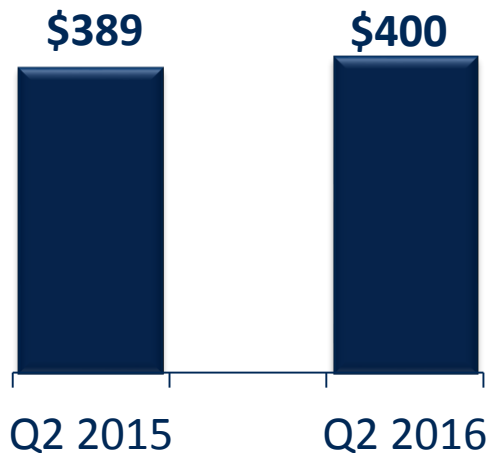
STEVE VOSKUIL, CHIEF FINANCIAL OFFICER



SECOND QUARTER CONSOLIDATED PERFORMANCE

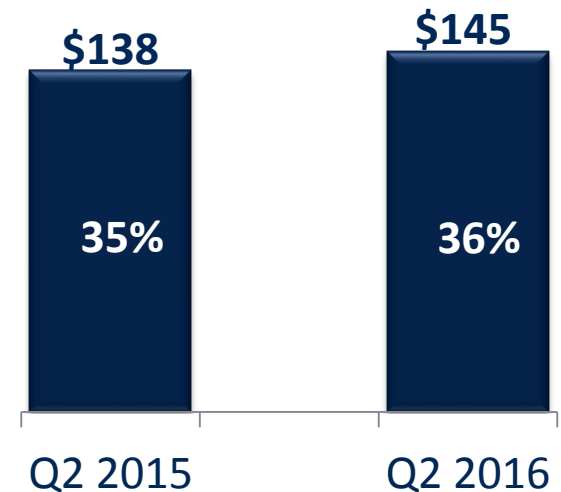
In millions

Total Net Sales



Change in NS	Q2
Total Change	3%
Volume	4%
Price/Mix	-2%
Currency	-%
Other	1%

Adjusted Gross Profit

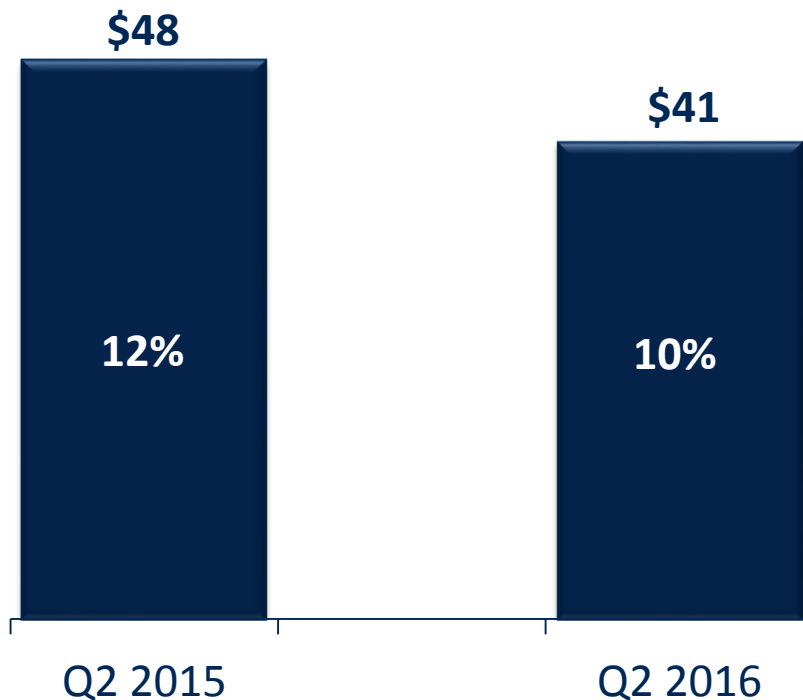


- As expected, Corporate sales declined \$5 million
- Gross margin driven by CORPAK acquisition, favorable currency exchange rates and lower distribution costs
 - Cycled against higher prior-year costs related to the West Coast port strike
- Offset from lower S&IP selling prices

SECOND QUARTER CONSOLIDATED PERFORMANCE

In millions

Adjusted Operating Profit



- Improved gross margin offset by:
 - Planned higher SG&A and R&D investments to support growth
- Adjusted operating profit excludes:
 - \$2 million post-spin related charges
 - \$9 million acquisition-related charges
 - \$6 million for litigation matters
 - \$6 million intangible amortization expense

SECOND QUARTER SUMMARY

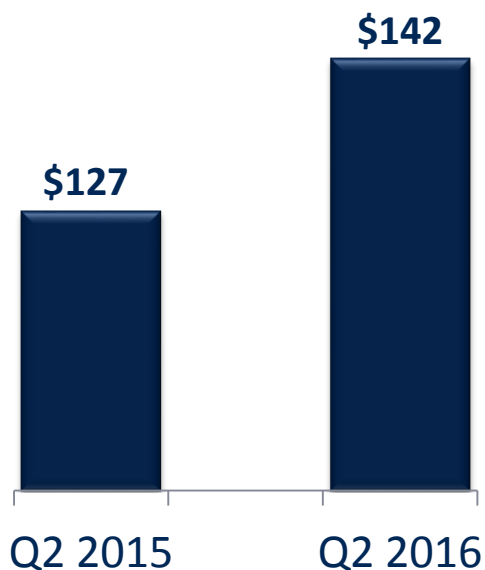
- Adjusted EBITDA of \$52 million
- Reported adjusted diluted EPS of \$0.45
- Performance impacted by:
 - Anticipated lower S&IP selling prices partially offset by increased Facial Protection volumes
 - Favorable currency exchange rates
 - Commodity prices better than expected



SECOND QUARTER MEDICAL DEVICES

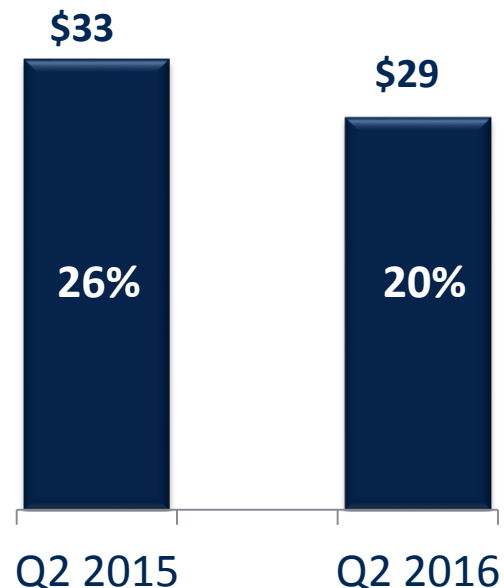
In millions

Devices Net Sales



Change in NS	Q2
Total Change	12%
Volume	5%
Price/Mix	-1%
Currency	- %
Other	8%

Operating Profit

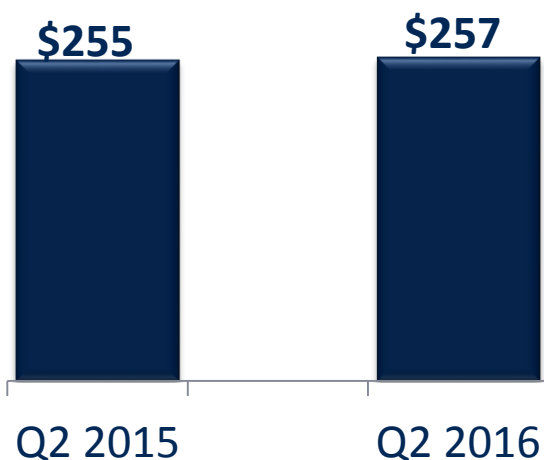


- Delivered another solid quarter of growth
- Digestive Health volumes benefited from the timing of orders internationally
- COOLIEF contributed strong growth in Interventional Pain in North America
- On-Q growth continued – giving us a full year of growth
- Operating profit decreased; higher volumes offset by planned increases in SG&A and R&D

SECOND QUARTER S&IP

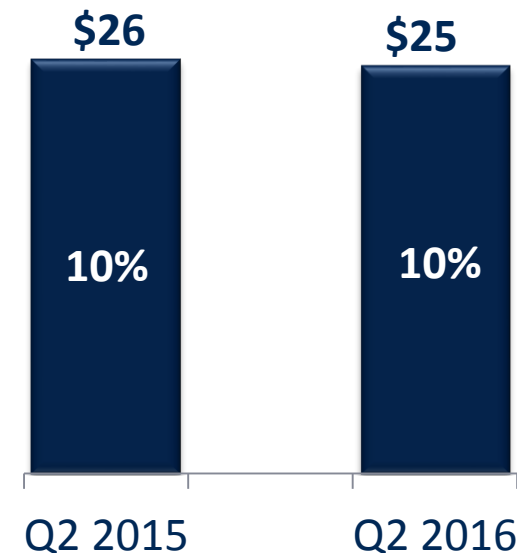
In millions

S&IP Net Sales



Change in NS	Q2
Total Change	1%
Volume	4%
Price/Mix	-3%
Currency	-%
Other	-%

Operating Profit



- Volume driven by focus on Exam Gloves and the late cold and flu season bolstered Facial Protection
- Surgical Drapes and Gowns volume even to last year
 - Expect headwinds in the second half of the year
- Lower selling prices in-line with expectations
- Lower operating profit; lower selling prices partially mitigated by improved volumes, cost savings, lower distribution costs and favorable currency

BALANCE SHEET AND CASH FLOW

- Ended the quarter with \$79 million of cash
- Generated free cash flow of \$45 million
- Repay CORPAK borrowing
- Acquisition capacity up to \$400 million
- Cash flow to fuel growth



2016 Outlook

	February	August
Adjusted diluted EPS	\$1.50 to \$1.70 ¹	\$1.70 to \$1.90
Net sales, excluding CORPAK	-2 to -5 percent	-2 to -4 percent
Medical Devices, excluding CORPAK	3 to 5 percent	3 to 5 percent
S&IP, excluding sales to Kimberly-Clark	-3 to -5 percent	-2 to -4 percent
S&IP sales to Kimberly-Clark	\$40 to \$45 million	\$40 to \$45 million
Corporate sales	\$5 to \$15 million	\$5 to \$15 million
FX translation impact on net sales	-0.5 to -1.5 percent	Flat
Commodity inflation	\$5 to \$10 million	Flat
Research & Development	\$35 to \$40 million	\$35 to \$40 million
Spin-related transitional costs	\$10 to \$15 million	\$10 to \$15 million
Adjusted effective tax rate	33 to 35 percent	33 to 35 percent

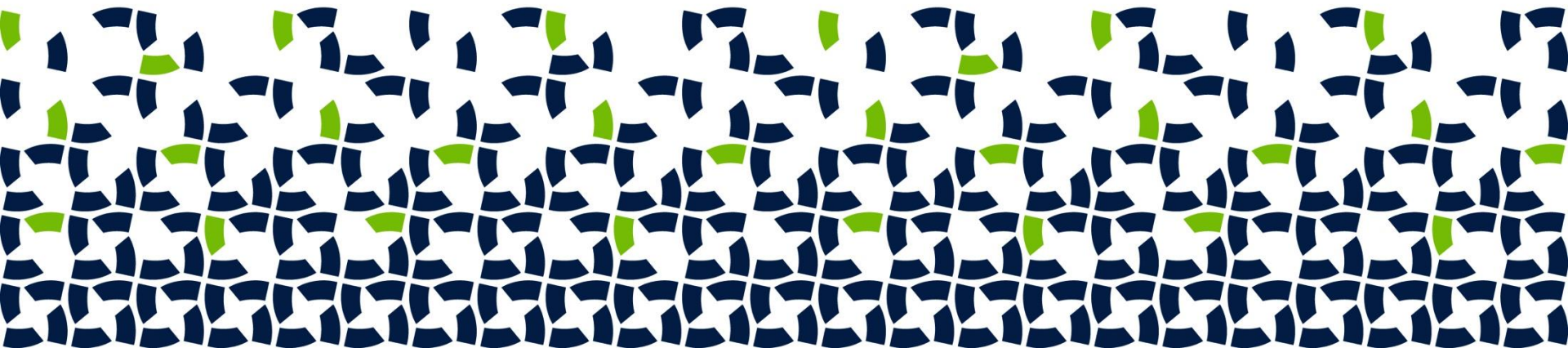
¹ April 11, 2016 updated guidance from \$1.45 to \$1.65 to \$1.50 to \$1.70 for CORPAK acquisition

Note: Guidance updates denoted in bold green text.

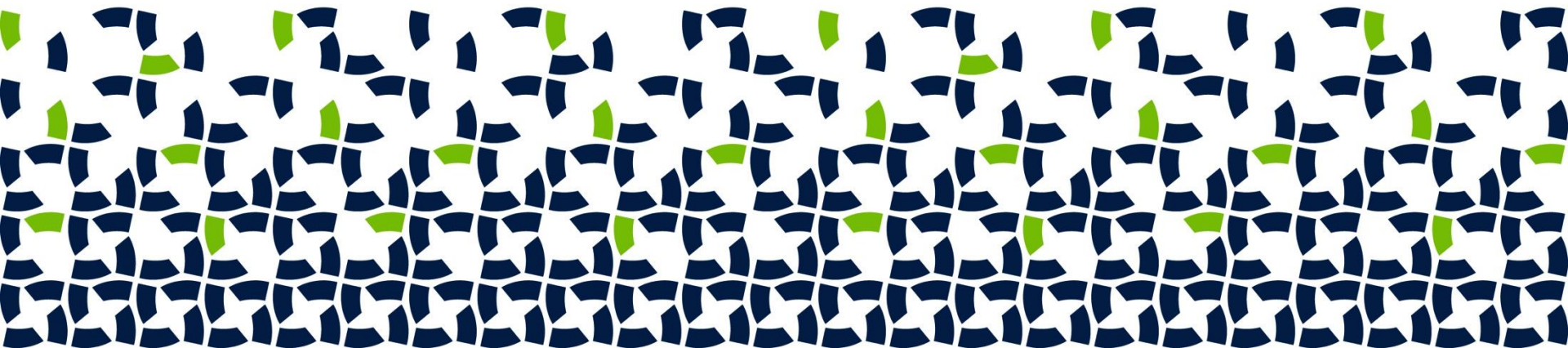
SUMMARY

- Made progress on our two objectives:
 - Delivering our plan
 - Fueling our growth pipeline
- Increased guidance
- CORPAK integration on plan
- Strong balance sheet
- Advancing transformation into leading medical device company

Q&A



APPENDICES



NON-GAAP RECONCILIATIONS

In millions

	Gross Profit				Operating Profit			
	Three Months Ended		Six Months Ended		Three Months Ended		Six Months Ended	
	June 30,		June 30,		June 30,		June 30,	
	2016	2015	2016	2015	2016	2015	2016	2015
As reported	\$ 140.7	\$ 134.9	\$ 277.2	\$ 267.0	\$ 17.6	\$ 22.1	\$ 50.7	\$ 63.0
Spin-related transition charges	0.1	2.0	0.1	4.1	2.3	19.7	3.9	30.4
Manufacturing strategic changes	—	—	—	0.3	—	—	—	(12.0)
Acquisition-related charges	3.5	—	3.5	—	9.2	—	10.3	—
Litigation and legal	—	—	—	—	6.4	—	10.0	—
Intangibles amortization	0.9	0.8	1.5	1.6	5.7	6.5	10.9	12.8
As adjusted non-GAAP	<u>\$ 145.2</u>	<u>\$ 137.7</u>	<u>\$ 282.3</u>	<u>\$ 273.0</u>	<u>\$ 41.2</u>	<u>\$ 48.3</u>	<u>\$ 85.8</u>	<u>\$ 94.2</u>

NON-GAAP RECONCILIATIONS

In millions

	Income Before Taxes				Income Tax Provision			
	Three Months Ended		Six Months Ended		Three Months Ended		Six Months Ended	
	June 30,		June 30,		June 30,		June 30,	
	2016	2015	2016	2015	2016	2015	2016	2015
As reported	\$ 9.4	\$ 13.3	\$ 34.7	\$ 46.0	\$ (2.9)	\$ (5.3)	\$ (14.0)	\$ (16.3)
<i>Effective tax rate, as reported</i>					30.9%	39.8%	40.3%	35.4%
Spin-related transition charges	2.3	19.7	3.9	30.4	(1.0)	(7.4)	(1.6)	(11.5)
Manufacturing strategic changes	—	—	—	(12.0)	—	—	—	3.6
Acquisition-related charges	9.2	—	10.3	—	(3.5)	—	(3.9)	—
Litigation and legal	6.4	—	10.0	—	(2.4)	—	(3.8)	—
Intangibles amortization	5.7	6.5	10.9	12.8	(1.9)	(2.5)	(3.9)	(4.9)
Thailand statutory tax rate change	—	—	—	—	—	—	3.7	—
As adjusted non-GAAP	\$ 33.0	\$ 39.5	\$ 69.8	\$ 77.2	\$ (11.7)	\$ (15.2)	\$ (23.5)	\$ (29.1)
<i>Effective tax rate, as adjusted</i>					35.5%	38.5%	33.7%	37.7%

NON-GAAP RECONCILIATIONS

In millions

	Net Income			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
As reported	\$ 6.5	\$ 8.0	\$ 20.7	\$ 29.7
Diluted EPS, as reported	\$ 0.14	\$ 0.17	\$ 0.44	\$ 0.63
Spin-related transition charges	1.3	12.3	2.3	18.9
Manufacturing strategic changes	—	—	—	(8.4)
Acquisition-related charges	5.7	—	6.4	—
Litigation and legal	4.0	—	6.2	—
Intangibles amortization	3.8	4.0	7.0	7.9
Thailand statutory tax rate change	—	—	3.7	—
As adjusted non-GAAP	\$ 21.3	\$ 24.3	\$ 46.3	\$ 48.1
Diluted EPS, as adjusted	\$ 0.45	\$ 0.52	\$ 0.99	\$ 1.03

NON-GAAP RECONCILIATIONS

In millions

	EBITDA			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net income	\$ 6.5	\$ 8.0	\$ 20.7	\$ 29.7
Interest expense, net	8.2	8.8	16.0	17.0
Income tax provision	2.9	5.3	14.0	16.3
Depreciation and amortization	16.2	15.9	31.8	32.3
EBITDA, as reported	33.8	38.0	82.5	95.3
Spin-related transition charges	2.3	19.7	3.9	29.6
Manufacturing strategic changes	—	—	—	(12.0)
Acquisition-related charges	9.0	—	10.1	—
Litigation and legal	6.4	—	10.0	—
Adjusted EBITDA	<u>\$ 51.5</u>	<u>\$ 57.7</u>	<u>\$ 106.5</u>	<u>\$ 112.9</u>

NON-GAAP RECONCILIATIONS

In millions

	Free Cash Flow	
	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
Cash Provided by Operating Activities	\$ 51.5	\$ 94.0
Capital expenditures	(6.1)	(14.1)
Free Cash Flow	<u>\$ 45.4</u>	<u>\$ 79.9</u>

	2016 Outlook			
	Estimated Range			
Adjusted diluted earnings per share	\$ 1.70	to	\$ 1.90	
Amortization	(0.30)	to	(0.30)	
Spin-related transition expenses	(0.16)	to	(0.12)	
Acquisition related charges	(0.33)	to	(0.28)	
Other	(0.31)	to	(0.28)	
Diluted earnings per share (GAAP)	<u>\$ 0.60</u>	to	<u>\$ 0.92</u>	