



# **First Quarter Results Fiscal Year 2011**

**February 8, 2011**

## 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 first quarter earnings release and in our recent SEC filings.

## Non-GAAP Financial Measures

- These materials also include Non-GAAP financial measures. A reconciliation to the comparable GAAP measures can be found herein, or in our earnings release and the financial schedules attached thereto.
- ***A copy of the release, including the financial schedules, is posted on the "Investors" section of the BD.com website.***

## Results from Continuing Operations

- The following financial information represents results from continuing operations. Certain financial information excludes the following items:
  1. The impact of foreign currency translation, including hedge gains or losses.
  2. The impact of pandemic flu-related orders and stimulus spending in the U.S. and supplemental spending in Japan.

FXN = Estimated foreign exchange-neutral currency growth.

\$ = Dollars in millions except per share data.

Note: All figures on accompanying slides are rounded. Totals may not add due to rounding. Percentages are based on un-rounded figures.

## **Vincent A. Forlenza** President and COO

- Healthcare utilization remains constrained by a number of macro factors, but trends appear to have generally stabilized.
- Revenue slightly softer than expected, EPS in-line with expectations.
- As expected, Q1 FY 2011 revenue growth was negatively impacted by unfavorable comparisons to FY 2010, which included strong pandemic flu sales and U.S. stimulus spending.
- Continued strong growth in emerging markets, particularly China, Latin America and Eastern Europe.
- Product pipeline and operational excellence programs are progressing on plan.
- Reaffirming full year FY 2011 Guidance.



# Q1 FY 2011 Revenue and EPS Results

	First Quarter		
	2011	Reported Growth %	FXN Growth %
<b>Revenues</b>	\$1,842	-1.4%	-1.5%
<b>EPS<sup>(1)</sup></b>	\$1.35	8.0%	4.8%

Note: For the first quarter of fiscal year 2011, reported diluted earnings per share from continuing operations included an approximate \$0.07 favorable impact due to the timing of certain tax benefits. These benefits, which were reflected in our previous full year guidance, resulted from certain first quarter events, including the benefit from the retroactive extension of the U.S. research tax credit.

**David V. Elkins**  
Executive Vice President and CFO

- Full year revenue and EPS expected to be in-line with previous guidance
- As anticipated, Q1 FY 2011 revenue growth was unfavorably impacted by about 4 percentage points due to a tough comparison to FY2010
- R&D investment increased by 17% as several research projects were accelerated in the quarter
- EPS included favorable impact of \$0.07 related to timing of certain tax items
- Repurchased ~\$837 million of common stock

# FY 2011 Revenues by Segment

	\$	First Quarter		
		Reported Growth %	FXN Growth %	FXN Growth % Ex. Flu & Stimulus
<b>Total Revenues</b>	<b>\$1,842</b>	<b>-1.4%</b>	<b>-1.5%</b>	<b>2.8%</b>
<b>Medical</b>	<b>\$927</b>	<b>-4.5%</b>	<b>-4.3%</b>	<b>2.1%</b>
<b>Diagnostics</b>	<b>\$602</b>	<b>1.0%</b>	<b>0.6%</b>	<b>2.8%</b>
<b>Biosciences</b>	<b>\$314</b>	<b>3.7%</b>	<b>3.5%</b>	<b>5.3%</b>





# FY 2011 U.S. and International Revenues

	First Quarter			
	\$	Reported Growth %	FXN Growth %	FXN Growth% Ex. Flu & Stimulus
<b>Total U.S.</b>	<b>\$829</b>	<b>-2.9%</b>	<b>-2.9%</b>	<b>3.1%</b>
<b>Medical</b>	<b>\$406</b>	<b>-6.3%</b>	<b>-6.3%</b>	
<b>Diagnostics</b>	<b>\$309</b>	<b>-0.4%</b>	<b>-0.4%</b>	
<b>Biosciences</b>	<b>\$114</b>	<b>3.2%</b>	<b>3.2%</b>	
<b>International</b>	<b>\$1,013</b>	<b>-0.2%</b>	<b>-0.3%</b>	<b>2.5%</b>
<b>Medical</b>	<b>\$521</b>	<b>-3.2%</b>	<b>-2.8%</b>	
<b>Diagnostics</b>	<b>\$293</b>	<b>2.7%</b>	<b>1.9%</b>	
<b>Biosciences</b>	<b>\$200</b>	<b>3.9%</b>	<b>3.6%</b>	

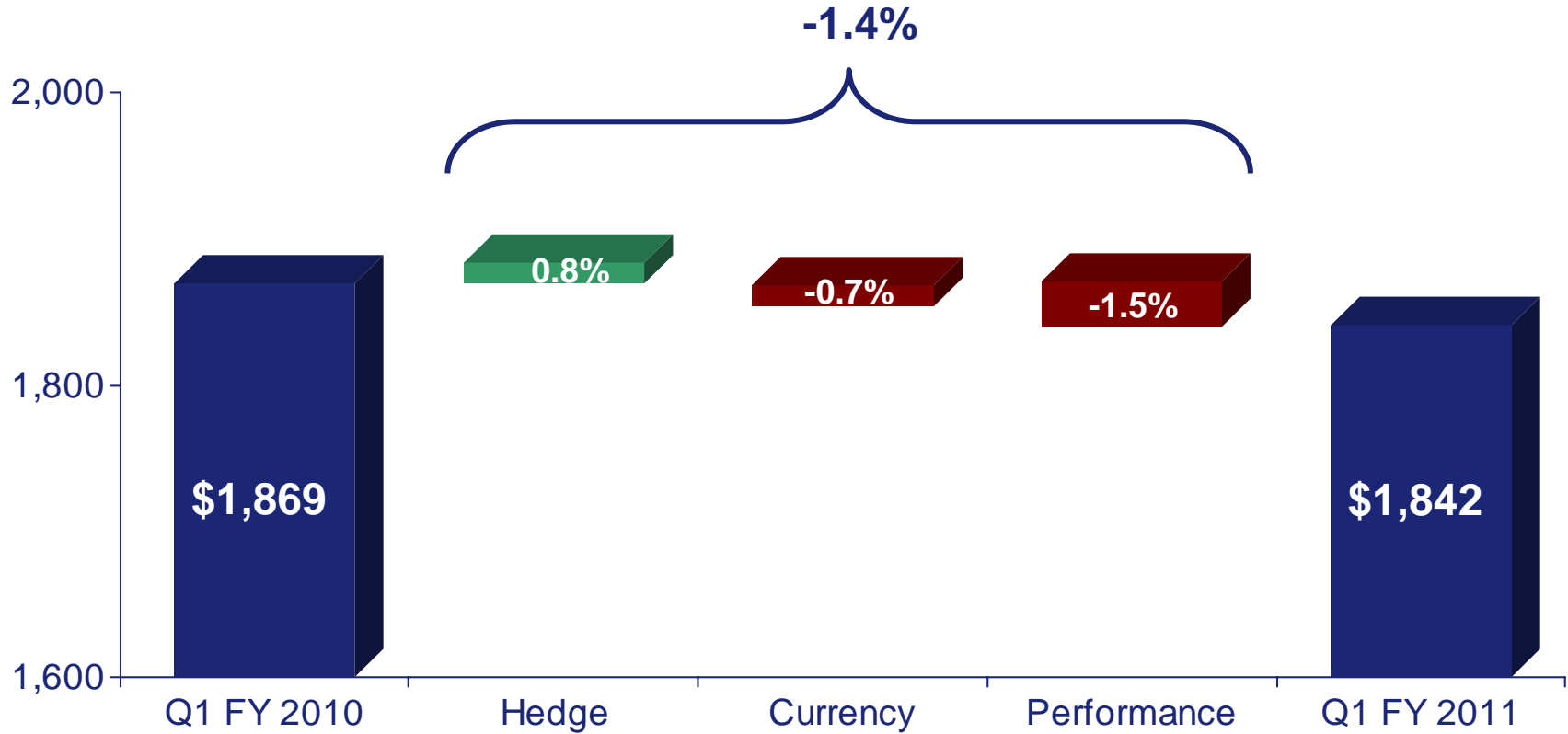
# FY 2011 Safety Revenues

	\$	First Quarter		
		Reported Growth %	FXN Growth %	FXN % Ex. Flu
<b>Total Safety</b>	<b>\$453</b>	<b>1.4%</b>	<b>0.9%</b>	<b>7.0%</b>
<b>By Geography</b>				
U.S.	\$284	-2.8%	-2.8%	5.7%
International	\$169	9.1%	7.5%	9.2%
<b>By Segment</b>				
Medical	\$213	-3.6%	-4.3%	8.2%
Diagnostics	\$240	6.2%	5.8%	5.8%

Note: International data includes hedge allocation.

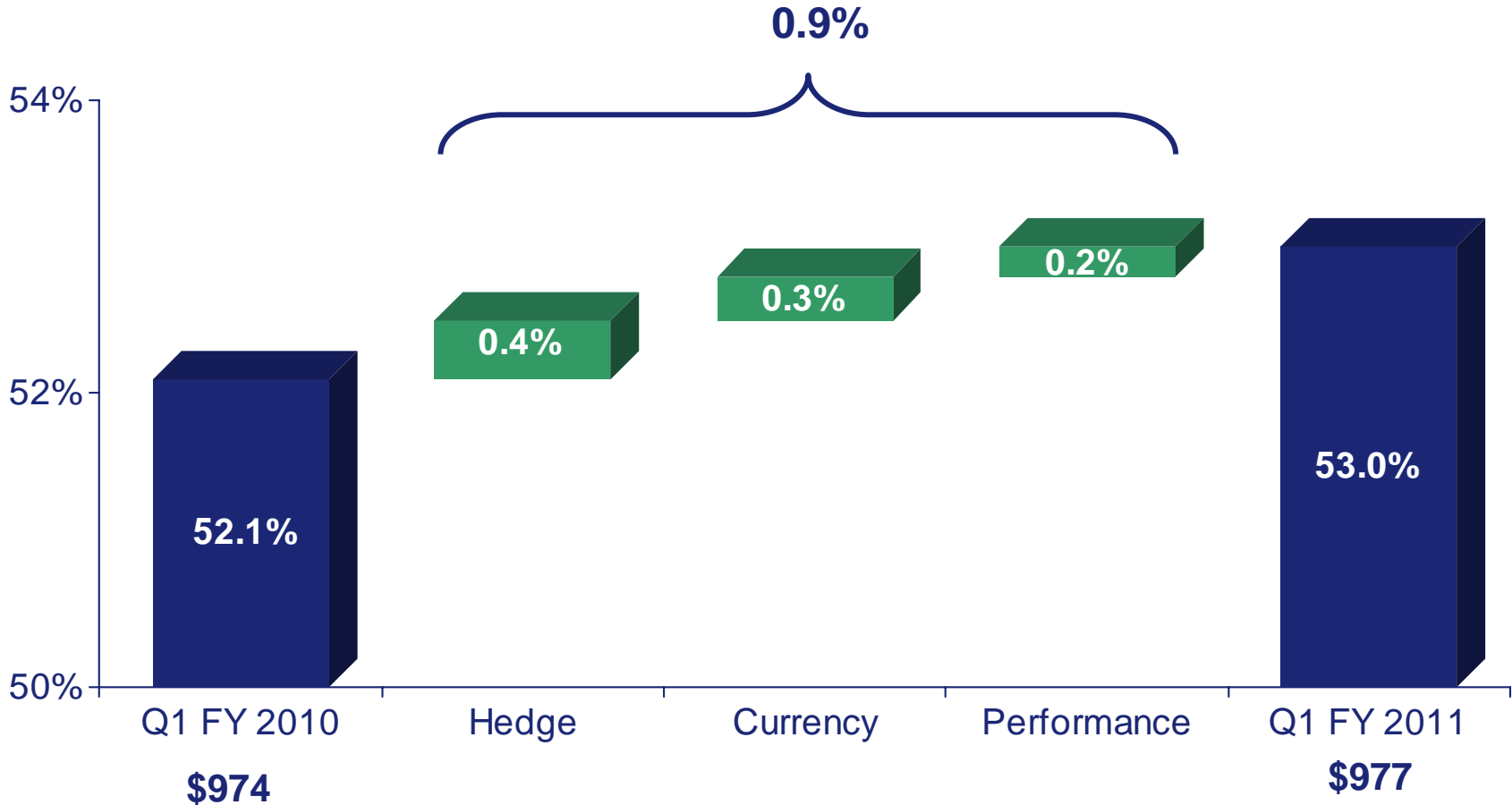
# Q1 FY 2011 Revenue Growth Year-Over-Year

\$ in Millions



# Q1 FY 2011 Gross Margin Change Year-Over-Year

\$ in Millions



# Q1 FY 2011 Income Statement

	Q1 FY 2011	Q1 FY 2010	Favorable (Unfavorable)		
			\$ Change	Reported % Change	FXN % Change
<b>Revenues</b>	1,842	1,869	(27)	-1.4%	-1.5%
<b>Gross Profit</b>	977	974	2	0.2%	-1.1%
% of Revenues	53.0%	52.1%			
<b>SSG&amp;A</b>	448	446	(2)	-0.5%	-1.0%
% of Revenues	24.3%	23.8%			
<b>R&amp;D</b>	116	99	(16)	-16.5%	-17.1%
% of Revenues	6.3%	5.3%			
<b>Operating Income</b>	413	430	(17)	-3.9%	-7.5%
% of Revenues	22.4%	23.0%			
<b>EPS</b>	\$1.35	\$1.25	\$0.10	8.0%	4.8%

<b>FXN</b>	<b>Q1</b>	<b>Q2-Q4</b>	<b>Total</b>
<b>Total BD</b>	-1.5%	~6%	~4%
<b>FY 2011 Flu, Stimulus &amp; <sup>(1)</sup> Supplemental Revenue Impact</b>	~\$80m	~\$50m	~\$130m
<b>Total BDX excluding Flu &amp; Stimulus/Supplemental</b>	2.8%	~7%	~6%

<sup>(1)</sup> Estimated flu-related spending occurred in fiscal year 2010 in the Medical and Diagnostics segments which totaled approximately \$90m. Estimated stimulus spending in the Biosciences segment in the U.S. occurred in all quarters of fiscal year 2010. Supplemental spending in the Biosciences segment applies to the second and third quarters of fiscal year 2010. Stimulus and supplemental spending in the Biosciences segment totaled approximately \$40m.



# FY 2011 Segment Revenue Guidance

FXN	Excluding Flu, Stimulus & Supplemental Spending			2011 Guidance FXN Growth
	Q1	Q2-Q4	Total Year	
<b>Total BD</b>	2.8%	~7%	~6%	~4%
<b>BD Medical</b>	2.1%	~7%	~6%	~4%
<b>BD Diagnostics</b>	2.8%	~7%	~6%	~5%
<b>BD Biosciences</b>	5.3%	7-8%	~7%	~4%

(1) Estimated flu-related spending occurred in fiscal year 2010 in the Medical and Diagnostics segments which totaled approximately \$90m. Estimated stimulus spending in the Biosciences segment in the U.S. occurred in all quarters of fiscal year 2010. Supplemental spending in the Biosciences segment applies to the second and third quarters of fiscal year 2010. Stimulus and supplemental spending in the Biosciences segment totaled approximately \$40m.

	2010	November Guidance		January Guidance	
		Adjusted Growth	FXN Growth	Adjusted Growth	FXN Growth
<b>Revenues</b>	\$7,372	~4%	~4%	~4%	~4%
<b>EPS</b>	\$4.94 <sup>(1)</sup>	\$5.45-\$5.55		\$5.45-\$5.55	
		10-12%	10-12%	10-12%	10-12%

<sup>(1)</sup> Adjusted EPS of \$4.94 excludes a non-cash charge related to healthcare reform impacting Medicare Part D reimbursements in the second fiscal quarter of 2010.



## **Vincent A. Forlenza** President and COO

- **Focused on:**
  - ◆ **Strengthening the core**
  - ◆ **Delivering on new product platforms**
  - ◆ **Emerging market growth**
  - ◆ **Delivering on operational excellence programs**

## Program/Product

## Planned Launch Dates

ReLoCo products launch (BDM)

 FY 2011 Q2-Q4

New safety pen needles (BDM)

 FY 2011

BD Max<sup>™</sup> 6 color system (BDD)

 Q3 FY 2011

Desk-top sorter (BDB)

 FY 2011

Animal free media supplement (BDB)

 FY 2011

BD<sup>™</sup> Max MRSA/C.Diff launch

 Mid FY 2012 EU, late FY12 U.S.

BD<sup>™</sup> Surepath Plus (BDD)

 FY 2013

BD<sup>™</sup> Viper LT (BDD)

 End of FY 2013

- Emerging markets represent over 20% of the Company's revenues in the first quarter
- Strong underlying double-digit growth in key markets
- Growth is driven by expansion of healthcare funding and patient access in tandem with increased BD investment
- Expect continued low double-digit growth for remainder of the year
- Strong growth in Asia Pacific and Latin America
- Strong safety growth in emerging markets

- **ReLoCo program on track to break-even in 2011 and to drive steady state savings of \$50-\$60 million in 2013**
- **SAP (EVEREST) – investing in program implementation and expect full implementation in 2014**
- **Shared service centers – the centers in San Antonio and Singapore are in place and we’re continuing to drive efficiencies and reduce structural G&A expenses**

- Healthcare spending remains constrained
- Continued strong growth in key emerging markets
- Product development and product launches remain on target
- Operational excellence programs progressing on plan
- Reaffirm guidance for full fiscal year 2011

# Q & A

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# Q1 FY 2011 Reconciliation - FX Impact

Three Months Ended December 31

	Reported FY 2011	Reported FY 2010	Reported Growth \$	Foreign Currency Translation	FY10 Hedge Loss	Total FX	FXN Change	FXN Growth
Revenues	\$ 1,842	1,869	(27)	(14)	15	1	(28)	-1.5%
Gross Profit	977	974	2	(2)	15	13	(11)	-1.1%
% of Revenues	53.0%	52.1%						
SSG&A	448	446	(2)	2	0	2	(5)	-1.0%
% of Revenues	24.3%	23.8%						
R&D	116	99	(16)	1	0	1	(17)	-17.1%
% of Revenues	6.3%	5.3%						
Operating Income	413	430	(17)	1	15	16	(32)	-7.5%
	22.4%	23.0%						
Income Tax	94	119	25	0	(6)	(5)	31	nm
Effective Tax Rate	23.0%	28.1%						
Income from Continuing Operations	314	304	10	1	9	10	(0)	0.0%
% of Revenues	17.1%	16.3%						
EPS	\$ 1.35	1.25	0.10	0.00	0.04	0.04	0.06	4.8%

\$ Amounts in millions except per share data.

All figures rounded. Totals may not add due to rounding.





# FY 2010 Reconciliation

Twelve Months Ended September 30

	Reported FY 2010	Tax <sup>(1)</sup>	Adjusted FY 2010
Revenues	\$ 7,372		\$ 7,372
Gross Profit	3,829		3,829
% of Revenue	51.9%		51.9%
SSG&A	1,721		1,721
% of Revenue	23.3%		23.3%
R&D	431		431
% of Revenue	5.8%		5.8%
Operating Income	1,677		1,677
% of Revenue	22.7%		22.7%
Income Tax	485	\$ (9)	476
Effective Tax Rate	29.2%		28.7%
Income from Continuing Operations	1,176	9	1,185
% of Revenue	16.0%		16.1%
EPS	\$ 4.90	\$ .04	\$ 4.94

<sup>(1)</sup> Represents a non-cash charge related to healthcare reform impacting Medicare Part D reimbursements.

\$ Amounts in millions except per share data. All figures rounded. Totals may not add due to rounding.



# Supplemental Revenue Information for Flu & Stimulus

	% Change first quarter fiscal 2011 compared to first quarter fiscal 2010				
	Reported	FX Impact	FXN	Flu / Stimulus Impact <sup>(1)</sup>	Adjusted FXN
BDX	(1.4)	0.1	(1.5)	4.3	2.8
BD MEDICAL	(4.5)	(0.2)	(4.3)	6.4	2.1
BD DIAGNOSTICS	1.0	0.4	0.6	2.2	2.8
BD BIOSCIENCES	3.7	0.2	3.5	1.8	5.3
UNITED STATES	(2.9)	-	(2.9)	6.0	3.1
INTERNATIONAL	(0.2)	0.1	(0.3)	2.8	2.5

	% Change first quarter fiscal 2011 compared to first quarter fiscal 2010				
	Reported	FX Impact	FXN	Flu Impact <sup>(1)</sup>	Adjusted FXN
TOTAL SAFETY	1.4	0.5	0.9	6.1	7.0
UNITED STATES	(2.8)	-	(2.8)	8.5	5.7
INTERNATIONAL	9.1	1.6	7.5	1.7	9.2
BD MEDICAL	(3.6)	0.7	(4.3)	12.5	8.2
BD DIAGNOSTICS	6.2	0.4	5.8	-	5.8

(1) Represents the estimated impact on revenue growth in the first quarter 2011 due to an unfavorable comparison to the prior year's period which included strong flu pandemic related revenues and U.S. stimulus spending.