

AVANOS

J.P. MORGAN HEALTHCARE CONFERENCE

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OVERVIEW

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.

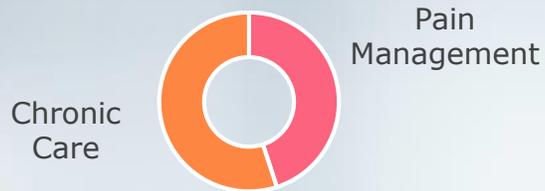
These statements are subject to risks and uncertainties, including currency exchange risks, cost savings and reductions, raw material, energy, and other input costs, competition, market demand, economic condition, S&IP separation execution, availability of drugs used in our Acute Pain products, other supply chain disruptions, 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.avanos.com/investors).

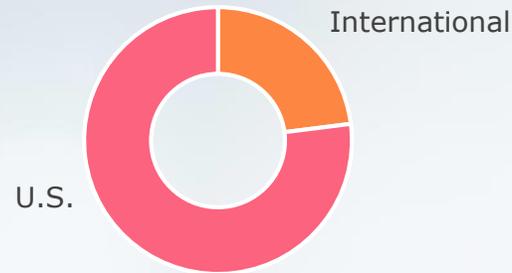
ΔVΔNOS: A PURE-PLAY MEDICAL DEVICE COMPANY

\$650M
Global Revenue



~\$10B
Addressable
Market

Global business operations



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

Creating Shareholder Value

- 1** Organic growth accelerating to high-single-digit
COOLIEF expanded coverage
Acute pain adoption
International acceleration
- 2** Cost transformation
- 3** M&A execution

Our Vision: To be the best at getting patients back to what matters

ΔVΔNOS: SOURCES OF STRENGTH

Continued Investment to Accelerate Growth



DTP advertising

Gold Standard response rate

Clinical investments

50%+ increase

International

Building growth framework

Strong R&D Talent with Processes to Drive Innovation



15 PhDs in Neuroscience, Biomedical Engineering and Signal Processing

One of eight winners of the FDA's Opioid Addiction Innovation Challenge

Demonstrated M&A Capability



Identifying targets

Executing transactions

Integrating businesses

Using balance sheet capacity

Pure-play medical device company with a **diversified portfolio** and **multiple catalysts** to accelerate growth and drive margin expansion

OUR 2018 ACCOMPLISHMENTS

Organic Growth Acceleration



DELIVERED

Double-digit growth in IVP

High-single-digit growth across Chronic Care



CONTINUED INVESTING IN

Growth drivers

Attracting top device industry talent

Cost Transformation



LAUNCHED

**Cost transformation
IT restructuring**

M&A Execution



CLOSED

S&IP divestiture



ANNOUNCED & CLOSED

Game Ready acquisition

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

INTERVENTIONAL PAIN

Market Dynamics

100M

Americans with Chronic Pain

> \$4B

Addressable Market

~30%

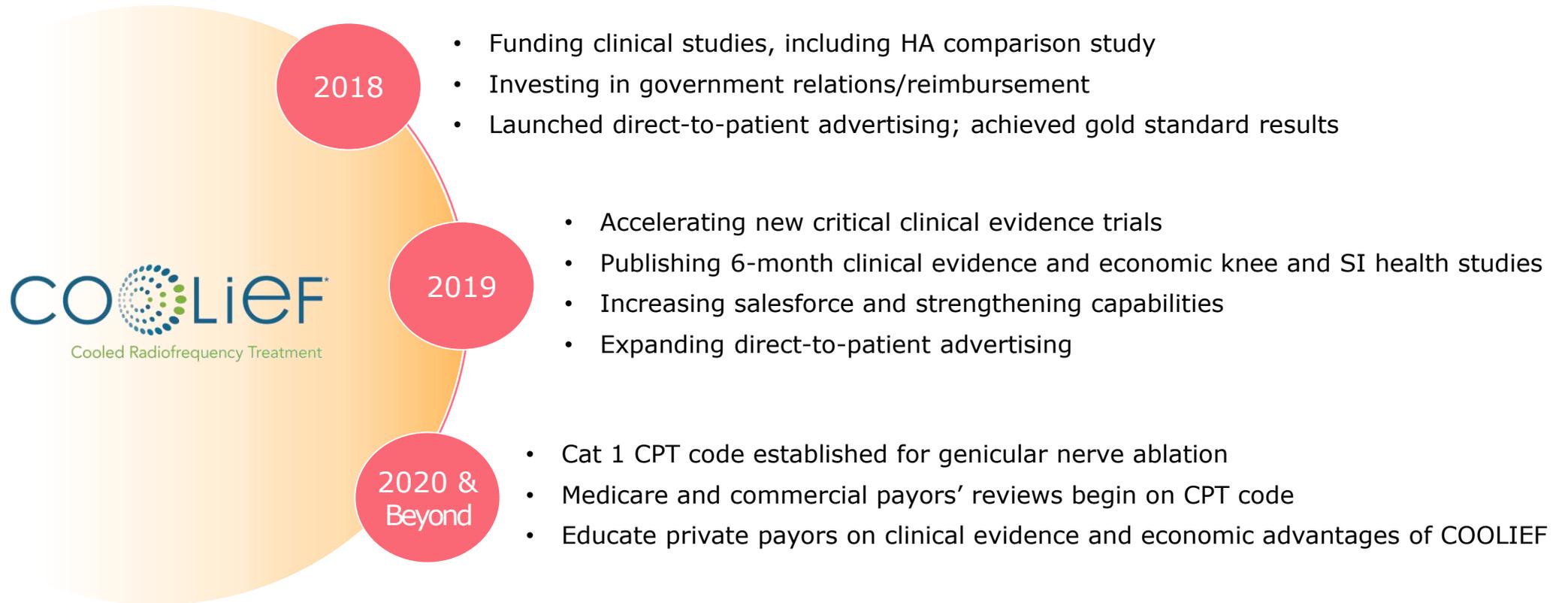
Leading RF Market Share Position

Value Drivers

- ✓ Fastest growing business in our portfolio
- ✓ COOLIEF is the only FDA-cleared RF treatment for OA knee pain
- ✓ Large, growing category that lacks longer-term minimally invasive solutions
- ✓ Focused on treating the 11 million patients who suffer from OA knee pain

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

INTERVENTIONAL PAIN: INVESTING FOR THE FUTURE



CLINICAL

AWARENESS

COVERAGE

EXPERTISE

Investments that generate breakthrough growth

ACUTE PAIN

Market Dynamics

> \$4B

Addressable Market

> 20M

Target U.S. Procedures

> 75%

U.S. Market Share

Value Drivers

- ✓ ON-Q* proven to reduce opioid use and post-surgery pain
- ✓ Solution to combat the opioid crisis and demonstrate healthcare economic benefits
- ✓ Substantial brand equity with >100 published studies about ON-Q*
- ✓ Holistic portfolio of acute pain management products and therapies
- ✓ Well-trained and highly clinical sales organization
- ✓ Developing innovative solutions to help combat opioid epidemic



2019: REGAINING MOMENTUM IN ACUTE PAIN



Continuing to convert surgeons and accounts



Progressing with Leiters exclusive partnership as alternative for customers



Exploring innovative solution delivery methods

Taking decisive actions to minimize impact of pre-filler regulatory and industry-wide drug shortage headwinds

CHRONIC CARE

Market Dynamics

Value Drivers

Digestive Health

~\$900M

Addressable Market

~85%

Leading Balloon
G-Tube Market Share

- ✓ Leverage market-leading positions
- ✓ Identify and solve unrecognized enteral feeding challenges
- ✓ Improve the standard of care with CORTRAK*
- ✓ Accelerate international growth

Market Dynamics

Value Drivers

Respiratory Health

~\$400M

Addressable Market

>90%

Leading Closed Suction
Market Share

- ✓ Support clinicians with VAP protocol compliance
- ✓ Deliver superior clinical outcomes
- ✓ Expand share in alternative site markets
- ✓ Accelerate international growth

Delivers consistent mid-single-digit growth and generates significant cash flow and earnings

INVESTING AND DEVELOPING INTERNATIONAL GROWTH FRAMEWORK



Geographies

Building growth framework,
with focus on:

- United Kingdom
- Germany
- France
- Japan
- Brazil
- India



Team

Investing to strengthen capabilities:

- Regional management
- Customer-facing roles
- Strategic marketing
- Support functions



Go-To-Market Strategy

Driving business performance:

- Assessing optimal channels
- Rationalizing channel partners
- Improving distributor management

Accelerating growth annually

PROVEN APPROACH TO M&A

Game Ready Acquisition Met All of Our Objectives:	
Expanding our non-opioid pain portfolio	✓
Accelerating sales growth	✓
Focusing on surgeons	✓
Increasing investments in breakthrough innovation	✓
Building international capabilities	✓

Diligent assessment of investment opportunities

- \$750 million of acquisition capacity
- Demonstrated disciplined capital allocation, with deals like Game Ready and Corpak
- Robust pipeline with wide range of potential deals
- Exploring new and adjacent markets that expand call points, channel access, technologies and therapies

TRANSFORMING OUR COST BASE

Savings reinvested to help fund future growth



ORGANIZATION



INFORMATION TECHNOLOGY



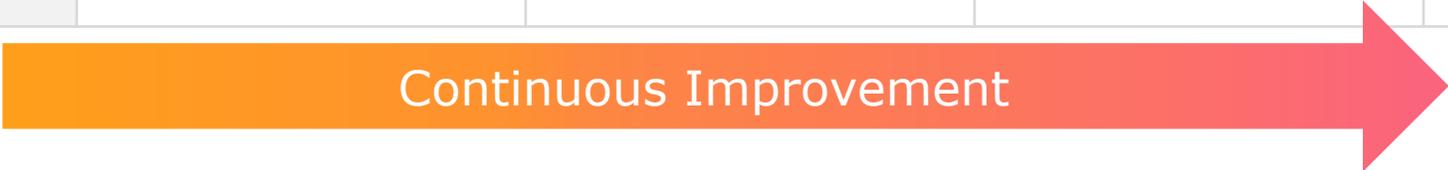
OPERATIONS

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

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

- Added new leadership
- Manufacturing consolidation and in-sourcing
- Distribution enhancements
- Streamlining of corporate functions and commercial organization

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



Continuous Improvement

FRAMEWORK DRIVING FUTURE DOUBLE-DIGIT REVENUE AND EARNINGS GROWTH

Accelerating **innovation** and **growth** to achieve category leadership...



Invest in priority areas to enhance growth

2019



Disciplined pursuit of complementary M&A

2020



Continue to right-size cost structure



Accelerate sales internationally

2021 & Beyond



Progress from MSD growth to HSD organic growth



Bring to market breakthrough innovation

...through excellence in our **investments**, **performance** and **people**

THANK YOU