

AVANOS

ANALYST AND INVESTOR CONFERENCE

JUNE 2018

SOFITEL NEW YORK
NEW YORK, NY

OVERVIEW

FORWARD-LOOKING INFORMATION

Certain matters in this presentation, including our financial outlook, expectations and planning assumptions, and any estimates, projections, and statements relating to our business plans, objectives, or the acquisition of CoolSystems 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 posted on our website (www.halyardhealth.com/investors).

AVANOS

INTRODUCING AVANOS

JUNE 2018

JOE WOODY
CHIEF EXECUTIVE OFFICER

INTRODUCING ΔVANOS



ΔVΔNOS: ACHIEVING THE IMPOSSIBLE

Our Vision

The best at getting patients back to the things that matter

Our Mission

We deliver clinically superior, breakthrough medical device solutions to improve patients' quality of life

Our Values



Customer-Centric



Results-Driven



Collaborative



Candor



Speed

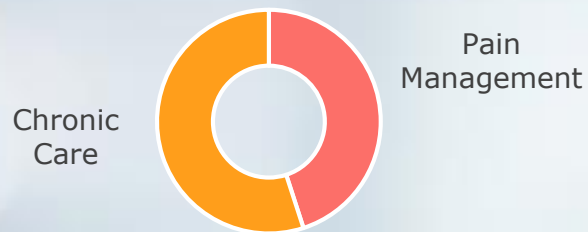


Global Mindset

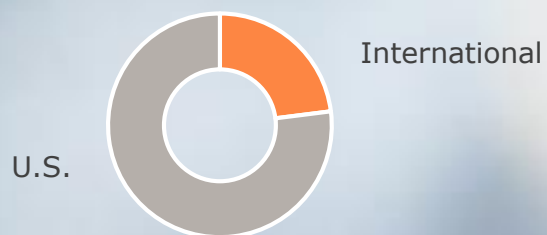
WHO WE ARE

Global Medical Devices Company

\$600M+
Global Revenue



Business Operations in
90+ countries



~\$10B

Addressable
Market

Market-leading portfolio
in the U.S.:
7 products are **#1 or #2**
in their categories

Strong Momentum:
**10% net sales
CAGR¹**

Low 60s gross margin,
delivering future operating
margin expansion

Note:

1. 2015-2017 Medical Devices sales

DELIVERING SUPERIOR, BREAKTHROUGH MEDICAL DEVICE SOLUTIONS

Pain Management

100 million Americans live in chronic pain

Opioid **dependency** can begin within **3 days** of initial use¹

Chronic Care

~86% of hospital-associated pneumonia is linked with mechanical ventilation²

1/3 of patients enter the hospital malnourished; another **1/3** develop malnutrition in the hospital³

Notes:

1. Centers for Disease Control and Prevention. Characteristics of Initial Prescription Episodes and Likelihood of Long-Term Opioid Use—United States, 2006-2015.
2. Richards MJ, Edwards JR, Culver DH, Gaynes RP. Nosocomial infections in medical intensive care units in the United States. National Nosocomial Infections Surveillance System. Crit Care Med. 1999 May;27(5):887-92.
3. Tappenden KA, Quatrara B, Parkhurst ML, Malone AM, Fanjiang G, Ziegler TR. Critical Role of Nutrition in Improving Quality of Care: An Interdisciplinary Call to Action to Address Adult Hospital Malnutrition. Journal of the Academy of Nutrition and Dietetics

Getting patients back to the things that matter

TRACK RECORD OF STRONG PERFORMANCE



- 1**
 - ✓ Established pure-play medical devices business
 - ✓ Launched cost transformation and implementation of new IT system
 - ✓ Announced acquisition of Game Ready
- 2**
 - ✓ Accelerated organic growth rate annually
 - ✓ Increased net sales by 10% CAGR¹
 - ✓ Expanded operating margins by 420 bps¹
- 3**
 - ✓ Increased and focused R&D spend
 - ✓ Accelerated innovation across the portfolio
 - ✓ Created robust development pipeline
- 4**
 - ✓ Introduced customer-centric mindset
 - ✓ Rebranded to reflect our mission and values
 - ✓ Reinvigorated the culture

Delivered 80% TSR since 2016²

STRATEGIC FRAMEWORK DRIVING FUTURE DOUBLE-DIGIT REVENUE AND EARNINGS GROWTH

Accelerating innovation and growth to achieve category leadership in Pain Management and Chronic Care through excellence in our investments, performance and people



Achieve full-potential organic growth



Accelerate sales internationally



Focus on breakthrough innovation



Pursue complementary M&A



Continue to right-size cost structure



Leverage renewed culture

TODAY'S AGENDA & PRESENTERS



John Tushar
*President,
Global Franchises*



Lisa Kudlacz
*Vice President &
General Manager,
Interventional Pain*



Dr. John DiMuro
*Owner,
DiMuro Pain Management*



Roger Massengale
*Vice President &
General Manager,
Acute Pain*



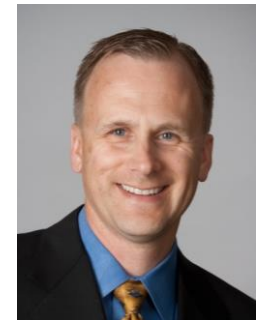
Dr. Sonia Szlyk
*Director of Regional Anesthesia,
North American Partners in
Anesthesia, Mid-Atlantic*



Tom Kupec
*Vice President &
General Manager,
Chronic Care*



Lee Burnes
*Senior Vice President,
Global R&D, Clinical & Medical Affairs*



Steve Voskuil
*Senior Vice President,
Chief Financial Officer*

THANK YOU

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COMMERCIAL STRATEGY

JUNE 2018

JOHN TUSHAR
PRESIDENT,
GLOBAL FRANCHISES

ΔVΔNOS: STRONG FUNDAMENTALS

- ✓ A newly transformed, focused and scalable medical device business
- ✓ Performance momentum
- ✓ Market-leading product portfolio
- ✓ Resources to seize external opportunities
- ✓ Proven ability to drive internal innovation
- ✓ Equipped to best serve customers
- ✓ Able to attract top device industry talent
- ✓ Untapped opportunities for further growth



OUR STRATEGY

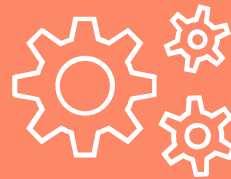
Accelerating innovation and growth to achieve category leadership in Pain Management and Chronic Care through excellence in our investments, performance and people

DRIVING SHAREHOLDER VALUE



Investments

- Dual-track pursuit of growth through innovation and M&A
- Outcomes and economics-driven approach
- Market expansion opportunities



Performance

- Leveraging data for differentiation & optimal reimbursement
- Customer engagement
- Direct-to-customer marketing

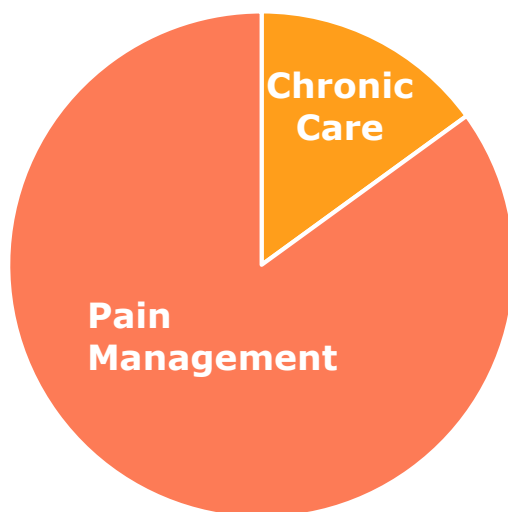


People

- Energized, focused workforce post-S&IP and renaming
- Leveraging HPMS to drive execution
- Differentiated R&D talent

OUR BUSINESS: AN OVERVIEW

Strong Position in Large Addressable Markets



Approx. \$10B

Fast Growth in Pain Management

- Includes Acute Pain and Interventional Pain
- Key therapies:
 - Non-opioid post surgical solutions
 - Radio frequency nerve ablation for chronic back, knee and hip pain
- Fastest-growing part of our business, driven by **COOLIEF*** and **ON-Q*** success



Continued Leadership in Chronic Care

- Includes Digestive Health and Respiratory Health
- Key therapies:
 - Closed suction catheters for infection control for ventilated patients
 - Enteral and nasogastric feeding
- Mature market, with leading positions further enhanced by success of **CORPAK*** acquisition



INVESTING TO WIN IN AN EVOLVING MARKET



Demand for evidence and economic benefits



Limited potential for incremental innovation



Need for non-opioid pain management



Continued barriers to non-opioid alternatives

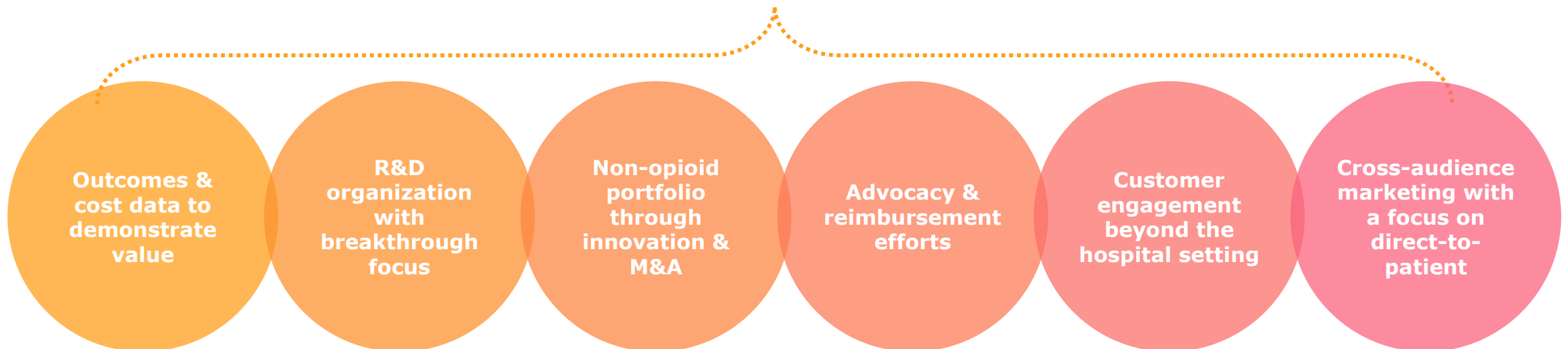


Movement to outpatient and alternative care settings







Increased patient control in healthcare decision-making

strategic investments in...



THE ΔVANOS DIFFERENCE

-  Newly focused business with a strategy to continue driving innovation & growth
-  Experienced management team with diverse backgrounds
-  Sustainable leadership positions in attractive end markets
-  Proven ability to create value through external and internal innovation

THANK YOU

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INTERVENTIONAL PAIN

JUNE 2018

**LISA KUDLACZ
VICE PRESIDENT & GENERAL MANAGER,
INTERVENTIONAL PAIN**

INTERVENTIONAL PAIN

Interventional Pain Vision

To be the world leader in minimally invasive solutions for the treatment of chronic pain

Attractive Market Dynamics

Large, growing category that lacks longer-term minimally invasive solutions for patients

Significant Future Potential

Investing in clinical evidence, sales and marketing and breakthrough technologies



INTERVENTIONAL PAIN OVERVIEW

Large Addressable Market

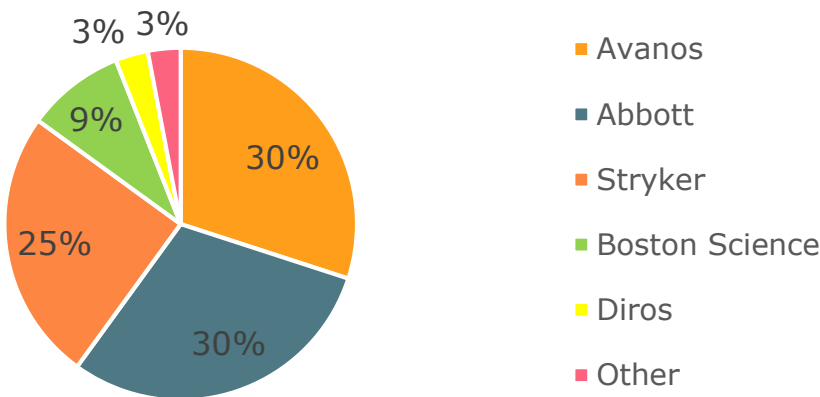
100M

Americans with
Chronic Pain

>\$4B

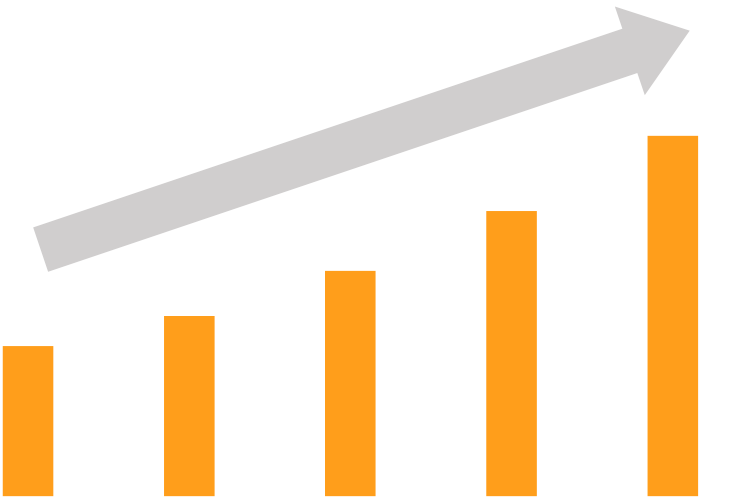
Addressable
Market

Leading RF Market Share Position



Source: MedTech Market Research, Transparency Market Research, IMS Data and Halyard Internal Sales Projections

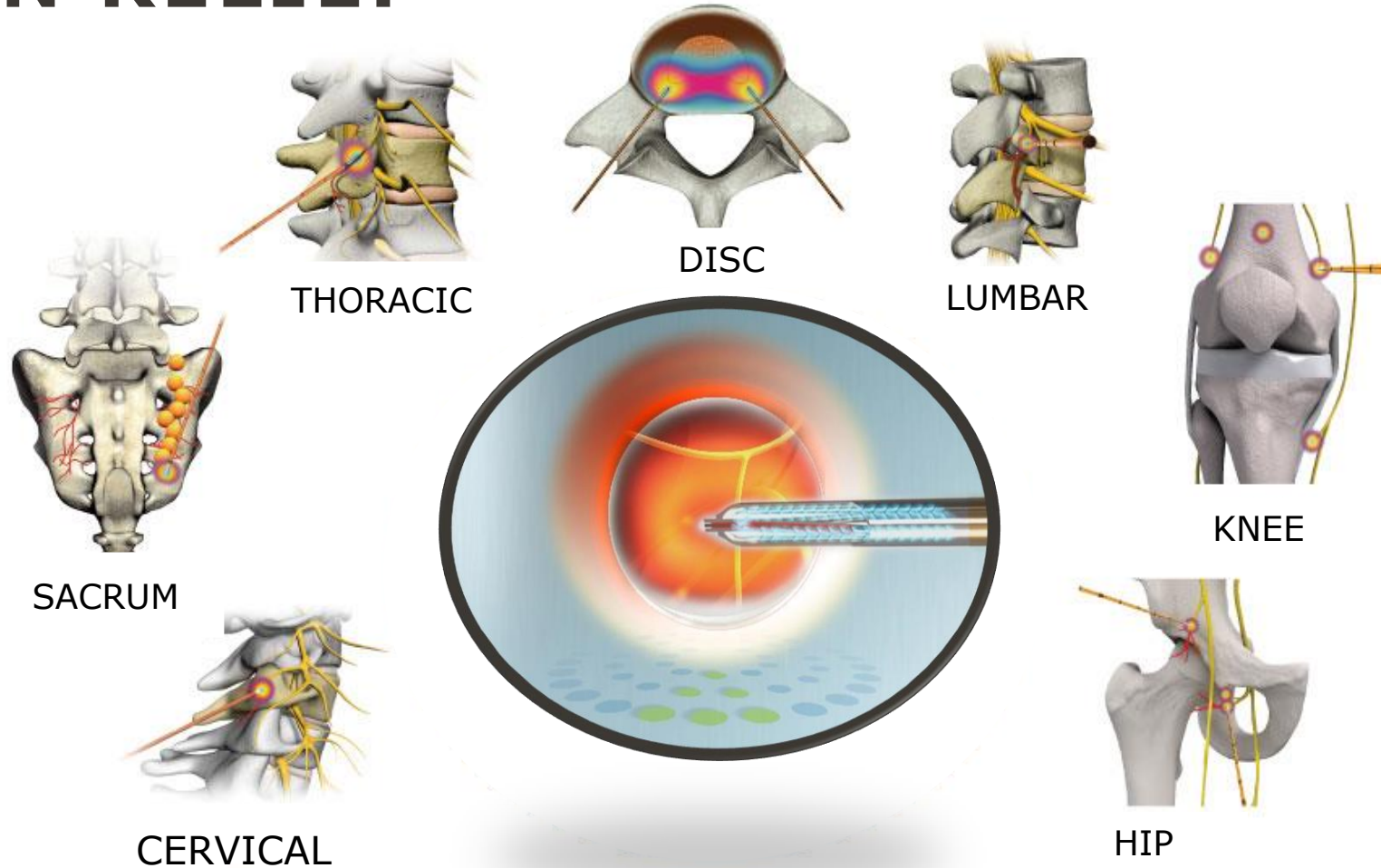
Double-Digit Growth Driven by COOLIEF*1



- **IVP CAGR:** **13%**
- **Coolief CAGR:** **46%**

Note:
1. Based on 4-year CAGR, 2013-2017

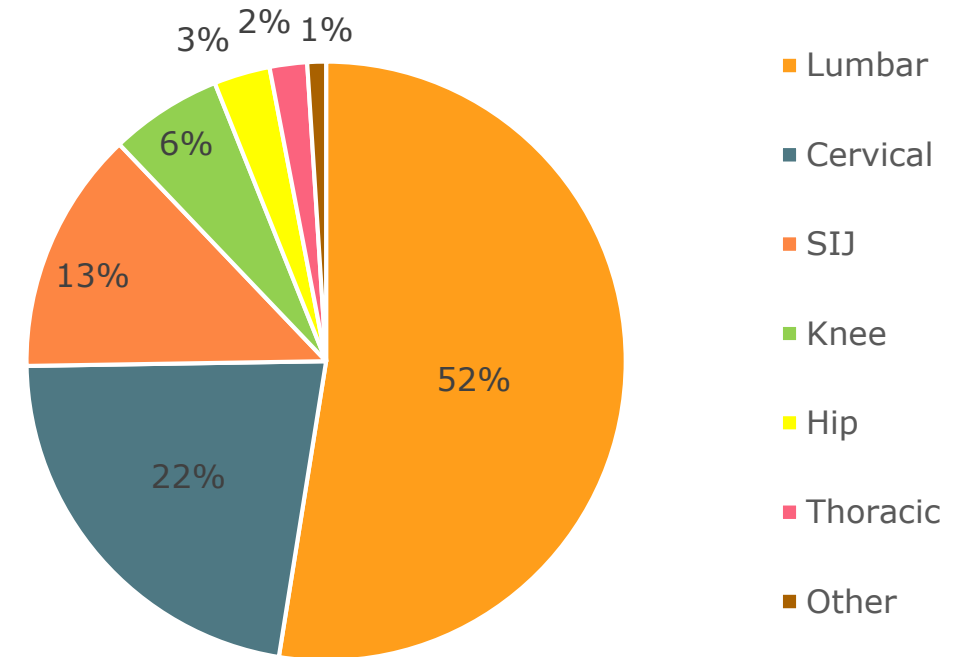
COOLIEF* ENABLES DEACTIVATION OF SENSORY NERVES FOR INCREASED DURATION OF PAIN RELIEF



SIGNIFICANT OPPORTUNITY FOR COOLIEF* BEYOND SPINE

- Majority of RF procedures performed are for spine pain
- Knee procedures rapidly becoming the 4th most common procedure
- Knee represents the largest untapped growth opportunity for COOLIEF*
- COOLIEF* is the first and only FDA-cleared RF procedure for osteoarthritic knee pain

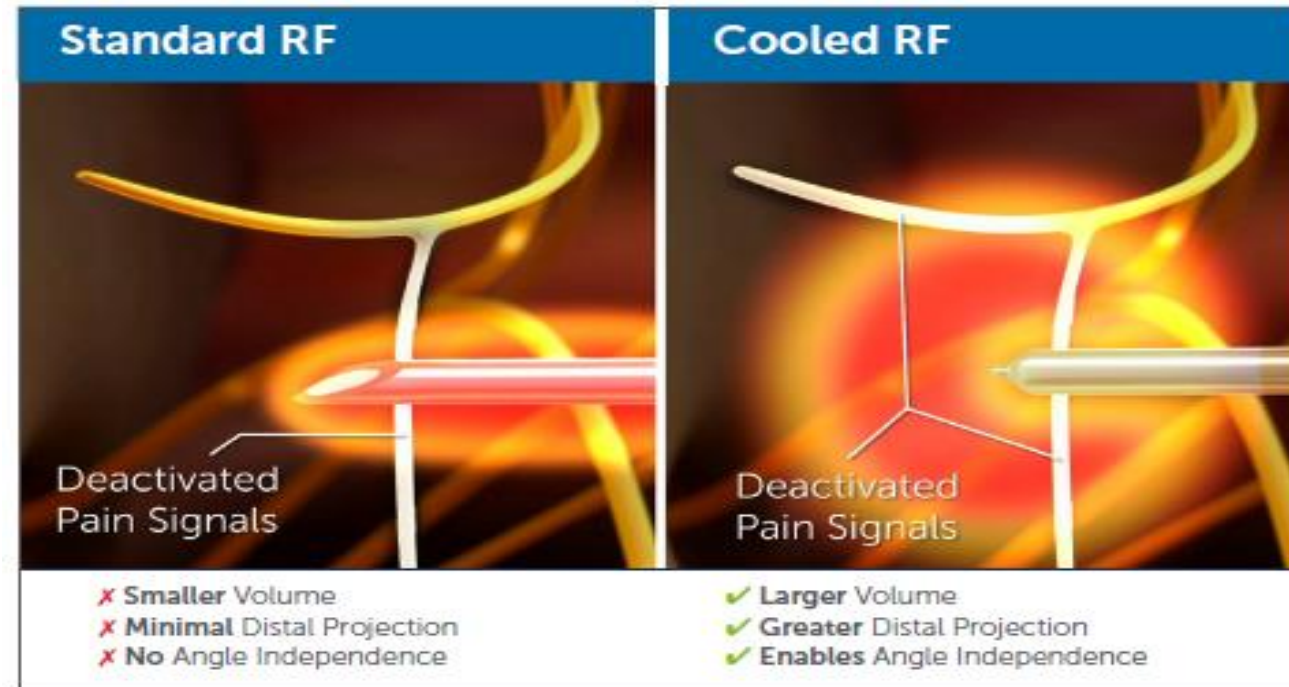
U.S. RF Procedures by Anatomy¹



Note:

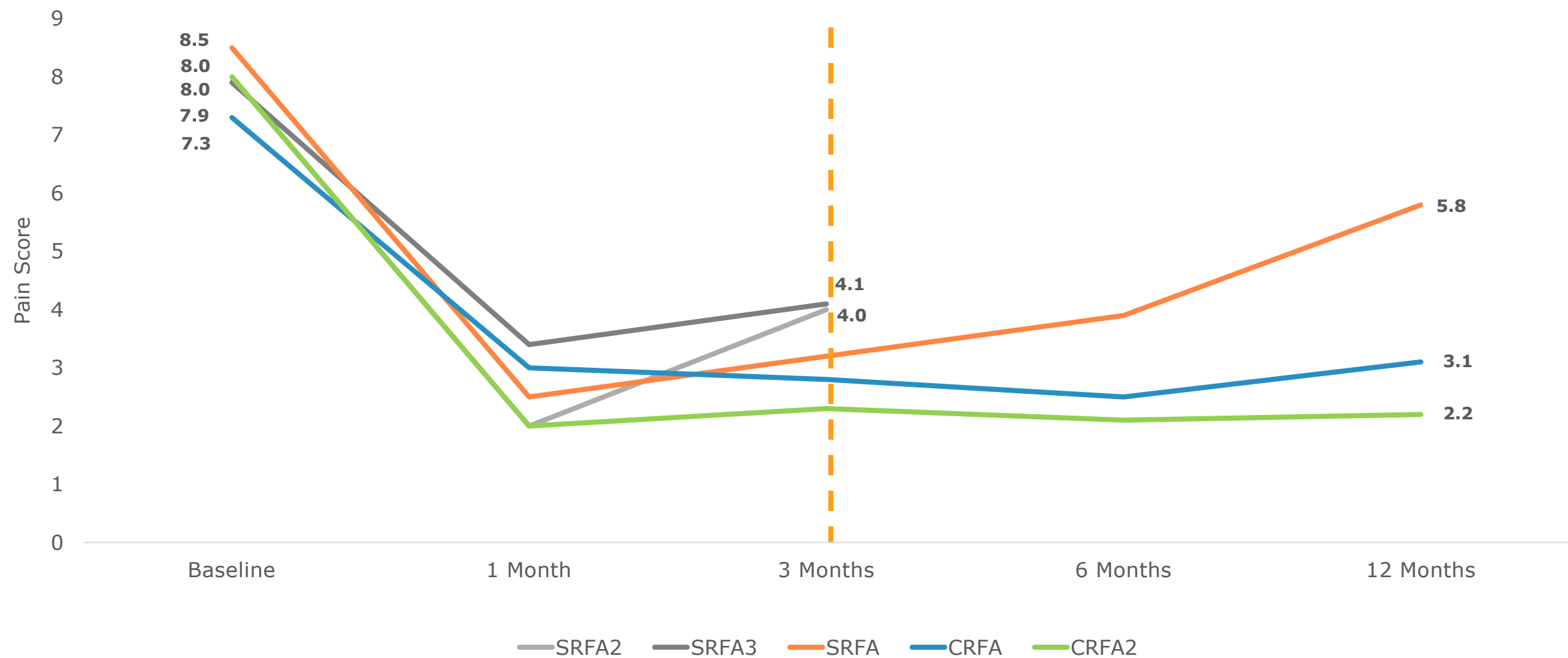
1. HMS, COOLIEF* ASC Pricing and Market Sizing Research Report, March 2017 KJT Research Group; BI data; 2015-2017 Survey Monkey New Procedure Training

COOLIEF* ADVANTAGE OVER STANDARD RF



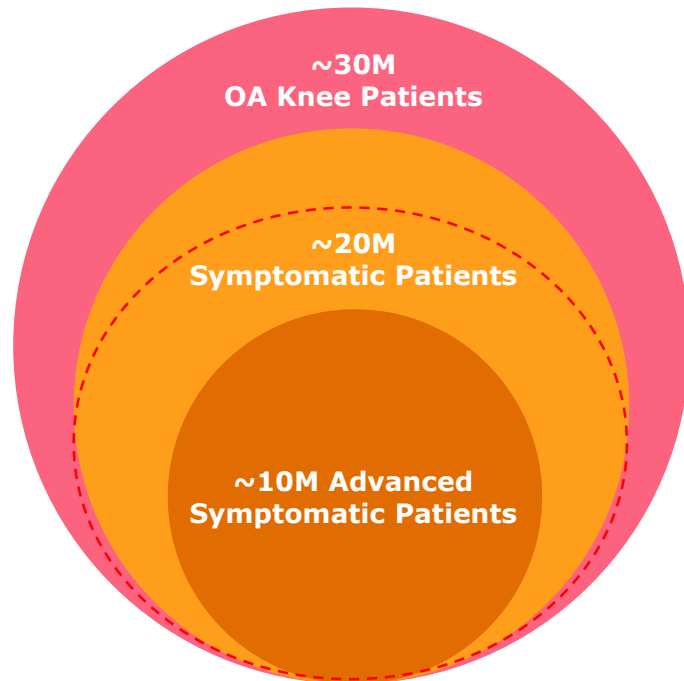
COOLIEF*
Cooled Radiofrequency Treatment

COOLED RF PROVIDES LONGER DURATION OF PAIN RELIEF FOR KNEE OVER STANDARD RF



THE ONLY FDA-CLEARED ABLATION TECHNIQUE TO TREAT OSTEOARTHRITIS KNEE PAIN

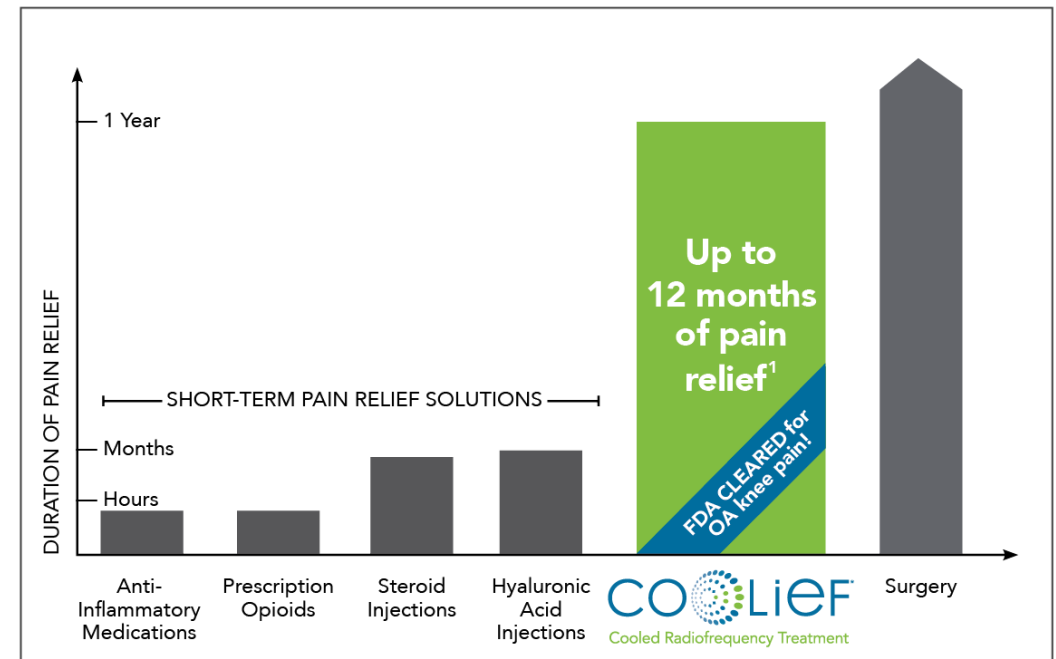
Target market: moderate to severe knee OA



~11M
Patient population

Adapted from Deshpande, R. et al. "Number of Persons with Symptomatic Knee Osteoarthritis in the US", Arthritis Care & Research, 2016 68(2).
National Center for Chronic Disease Prevention and Health Promotion, Data & Statistics, Atlanta, GA: Centers for Disease Control, 2017; Advisory Board Market Scenario Planner; Service Line Strategy Advisor research and analysis.

COOLIEF* plays critical role in short-term pain relief¹



Note:

1. National Center for Chronic Disease Prevention and Health Promotion, *Data & Statistics*, Atlanta, GA: Centers for Disease Control, 2017; Advisory Board Market Scenario Planner; Service Line Strategy Advisor research and analysis.

THE POWER OF COOLIEF* FROM A PATIENT'S PERSPECTIVE







HOW WE WILL WIN

A balanced investment approach



- 1
 - ✓ Expand patient advertising to drive procedure demand
 - ✓ Utilize targeted physician value proposition campaigns supported by demand generation programs
- 2
 - ✓ Increase investment in clinical data: 13 studies across 3 indications over next 3 years
 - ✓ Show efficacy/safety/differentiation to standard RF
 - ✓ Ensure appropriate coverage and payment for the physician to perform in preferred site of service
- 3
 - ✓ Expand physician coverage in the US and internationally
 - ✓ Expand marketing programs globally
- 4
 - ✓ Advance research in nerve ablation to further enhance technology development
 - ✓ Explore new technologies in adjacent Chronic Pain markets, such as migraine

BRIGHT FUTURE FOR INTERVENTIONAL PAIN MANAGEMENT

-  Building on solid foundation with differentiated product portfolio and market-leading position
-  Large growing category that lacks longer term minimally invasive solutions for patients
-  Solid investments in clinical evidence that create value with physicians, patients and payers
-  Multi-pronged growth strategy aimed at patient and physician awareness, targeted international expansion & product portfolio development through R&D and M&A

THANK YOU

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THE POWER OF COOLIEF*

JUNE 2018

DR. JOHN M. DIMURO
OWNER, DIMURO PAIN
MANAGEMENT

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- **Avanos, Inc. is sponsoring this presentation, and I am being compensated by Avanos to make this presentation.**
- **The information provided in this presentation is intended for health care professionals and is intended for training and education purposes.**
- **For complete product information, including indications, contraindications, warnings, precautions, and potential adverse effects, see the IFU for the respective product(s).**
- **The information provided in this presentation represents my surgical technique. Surgical techniques can vary depending on the individual expertise, experience, and school-of-thought of the physician utilizing the respective product(s).**



Julia Mancuso
4 time Olympic
medalist
3 time Olympian

The Power of

COOLiEF
Cooled Radiofrequency Treatment

AVANOS

ACUTE PAIN

JUNE 2018

ROGER MASSENGALE
VICE PRESIDENT & GENERAL MANAGER,
ACUTE PAIN

ACUTE PAIN

Acute Pain Vision

To be the leader in reducing or eliminating opioids for surgical patients

Attractive Market Dynamics

Significant need for solutions to battle the opioid crisis and demonstrate healthcare economic benefits

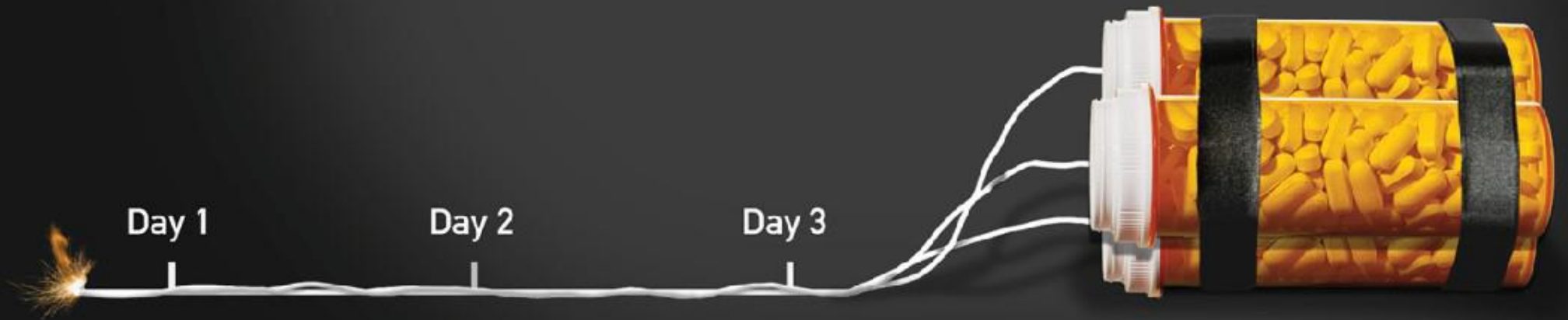
Significant Future Potential

Differentiated products and services in underpenetrated markets with substantial upside



IT'S A MATTER OF **DAYS**.

Every **DAY** a patient takes opioids, their risk of forming a life-threatening addiction increases¹



Stop your patients' countdown TODAY with opioid-sparing ON-Q*.

Note:

1. Centers for Disease Control and Prevention. Characteristics of Initial Prescription Episodes and Likelihood of Long-Term Opioid Use—United States, 2006-2015.

ACUTE PAIN OVERVIEW

Large Addressable Market

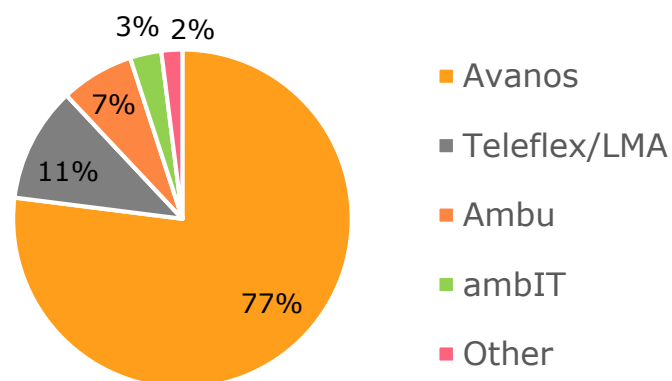
>\$4B

Addressable Market

>20M

Target U.S. Procedures

U.S. Market Share¹



Note:

1. Based on internal estimates and 2016 annual reports

Value Drivers

- Need for solutions to combat the opioid crisis and demonstrate healthcare economic benefits
- Substantial brand equity with more than 100 published studies about ON-Q*
- ON-Q* proven to reduce opioid use and pain following surgery
- Well-trained and highly clinical sales organization
- Holistic portfolio of acute pain management products and therapies
- Talented R&D organization with robust pipeline of innovative products

Growth Priorities

Underpenetrated markets with substantial upside – priorities for growth through:

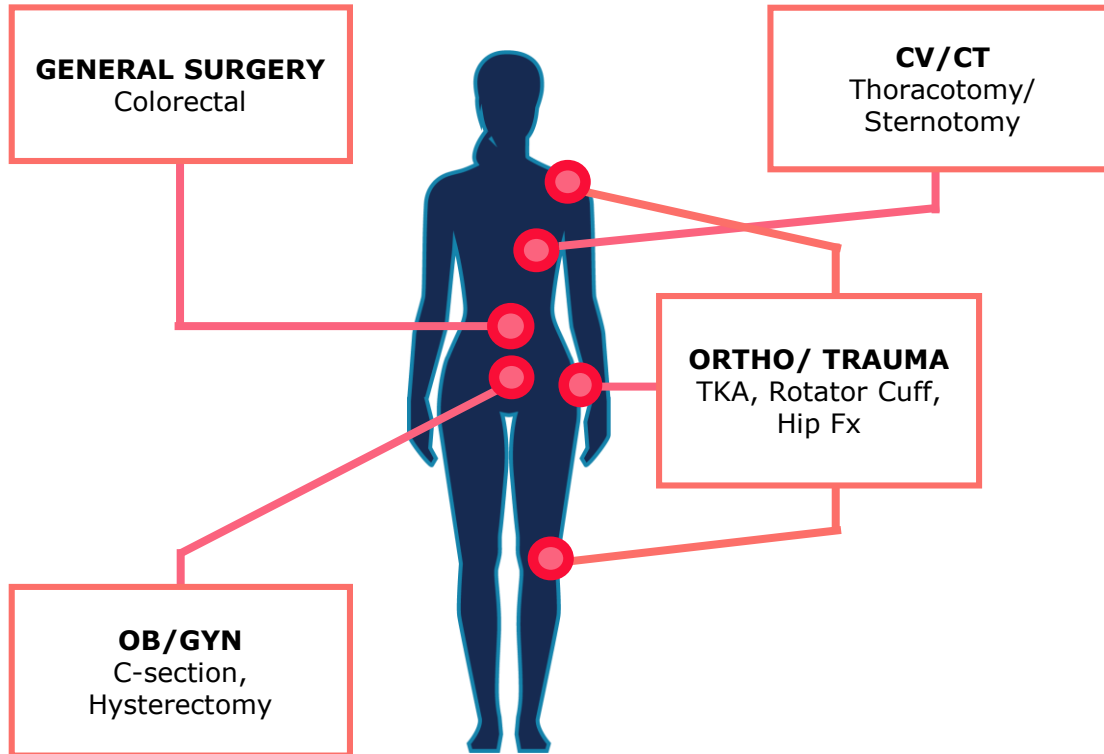
- **Channel leverage:** deepening and broadening our non-opioid pain management portfolio and accelerating sales growth
- **Customer focus:** shifting attention towards surgeons
- **Innovation:** increasing investments in breakthrough innovation
- **International:** building our capabilities for targeted expansion

ACUTE PAIN PORTFOLIO

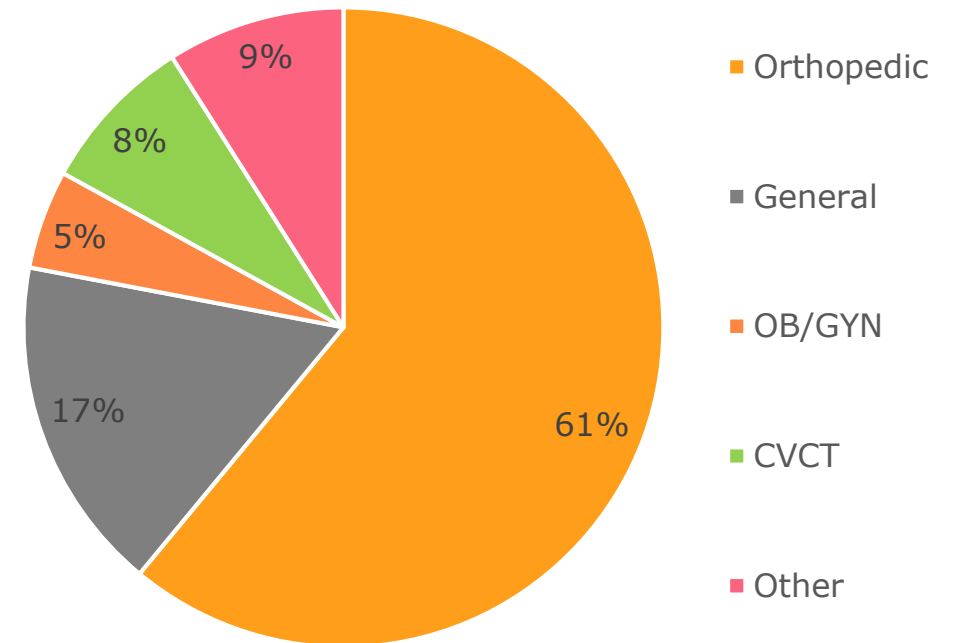
Complete portfolio of products to manage and monitor patients' pain with reduced cost to the healthcare system



LARGE ADDRESSABLE MARKET: MORE THAN 20 MILLION U.S. PROCEDURES PER YEAR



Estimated Market Opportunity
by Specialty¹



Note:

1. MedTech, June 2013 and LSI Procedural Data, December 2011

An estimated more than 50% of ON-Q* sales are in orthopedic procedures

OPIOIDS ARE A SIGNIFICANT BURDEN ON THE HEALTHCARE SYSTEM

Every opioid-related, in-hospital adverse event **increases costs by an average of \$4,700**¹

Opioid side effects such as constipation can prolong postoperative length of stay by an average of **1.4 days**²

Between 1999 and 2013, the prescription opioid overdose rate for adults aged **55 to 64 increased more than**

7x³



Avanos has 44 published studies demonstrating reduced pain and opioid use with ON-Q*

Notes:

1. Oderda GM, Gan TJ, Johnson BH, Robinson SB. Effect of opioid-related adverse events on outcomes in selected surgical patients. J Pain Palliat Care Pharmacother. 2013;27:62-70; Kessler ER, Shah M, Gruschkus SK, Raju A. Cost and quality implications of opioid-based postsurgical pain control using administrative claims data from a large health system: opioid-related adverse events and their impact on clinical and economic outcomes. Pharmacotherapy. 2013;33(4): 383-391.
2. Data on file
3. CDC. Opioid painkiller prescribing varies widely among states.

ON-Q* PROVIDES SUPERIOR OUTCOMES TO OTHER NON-OPIOID ALTERNATIVES

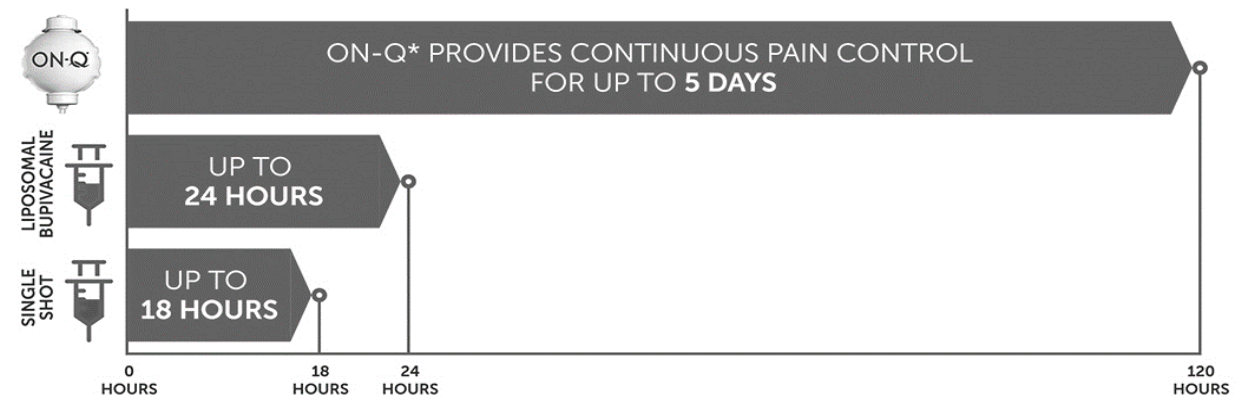
Other Non-opioid Alternatives

Single-shot nerve blocks are associated with **worsening postoperative pain** between 16 & 24 hours¹

Recent studies and clinical reviews of the data have concluded that **Liposomal Bupivacaine does NOT appear to offer additional benefits** compared to other local anesthetics²

For breakthrough pain, additional local anesthetics **cannot be used for up to 96 hours** after administration due to potential risk of local anesthetic toxicity³

ON-Q*⁴



ON-Q* delivers continuous relief and non-opioid pain control for up to 5 days⁵

ON-Q* has **20 years** of innovation, **100 clinical studies**, and has been used by over **6.4 million patients**⁶

Notes:

1. Abdallah FW, Halpern SH, Aoyama K, Brull R. Will the real benefits of single-shot interscalene block please stand up? A systematic review and meta-analysis. *Anesth Analg*. 2015;120(5):1114-1129.
2. Kopp p. 688, Jain p. 2, Declaire p. 7-9, Alijanipour p. 10, VA Pharmacy Ben p. 1-2, Amundson p. 1141, 1145, 1146
3. Burbridge M, Jaffe R. Exparel®: A New Local Anesthetic with Special Safety Concerns. Letter to the Editor. *Anesth Analg*. 2015;121(4):1113-1114; Aggarwal N. Local anesthetics systemic toxicity association with exparel – a pharmacovigilance evaluation. *Expert Opinion on Drug Safety*. 2017.
4. Single shot based on Abdallah p. 1117, LP based on Golf p. 781, 783; Gorfine p. 1554, 1556
5. IFU - The ON-Q* Pain Relief System. Instructions for use.
6. Data on file

ON-Q* IS CRITICAL TO A MULTIMODAL APPROACH TO POSTOP PAIN MANAGEMENT

TREATMENT GOALS

Reduce opioid use



Provide pain relief for days, not just hours



Reduce complications due to opioid use



Offer customizable control with ability to turn analgesia on and off



Improve cost-effectiveness by limiting factors like length of stay



Holistic approach to clinical sales, training and implementation support to drive customer satisfaction




THE BENEFITS OF ON-Q* FROM A PATIENT'S PERSPECTIVE



ON-Q*
PAIN RELIEF SYSTEM

GAME READY: EXPANDING NON-OPIOID PORTFOLIO AND CHANNEL ACCESS

- Cold therapy and compression are well-known solutions for post-surgical inflammation and pain, and widely used by orthopedic surgeons
- Game Ready is a well-established brand with a premium product
- Game Ready has a large addressable market and is growing above the rate of Avanos
- Increases access for ON-Q* with Game Ready orthopedic surgeons and key 1099 partners
- Another strong weapon in the fight to eliminate or reduce opioids for the surgical patient

Our Objectives		GAME  READY®
Expand our non-opioid pain portfolio		✓
Accelerate sales growth		✓
Focus on surgeons		✓
Increase investments in breakthrough innovation		✓
Build international capabilities		✓

GAME READY PORTFOLIO

GAME  READY®







HOW WE WILL WIN



- 1
 - ✓ Capitalize on growing demand from physicians seeking non-opioid alternatives
 - ✓ Educate surgeons and anesthesiologists on clinical and economic benefits of ON-Q*
- 2
 - ✓ Expand attention of well-trained sales force on surgeon decision makers
 - ✓ Leverage substantial portfolio of clinical evidence to differentiate portfolio's health outcomes and economic benefits
- 3
 - ✓ Develop technologies to increase the ease and efficiency of placing nerve blocks
 - ✓ Explore additional breakthrough technologies for the treatment of post-surgical pain
- 4
 - ✓ Leverage unique holistic portfolio and customer education to retain and grow accounts
 - ✓ Capitalize on independent orthopedic surgeon relationships of ON-Q* and Game Ready sales forces to expand adoption of both products

SIGNIFICANT FUTURE POTENTIAL IN ACUTE PAIN MANAGEMENT

-  Building on solid foundation with strong products and services and market-leading positions
-  Underpenetrated markets with substantial upside
-  Comprehensive growth plan to deepen and broaden account penetration
-  Investing in innovative opioid-sparing pain therapies

THANK YOU

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GETTING TO YES:

**PAIN
MANAGEMENT
DONE RIGHT**

JUNE 2018

SONIA SZLYK, MD
DIRECTOR OF REGIONAL ANESTHESIA,
NORTH AMERICAN PARTNERS IN ANESTHESIA,
MID-ATLANTIC

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"LONG-ACTING" LOCAL ANESTHETICS FALL SHORT

Unpredictable quality
of block

Unpredictable
duration of block

No titration

Unclear safety profile

Cost considerations

Unreliable outcomes

Lower surgeon, administration, and patient satisfaction

CAN WE...



Reduce opioid use?



Decrease length of stay?



Increase discharge to home?



Ensure patient & surgeon satisfaction?

YES, there's a BLOCK for that!

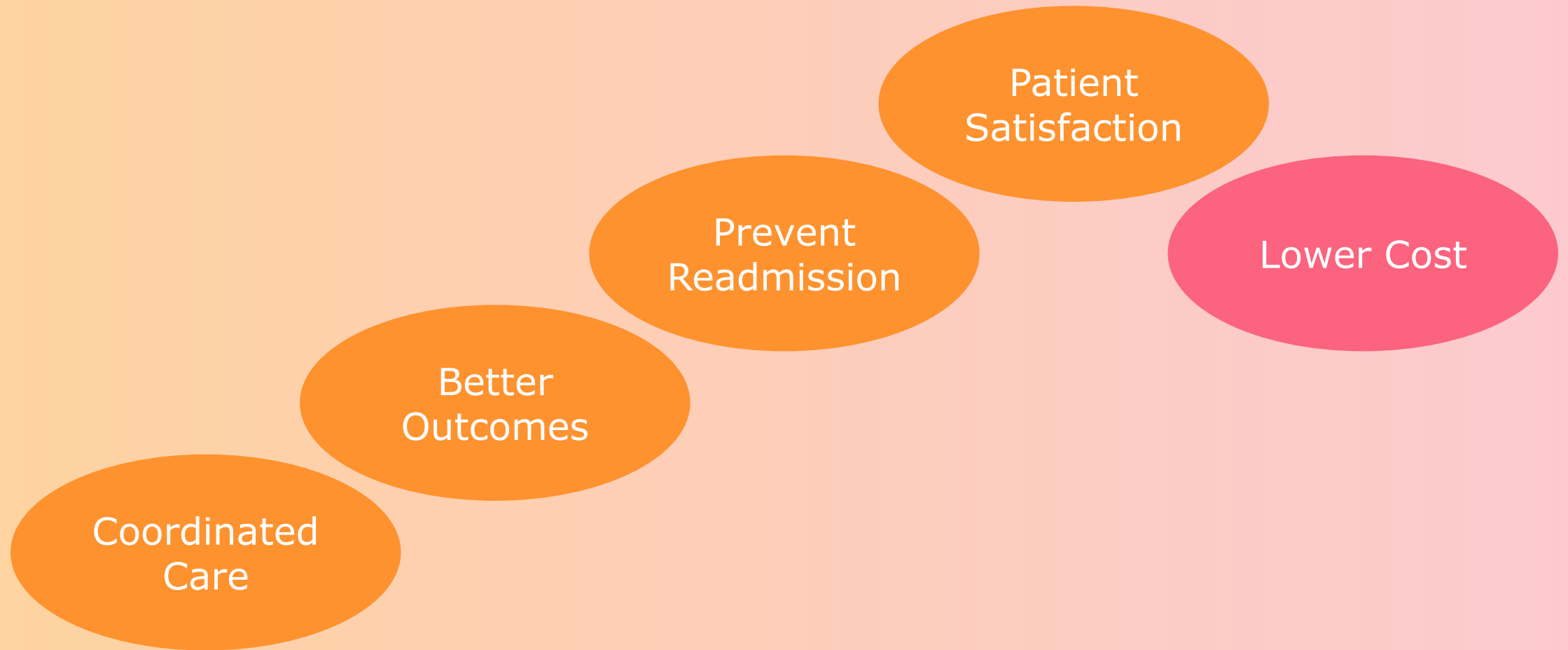
POSTOPERATIVE PAIN MANAGEMENT

What surgery did this patient have 4 hours ago?

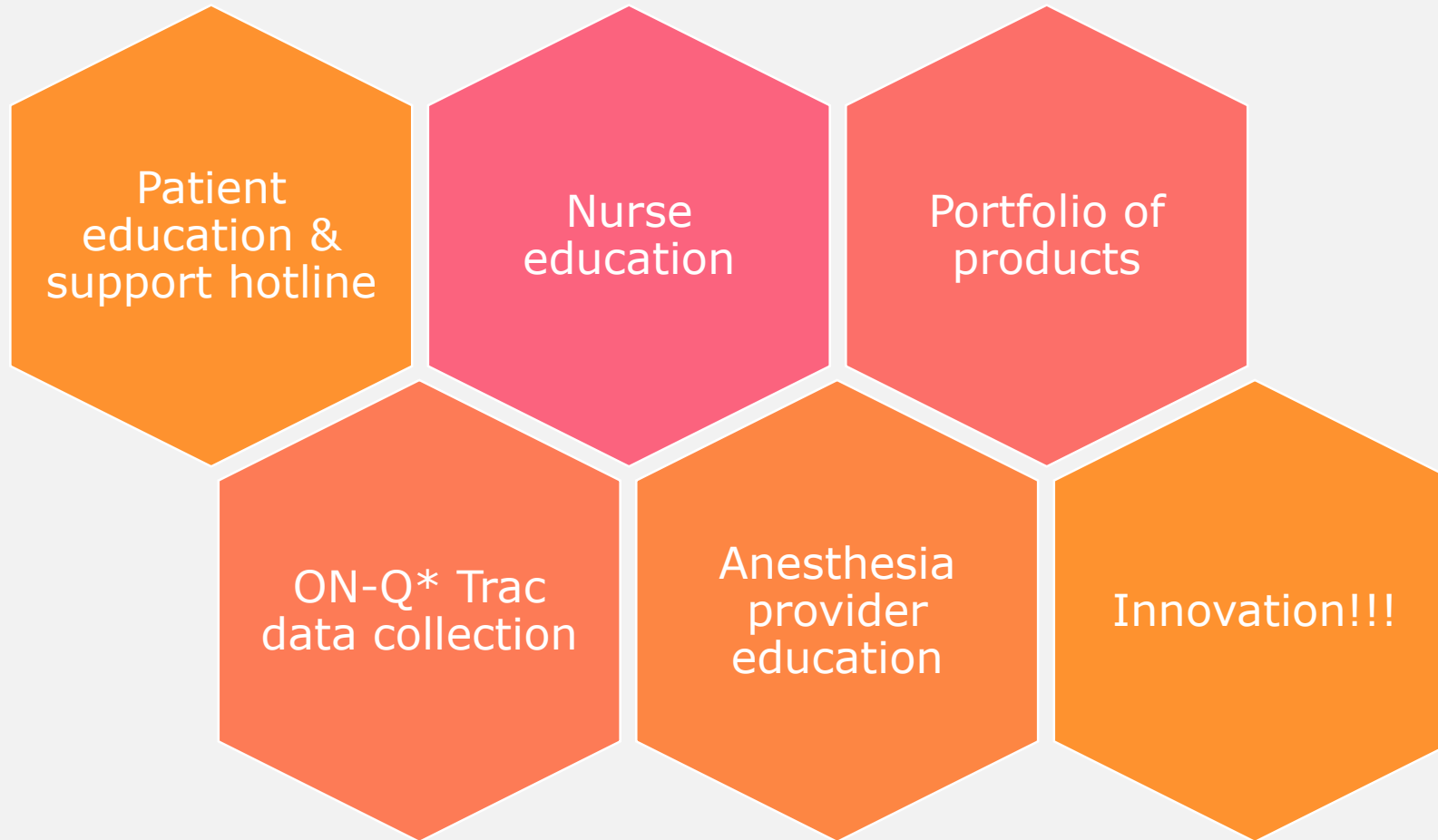
Total Knee Replacement!



THE ERA OF VALUE-BASED CARE



MY ΔVANOS ADVANTAGE





Anesthesia Team



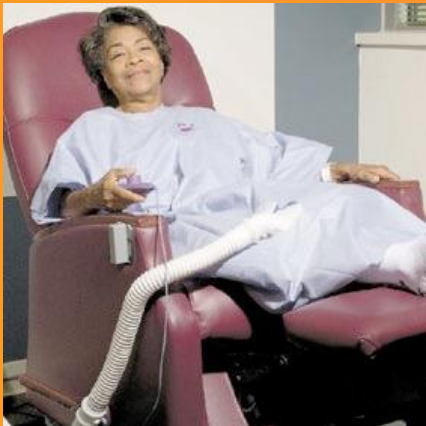
Physical Therapist



Nurses



Surgeon



Patient

Success!



Physician

THANK YOU

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CHRONIC CARE

JUNE 2018

TOM KUPEC
VICE PRESIDENT & GENERAL MANAGER,
CHRONIC CARE

RESPIRATORY HEALTH

Respiratory Health Vision

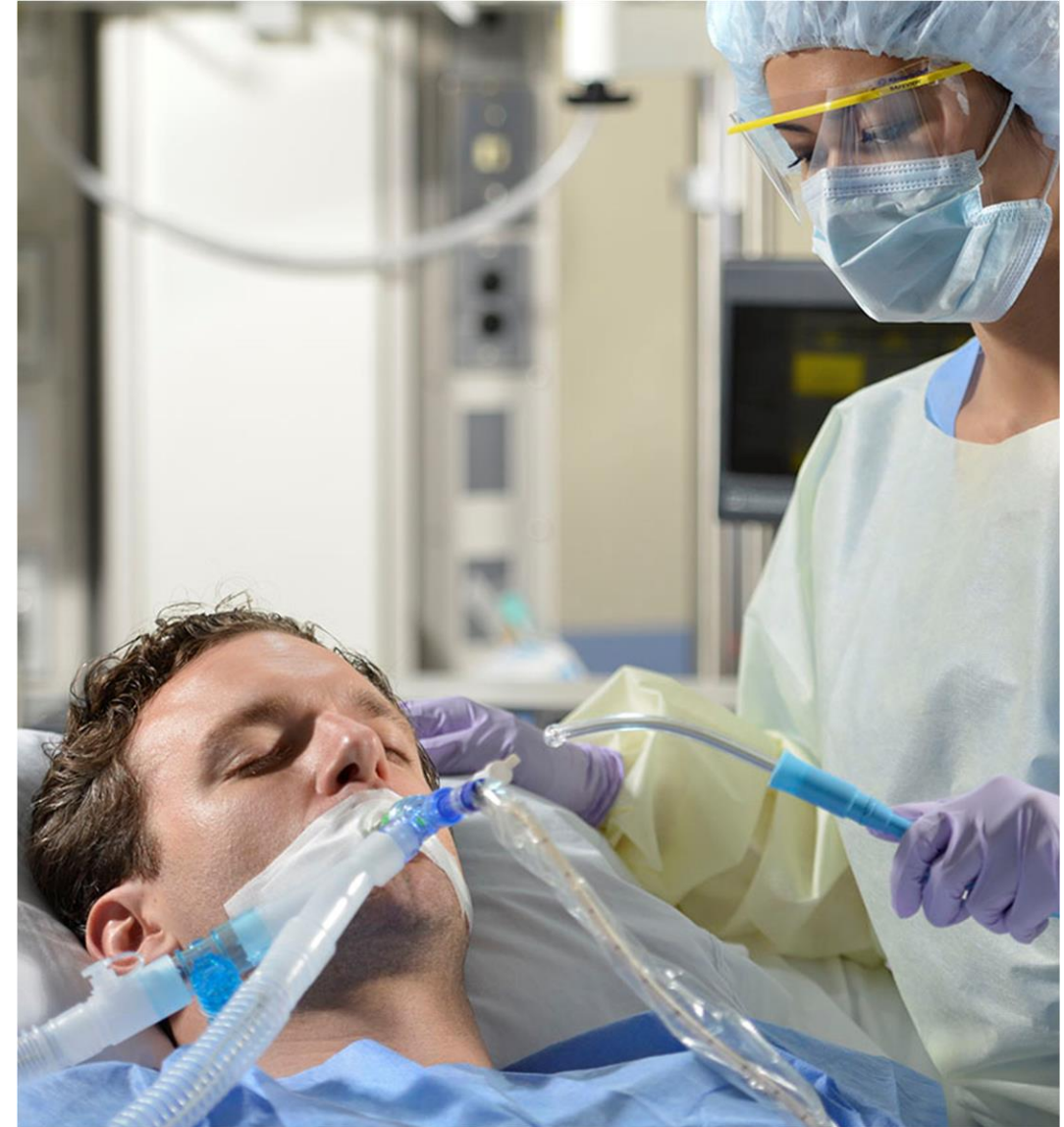
To be the global market leader in diagnosing and treating chronic respiratory diseases

Attractive Market Dynamics

Large growing markets supported by an aging global population and highly prevalent disease states

Significant Future Potential

Evaluating expansion opportunities into adjacent markets such as COPD

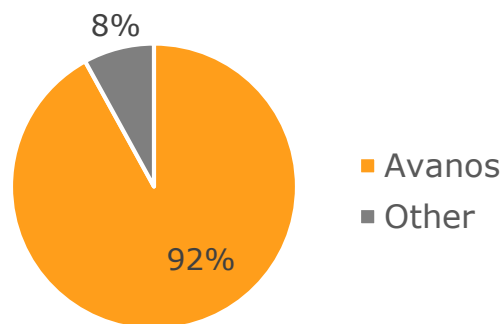


BUSINESS SNAPSHOT: RESPIRATORY HEALTH

Our Business Today

- **Addressable market:** \$400M
- **Market dynamics:** Mature market with stable growth
- **Call points:** Infection Control, Respiratory Therapy, & ICU
- **Value proposition:** Helping clinicians maintain Ventilator-Associated Pneumonia (VAP) protocol compliance with superior clinical outcomes

Leading Closed Suction Market Share¹



Ventilator-Associated Pneumonia

VAP is a major clinical concern associated with high incidence rates, mortality and costs

~86%

of hospital-associated pneumonia is linked with mechanical ventilation²

20-33%

mortality rate for hospital-associated pneumonia patients³

4-6 days

increase in ICU patient time³

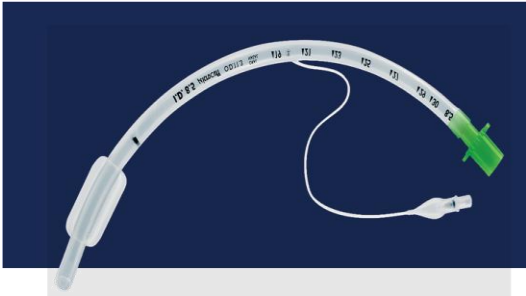
\$20,000 - \$40,000

estimated cost of individual VAP incidence³

Notes:
1. 2017 IMS and internal estimates
2. Richards MJ, Edwards JR, Culver DH, Gaynes RP. Nosocomial infections in medical intensive care units in the United States. National Nosocomial Infections Surveillance System. Crit Care Med. 1999 May;27(5):887-92.
3. CDC. Guidelines for Preventing Health-Care-Associated Pneumonia, 2003. Recommendations of the CDC and the Healthcare Infection Control Practices Advisory Committee. MMWR 2004;53 (No. RR-3)

RESPIRATORY HEALTH PRODUCT PORTFOLIO

Airway Access Tubes (EndoTracheal tubes)



Airway Suctioning & Accessories



Oral Hygiene



DIGESTIVE HEALTH

Digestive Health Vision

To be our global customers' Preferred Enteral Partner

Attractive Market Dynamics

Multiple underlying disease states. There is no alternative to enteral feeding

Significant Future Potential

Investing in breakthrough technologies such as MIC-KEY SF* and our next generation of CORTAK* to improve the standard of care in enteral feeding

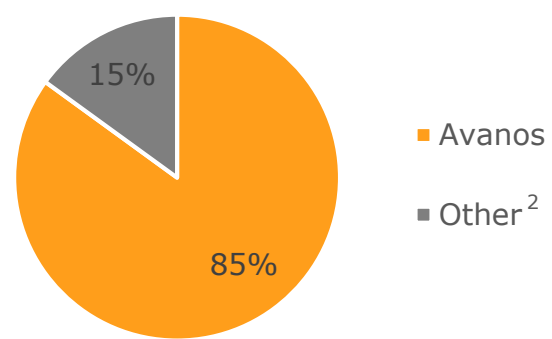


BUSINESS SNAPSHOT: DIGESTIVE HEALTH

Our Business Today

- **Addressable market:** \$900M
- **Market dynamics:** Mature market, with leading positions further enhanced by success of **CORPAK***
- **Call points:** Pediatric Surgery, Interventional Radiology, Gastroenterology, Dietary, and ICU
- **Value proposition:** Leverage market-leading position to help identify and solve unrecognized challenges with enteral feeding like malnutrition

Leading Low Profile Balloon G-Tube Market Share¹



Notes:

1. 2017 IMS and internal sources

2. Includes AMT, Boston Scientific, Medtronic/Covidien

3. Tappenden KA, Quatrara B, Parkhurst ML, Malone AM, Fanjiang G, Ziegler TR. Critical Role of Nutrition in Improving Quality of Care: An Interdisciplinary Call to Action to Address Adult Hospital Malnutrition. Journal of the Academy of Nutrition and Dietetics

4. Corkins MR, Guenter P, Dimaria-Ghalili RA, Jensen GL, Malone A, Miller S. Malnutrition Diagnoses in Hospitalized Patients. Journal of Parenteral and Enteral Nutrition. 2014;38(2):186-95.

Feeding Inefficiency and Malnutrition

Malnutrition is a key risk associated with short-term enteral feeding, with significant impact on patient health

1/3
of patients enter hospitals malnourished, and another 1/3 develop malnutrition during their stay³

3x
malnutrition can triple hospitalization costs⁴

3x
malnutrition can triple the length of a hospital stay⁴

↓ 99%
CORTAK* reduces hospital patient feeding time from avg. of 38 hours to 30 minutes

DIGESTIVE HEALTH PRODUCT PORTFOLIO

Short-Term Feeding



CORTRAK* EAS
System



Nasoenteric Tubes

Long-Term Feeding



MIC-KEY* G Tubes



Specialty Tubes (GJ/J)

Accessories



Initial Placement Kit



FARRELL VALVE

OUR DIFFERENTIATED POSITION IN ENTERAL FEEDING

Market Leader

#1 provider of enteral feeding solutions with over **2 million** tubes, accessories and placement kits produced each year

Active Patient Community

Nearly **13,000** monthly visitors to our patient & caregiver support site and **29,000+** active Facebook participants

Track Record & Expertise

Over **28 years** of enteral feeding experience, and more than **7,000** hours of accredited education for clinician customers over the last four years

Long-term Impact and Value

Long-term feeding requires **comprehensive approach to patient service and care**, outside hospital setting






Comprehensive product and service portfolio with compelling patient, clinical and economical value propositions

HOW WE WILL WIN: CHRONIC CARE



- 1
 - ✓ Leverage and maximize unparalleled clinical data and insights
 - ✓ Place product value proposition – and clinical benefits – at the core of marketing approach and clinical engagement
- 2
 - ✓ Rapidly complete registration and licensing of CORPAK* for international markets
 - ✓ Highlight segmented portfolio to address diverse international markets
- 3
 - ✓ Develop products with unique clinical benefits versus unique product features
 - ✓ Expand and round out feeding tube and accessory offering
 - ✓ Prioritize next generation innovations like MIC-KEY SF* and CORTRAK*
- 4
 - ✓ Build out feeding and accessory markets
 - ✓ Consider attractive adjacencies

SOLID BUSINESS WITH ATTRACTIVE OUTLOOK

-  Large markets fueled by multiple disease states with large prevalence
-  Market-leading positions in most developed countries
-  Strong brands in BALLARD*, MICROCUFF*, MIC-KEY*, CORTRAK*, CORFLO*, CORGRIP* and Farrell Valve
-  Diverse product offerings with unique clinical and economical value proposition
-  Dedicated and focused commercial teams

THANK YOU

AVANOS

R&D REVIEW

JUNE 2018

LEE BURNES
VICE PRESIDENT,
GLOBAL R&D, CLINICAL & MEDICAL AFFAIRS

R&D OVERVIEW

- **Transformation of R&D talent, capabilities & portfolio**
- **Investments in next generation platforms**
- **Focus on breakthrough innovations in Pain Management**
- **Building a strong R&D pipeline with consistent cadence of launches**



TRANSFORMATION OF OUR CAPABILITIES & PORTFOLIO



TALENT

- Built strong R&D team through targeted device industry recruitment
- Designed six sigma/culture of innovation
- Created pain technology “center of excellence”
- Developed strong research partnerships



PROCESS

- Collecting & prioritizing user needs
- Agile & scalable product development process
- Integrated human-centered engineering
- Disciplined portfolio investment criteria

Strong R&D talent with processes built to accelerate innovation

TRANSFORMATION OF OUR CAPABILITIES & PORTFOLIO

	2015	Today	Impact / Benefit
R&D Focus	Products	Products, services & solutions	<ul style="list-style-type: none"> • More diverse product portfolio & pipeline
R&D Spend	90% Incremental 10% Breakthrough	60% Incremental 40% Breakthrough	<ul style="list-style-type: none"> • Focused on higher-value, higher-impact innovations
Portfolio	Line extensions	Platform enhancements & breakthroughs	<ul style="list-style-type: none"> • Strong cadence of launches • Deep expertise in non-opioid pain technology
Vitality Index	7%	20%	<ul style="list-style-type: none"> • Enhanced vitality index & return on investment

Well-balanced portfolio of initiatives positioned for success

PLATFORM INVESTMENT: CHRONIC CARE

Focus of Platform Enhancements

- Reinvigorate platforms to address end-of-platform life
- Enhance safety & efficacy of enteral nutrition delivery
- Provide patients & caregivers low profile feeding tube status
- Expand the utilization of CORTRAK* tube tracking technology

Enteral Feeding Tubes



EnFit Safe Feeding



Low Profile Gastro-Jejunostomy



Next Gen. Low Profile Tube

CORTRAK* Navigation System



CORGRIP* Line Extensions



CORTRAK* System v2.5



Next Generation CORTRAK*

Enhancing enteral nutrition delivery in Chronic Care

PLATFORM INVESTMENT: PAIN MANAGEMENT

Focus of Platform Enhancements

- Reinvigorate platforms to address end-of-platform life
- Enhance capabilities, improve ease of use & position for international growth
- Increase physician & patient engagement to drive utilization
- Develop and expand into new procedures

Acute Pain: ON-Q* Pain Pump



ES500
Stimulator



NxG ON-Q*
Pain Pumps



Digital Patient
Engagement

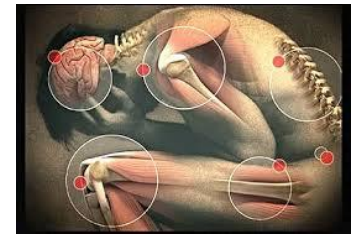
Chronic Pain: COOLIEF*



New COOLIEF* RF
Generator



Next Generation
COOLIEF* Probes



Procedural
Expansion

Advancing market-leading non-opioid pain management solutions

INVESTMENTS IN OPIOID-FREE PAIN RELIEF BREAKTHROUGHS

PAIN TECHNOLOGY CENTER OF EXCELLENCE

- 15 PhDs in Neuroscience, Biomedical Engineering and Signal Processing
- Deep expertise in neural signaling, nerve anatomy & algorithms
- Developing novel breakthrough technology in both acute & chronic pain

**Procedural
Enhancements**

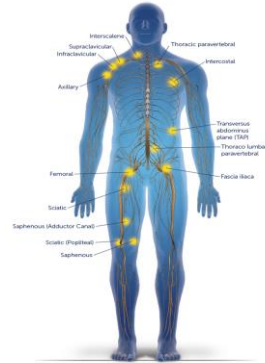
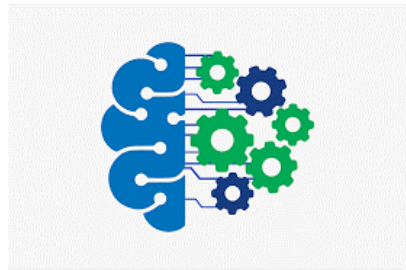
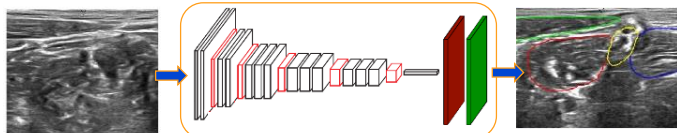
**Improving
Outcomes**

**Adjacent
Opportunities**

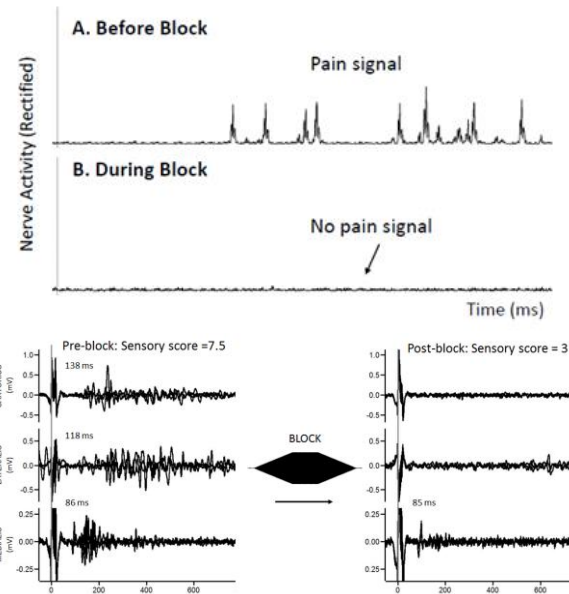
Goal: increase procedural utilization of opioid-free pain relief for patients

INVESTMENTS IN OPIOID-FREE PAIN RELIEF BREAKTHROUGHS

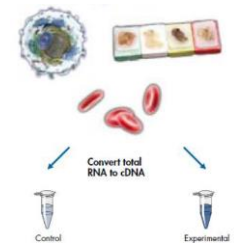
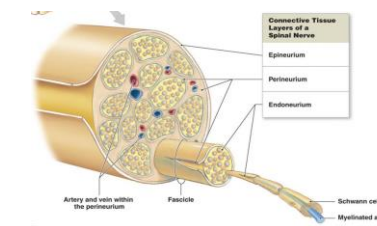
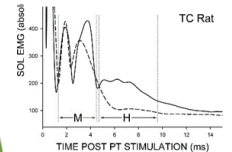
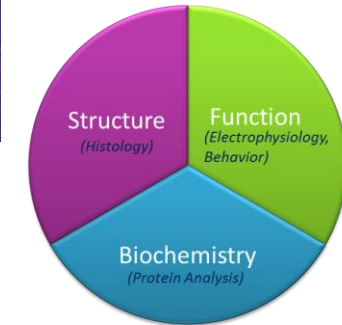
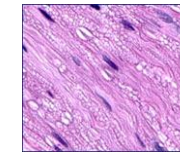
Machine Learning



Electrical Nerve Blocking

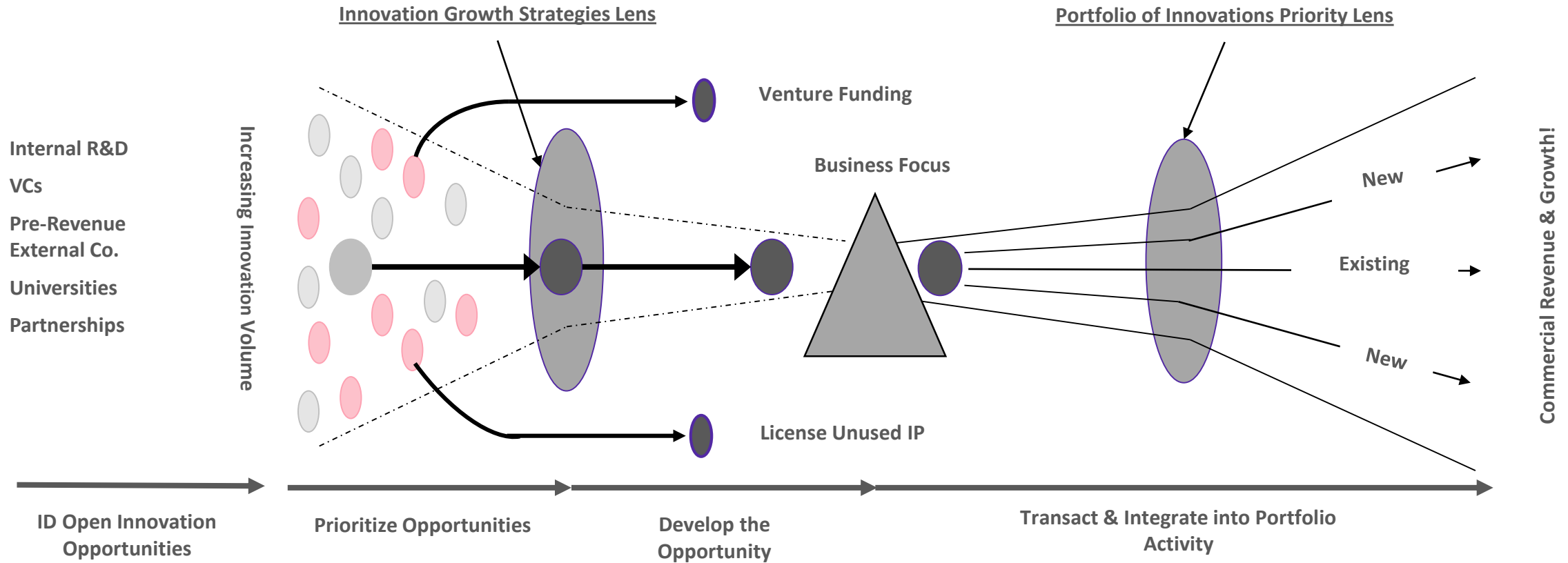


Advanced RF Technology



Several new technology platforms for long-term growth

INVESTMENTS IN OPEN INNOVATION







Leveraging open innovation to build a stronger portfolio

R&D PORTFOLIO PIPELINE



Double vitality index in 5 years

CONCLUDING REMARKS

-  R&D talent, capabilities & portfolio have been transformed
-  Next generation platform investments strengthen market-leading positions
-  Long-term breakthrough innovations in non-opioid pain relief
-  Strong R&D pipeline with consistent cadence of launches established

THANK YOU

AVANOS

FINANCIAL OUTLOOK

JUNE 2018

STEVE VOSKUIL
SENIOR VICE PRESIDENT &
CHIEF FINANCIAL OFFICER

MOMENTUM FOR PROFITABLE GROWTH



**Diversified
portfolio in
attractive global
markets**



**Accelerating
organic
top-line growth**



**Focused
commercial
execution**



**Operating
leverage from
scalable &
efficient
infrastructure**



**Strong free cash
flow post
restructuring**

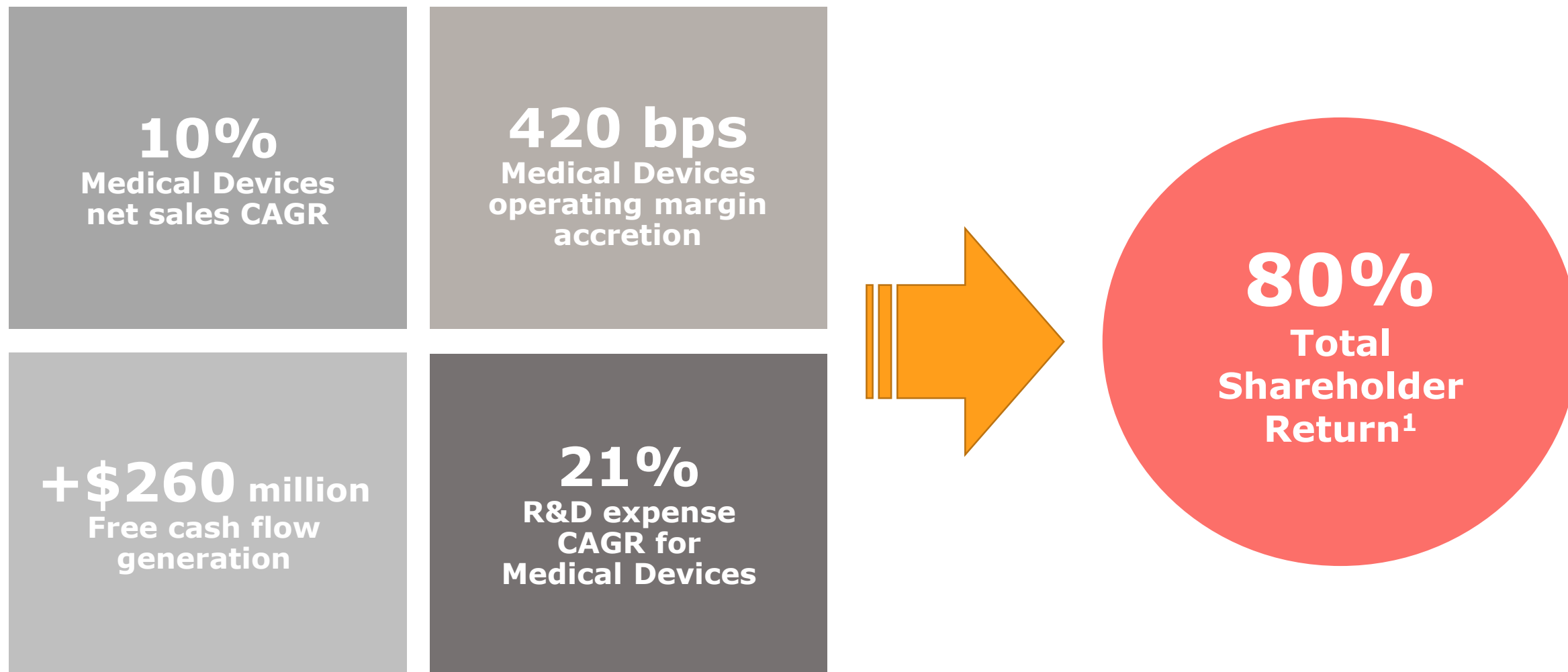


**Tax rate
leverage**



**M&A firepower
with
demonstrated
disciplined capital
allocation**

2016–2017 SHAREHOLDER VALUE CREATION



Note:

1. Shareholder return 12/31/15 through 6/15/18

MULTIPLE LEVERS TO DRIVE SUSTAINABLE SALES AND EARNINGS GROWTH

Top-line Growth	Gross Margin Expansion	Operating Leverage	Balance Sheet Efficiency
<ul style="list-style-type: none"> ↑ Underpenetrated pain categories ↑ Strong Chronic Care market positions ↑ Focused international growth ↑ Improved commercial execution ↑ Increasing sales from breakthrough innovation ↑ Limited pricing pressure 	<ul style="list-style-type: none"> ↑ Product mix ↑ Supply chain optimization ↑ "Continuous improvement" culture 	<ul style="list-style-type: none"> ↑ Right-sized and scalable corporate and IT infrastructure ↑ Sales force effectiveness ↑ Cost take-out ↑ Global business services ↑ Zero-based budgeting ↓ Commercial & clinical investment ↓ R&D investment 	<ul style="list-style-type: none"> ↑ Working capital efficiency ↑ Strong cash generation ↑ Cap Ex: 2-3% sales ↑ Modest leverage ↑ \$750 million of acquisition capacity ↑ Continued progress on tax efficient operations

TRANSFORMATION TO A RIGHT-SIZED, GROWING AND SCALABLE BUSINESS

	Halyard Pre-Divestiture	Avanos Today	Exiting 2021
Organic Top-line Growth:	Flat	Mid-single digit	High single digit
Gross Margin:	Mid-30s	Low-60s	Mid-60s
R&D¹:	2% - 3%	<6%	6% - 7%
SG&A¹ (ex. R&D):	Low 20s	Low 40s	Mid-30s
Operating Margin Growth:	Flat	Rebased	Growing
EBITDA Margin:	Mid-teens	Mid-teens	Mid-20s

Note:

1. As % of sales

CAPITAL ALLOCATION PRIORITIES

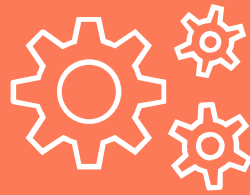
1



Business Investment

Investment to support sustainable and accelerating organic growth

2



Continuous Improvement

Sustainably improve productivity and profitability

3



M&A

Robust pipeline of strategic acquisitions and partnerships to enhance shareholder returns

DISCIPLINED APPROACH TO INVESTMENT

Strategic Criteria

- ✓ New & adjacent markets that expand call points, channel access, technologies or therapies
- ✓ Potential for future growth & scale
- ✓ Cash synergies
- ✓ Range of target sizes

Financial Criteria

- ✓ Top-line growth & gross margins at or above current business
- ✓ Risk-adjusted returns above cost of capital
- ✓ Earnings accretive by year 2
- ✓ ROIC accretive by year 4

Diligent assessment of investment opportunities to maximize shareholder return

COST TRANSFORMATION

Drive \$30 - \$40 million of savings from 2019 – 2021 and continued savings beyond



ORGANIZATION

- Right-size organization
- Reduce spans and layers
- Align with agile growth model
- Leverage scale



INFORMATION TECHNOLOGY

- New ERP system
- Cuts IT costs in half
- Phased implementation in 2019



OPERATIONS

- Optimize distribution network and supply chain
- Procurement savings

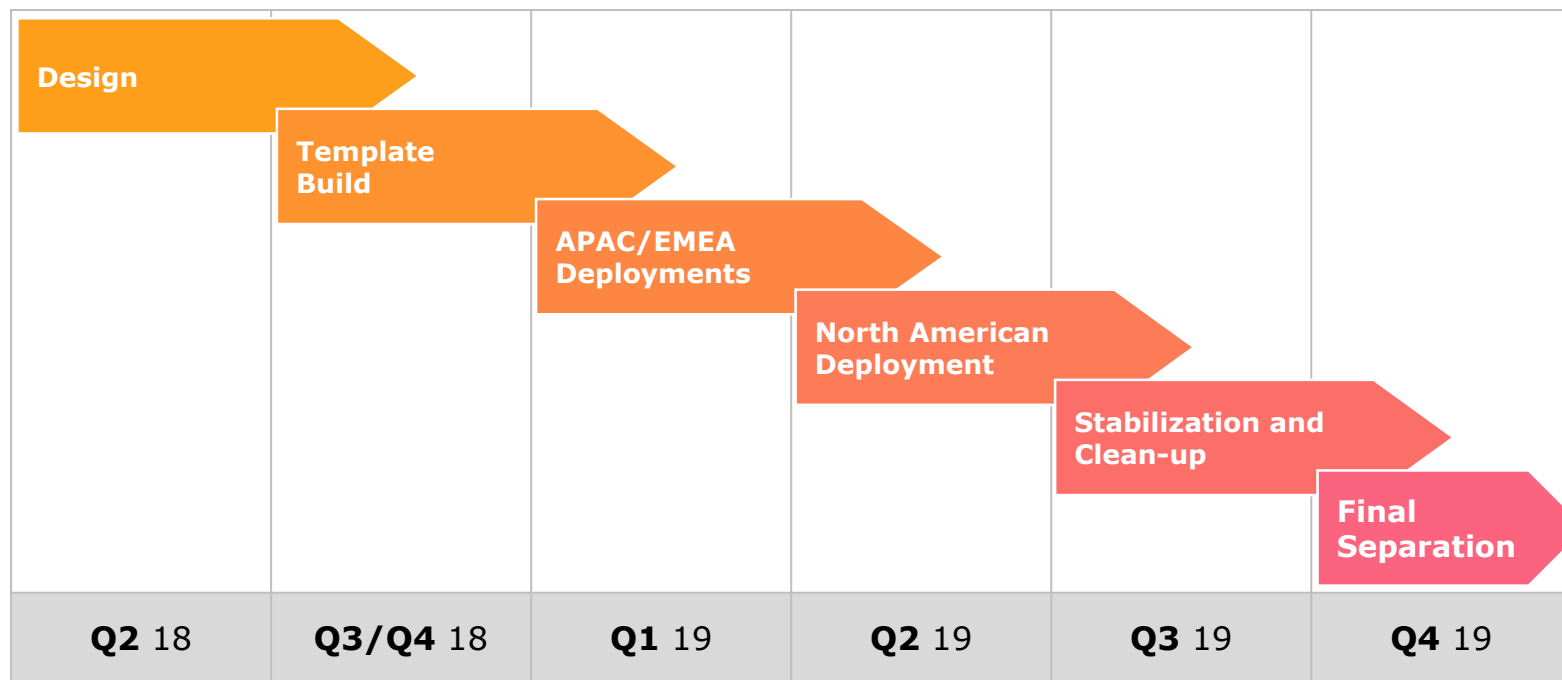


CONTINUOUS IMPROVEMENT

- Lean manufacturing
- Zero-based budgeting
- “Continuous improvement” culture

	2019	2020	2021	Total
Annual Savings	\$7 – \$10	\$14 to \$18	\$9 – \$12	\$30 - \$40

IT TRANSFORMATION UPDATE



Cash Investment

Capital	\$35 - \$40 million
Expense	\$5 - \$10 million
Total Outlay	\$40 - \$50 million

Benefits

- Overall IT costs halved
- Improved global information to drive decisions
- Legacy system sold to OMI
- Faster M&A integration
- Phased implementation to reduce risk

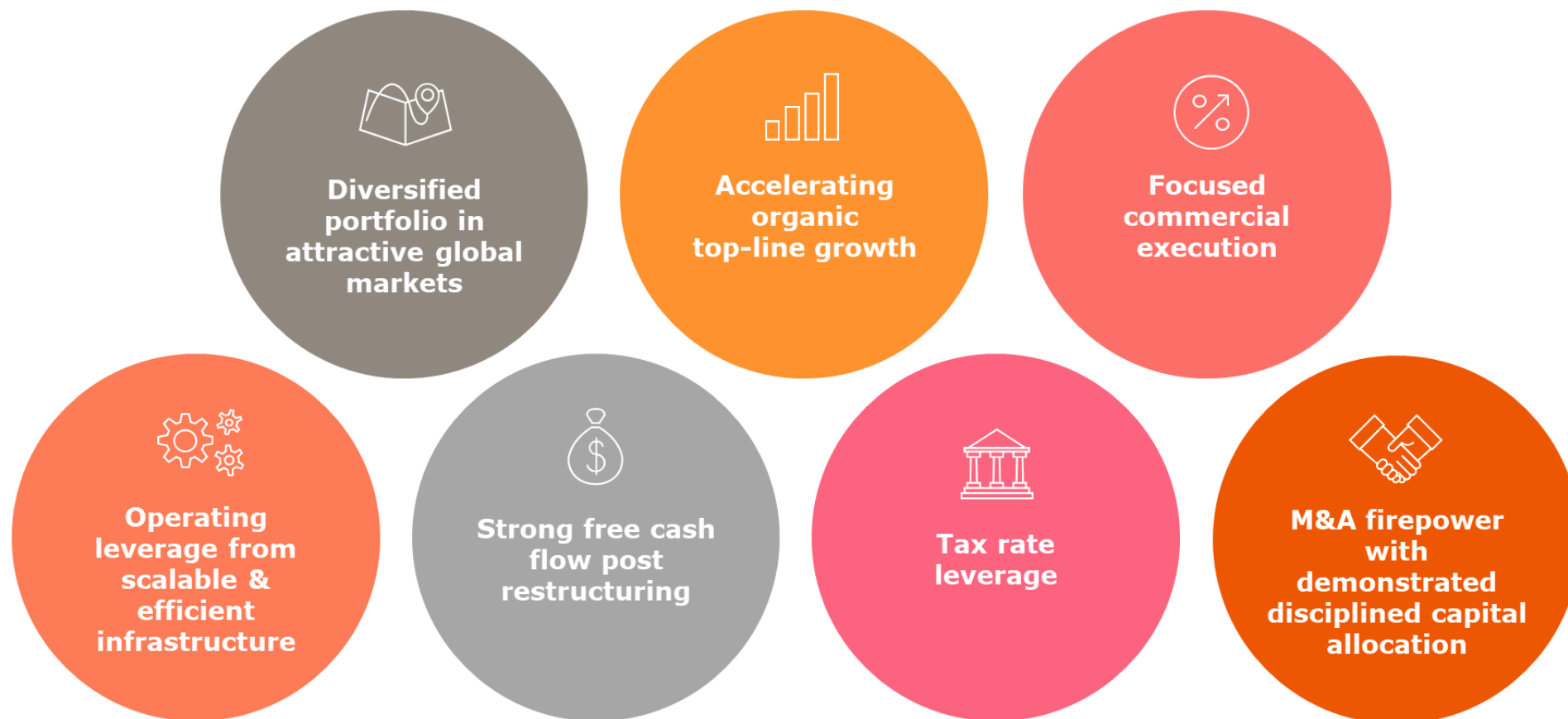
Savings

- **\$15 - \$19** million of direct IT and indirect headcount savings
- **\$13 - \$17** million of IT costs previously eliminated with divestiture

REAFFIRMING 2018 GUIDANCE AND PLANNING ASSUMPTIONS

- Adjusted diluted earnings per share from continuing and discontinued operations of \$1.65 to \$1.85
 - Medical Device sales growth of 4 to 6 percent, on a constant currency basis
 - Foreign currency translation impact to be even compared to prior year
- Adjusted effective tax rate between 25 and 27 percent
 - Net dis-synergies from the S&IP divestiture expected to range between \$15 to \$20 million

POSITIONED TO ACCELERATE GROWTH AND INNOVATION



Delivering top-quartile shareholder value

THANK YOU