



ICU Medical, Inc. Investor Presentation (NASDAQ:ICUI)

March 2017



Forward Looking Statement

- > Any statement concerning Management's expectation with respect to future results is a forward looking statement based upon the best information currently available to Management and assumptions Management believes are reasonable, but Management does not intend the statement to be a representation as to future results.
- > Future results are subject to risks and uncertainties, including the risk factors described in the Company's filings with the Securities and Exchange Commission, which include those in the Form 10-K for the year ended December 31, 2016. Actual results in the future may differ materially from Management's current expectations. These forward-looking statements are made based upon our current expectations and we undertake no duty to update information provided in this presentation.

Today's Agenda



Who is
ICU Medical?



Our acquisition of
Hospira



Why we are a compelling
investment



Financial terms of
the Hospira deal

ICU Medical — Pre-Transaction

We are a \$375M+ revenue publicly traded global medical device company (NASDAQ: ICUI) developing products and technologies addressing unmet clinical needs in three segments:



Infusion Therapy

Industry leading needlefree IV connector technology and custom IV sets

2016 Revenues
\$273 M
72% of Total



Oncology

Needlefree closed system transfer devices and automated compounders for safely handling hazardous drugs

2016 Revenues
\$52 M
14% of Total

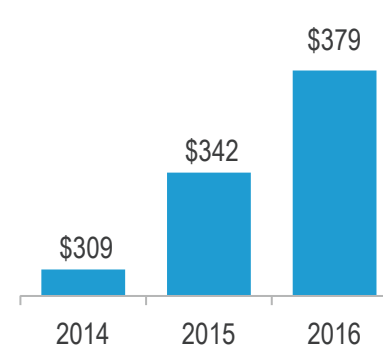


Critical Care

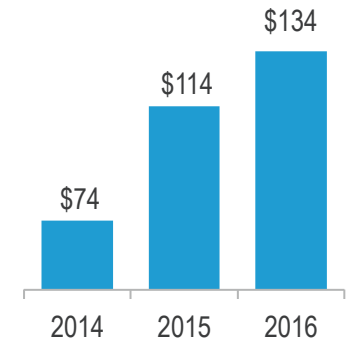
Hemodynamic monitoring systems and disposables to optimize patient fluid levels

2016 Revenues
\$54 M
14% of Total

Total Revenues



Adjusted EBITDA



Actions taken to improve performance:

- ✓ Improved direct domestic commercial execution
- ✓ Implemented a variety of operational improvements
- ✓ Improved gross margins, adjusted EBITDA margins and cash conversions while our single largest customer was still below peak levels
- ✓ Began to diversify from a large single customer with addition of Terumo and Medline as OEM customers
- ✓ Renewed intensity and focus after a long public transition and change from a founder led company

Reasons to Consider Investing—Pre Transaction

- > High percentage of “sticky,” recurring revenues
- > Continued EPS and EBITDA growth
- > International opportunities are increasing due to adoption of needlefree technology and Closed-System Transfer Devices (CSTDs)
- > Tailwinds and policy making driving oncology
- > World-class low cost manufacturing with excess capacity and most investments made
- > Strong balance sheet for both capital deployment and return of capital, approximately \$25/share
- > Ability to make sustained investments around our core business
- > Re-engaged management team with incentives aligned with shareholder interests

Key Revenue Growth Drivers

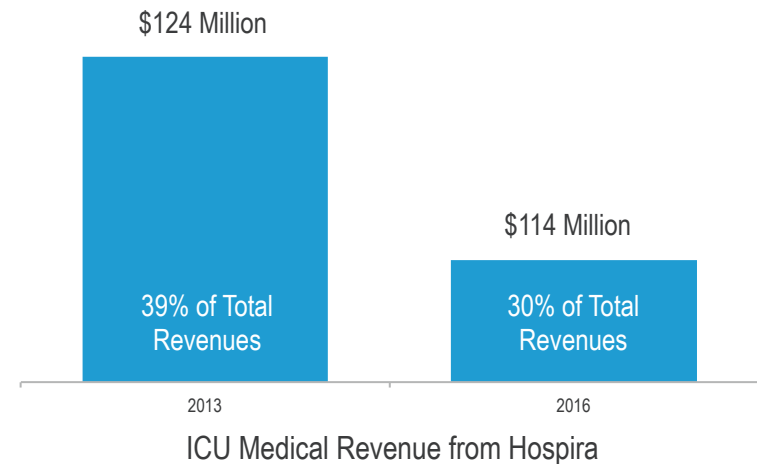
- > Oncology globally
- > Infusion Therapy OUS
- > SwabCap® in the US
- > New OEM customers

Key Operational Improvements to Enhance Margins

- > Manufacturing rationalization
- > Legacy R&D programs nearing completion

Key Strategic Issues

- > Reliance on Hospira
- > Scale vs. other competitors



Competitor Revenues

Competitor B1	> \$12B
Competitor B2	> \$10B
Competitor B3	> \$6B
Competitor F	> \$6B

Closed Hospira Infusion Systems Acquisition from Pfizer

2/3/17: Natural Evolution of a Productive Partnership



20+ Years of Working Together



A Leading Pure-Play
Infusion Therapy Company

- Estimated \$1.2 - \$1.25 billion in combined revenues in FY '17
- Nearly 9,000 employees worldwide
- Significant focus and scale in the core IV therapy business segment globally

- > **Complementary Product Portfolios** will provide customers with a full suite of IV therapy devices and solutions
- > **Unified distribution channel with a full product offering for the US market** as a completely vertically integrated supplier
- > **Significant OUS Presence** allows us to compete more successfully on a global scale as the category develops
- > **Compelling Economics** enabling us to provide meaningful value for customers, employees, and shareholders worldwide



Reasons to Consider Investing—Post Transaction

- > High percentage of “sticky,” recurring revenues —————> Same “sticky” revenues when commercial execution improves
- > Continued EPS and EBITDA growth —————> P&L w/large income statement and expense base for margin improvement
- > International opportunities are increasing due to adoption of needlefree technology and CSTDs —————> Direct business now in 18 countries vs. 7
- > Tailwinds and policy making driving oncology —————> Unified distribution channels allow access to full market
- > World-class low cost manufacturing with excess capacity and most investments made —————> Opportunity to leverage excess capacity
- > Strong balance sheet for both capital deployment and return of capital, approximately \$27/share —————> Still gross cash of \$12/share to protect shareholders
- > Ability to make sustained investments around our core business —————> Same ability to make sustained investments
- > Re-engaged management with incentives aligned with shareholder interests —————> Create a focused, pure-play company with right incentives

Key Revenue Growth Drivers

- > Oncology globally
- > Infusion Therapy OUS
- > SwabCap® in the US New OEM customers

Key Operational Improvements to Enhance Margins

- > Manufacturing rationalization
- > Legacy R&D programs nearing completion

Additional Revenue Drivers

- > Access to full market
- > New infusion pump offerings
- > Breadth from pharmacy to nursing

Additional Operational Improvements

- > Various synergies
- > Cost discipline

Key Strategic Issues

- > Reliance on Hospira
- > Scale vs. other participants

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ICU Medical Infusion Therapy Today



Dedicated Administration Set Components

- Y-sites
- Bulk connectors

Non-Dedicated Administration Sets And Accessories Finished Goods

- Needlefree connectors
- Gravity & extension sets
- Disinfecting caps

ICU Infusion Therapy with Hospira



IV Solutions

- Sterile solutions, irrigation solutions, and certain nutritionals

Dedicated Administration Sets. Finished Goods And Components

- Y-sites
- Bulk connectors

Infusion Pumps/Sets/Software

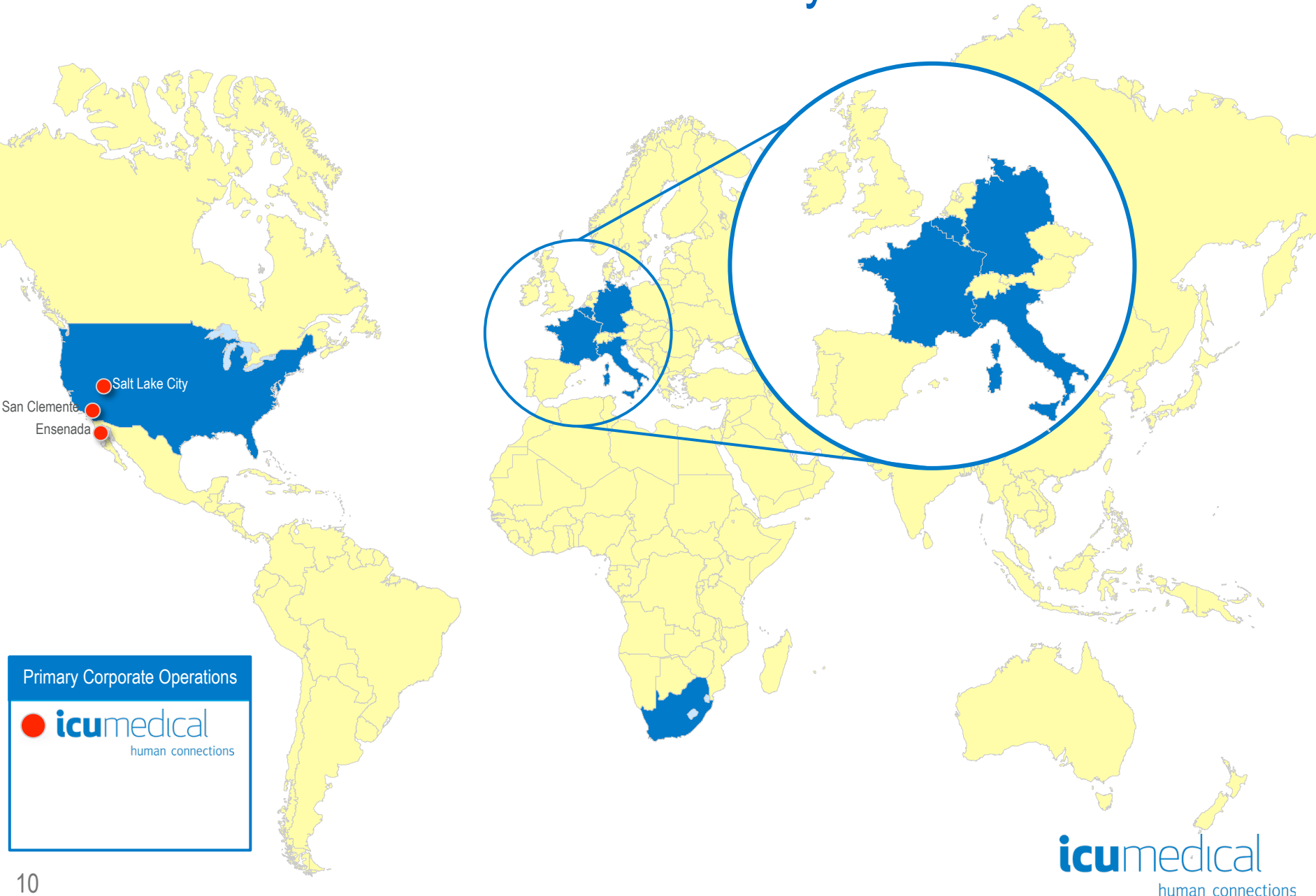
- Large volume, ambulatory & PCA pumps

Non-Dedicated Administration Sets And Accessories Finished Goods

- Needlefree connectors
- Gravity & extension sets
- Disinfecting caps



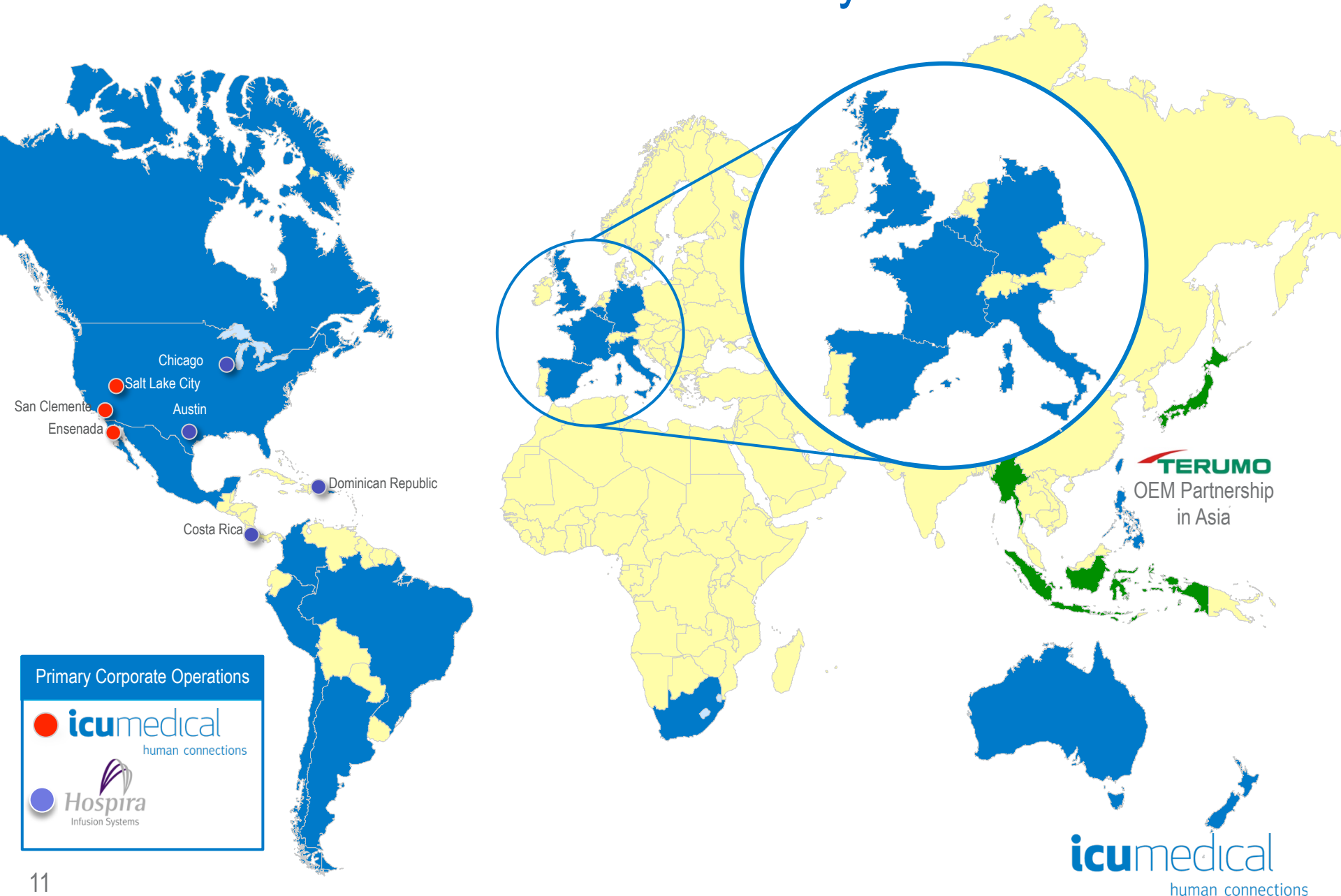
Pre-Deal ICU Medical Direct and Key Partner IV Sales



Primary Corporate Operations




 **icu**medical
human connections

Post-Deal ICU Medical Direct and Key Partner IV Sales



Leading Brands in Major Product Categories



	Global Infusion Pumps	Global IV Sets and Accessories	North America-Only IV Solutions
Description	Includes large volume pumps, ambulatory pumps, PCA pumps, dedicated sets, safety software and field service	Includes gravity sets, connectors, closed system drug transfer systems, IV catheters, and disinfectant caps	Includes sterile solutions, irrigation solutions, and certain nutritionals
Key Products			
Key Brands	Plum™, Sapphire™, LifeCare™, MedNet™	Clave®, MicroClave®, NanoClave®, Neutron®, ChemoClave®, LifeShield™, ChemoLock®	LifeCare™, VisIV™
Key Messages	<ul style="list-style-type: none"> > New technology > Deep IT innovation > Global installed base > Significant quality improvements made 	<ul style="list-style-type: none"> > Manufacturing cost advantage > Continued product innovation > Global distribution network > Custom set manufacturing leadership 	<ul style="list-style-type: none"> > Significant on-shore manufacturing capacity and scale available > Significant quality and operational improvements made
Percent of Revenue*	29%	34%	33%

* Based on 2016 pro-forma combined revenues. Critical Care accounts for ~ 4% of revenues. Excludes OEM contract manufacturing business for PFE

Breadth of Product Line



Pharmacy



- > Closed System Transfer Devices (CSTDs)
- > Automated Compounding Systems, Workflow Software, & Disposables
- > IV Solutions & Fluid Dispensing Pumps
- > Needlefree Vial Access Devices, Bag Spikes & Specialty Pharmacy Sets

Infusion/Bedside



- > IV Pumps, Solutions and Dedicated Sets
- > IV Safety Software (MedNet)
- > Needlefree Connectors, Secondary Sets & Accessories
- > Peripheral IV Catheters
- > Disinfecting Caps

OR/ICU



- > Hemodynamic Monitoring Systems to Assess Patient Fluid Status
- > IV Pumps, Solutions & Anesthesia Administration Sets
- > Needlefree Closed Blood Sampling Systems and Disinfecting Caps

ICU Medical and Hospira Infusion Systems Innovations



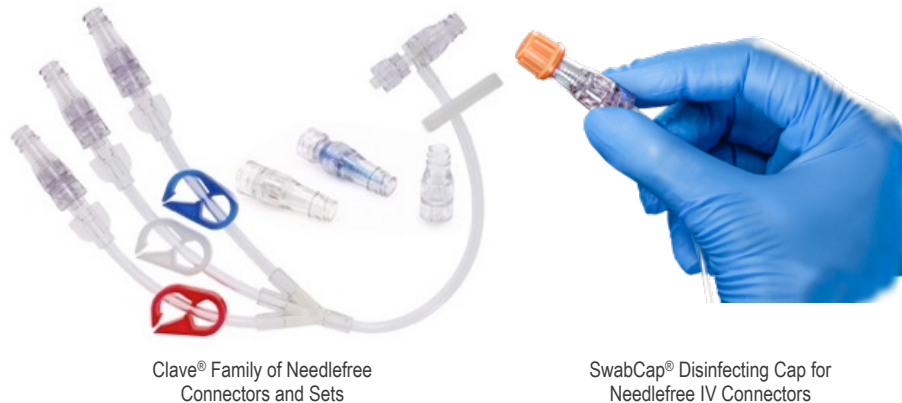
Infusion Systems & Software



Oncology Systems & Disposables:



Infusion Disposables:



Critical Care Systems

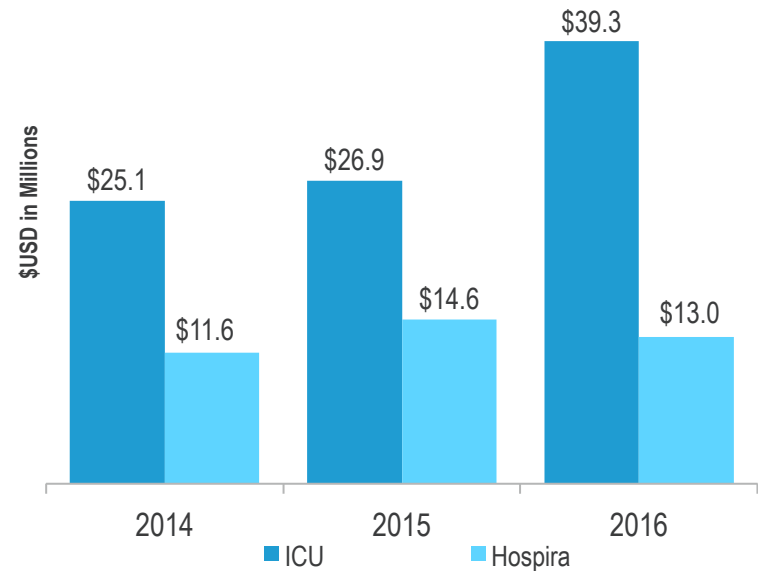


Innovation Leads to Growth in Oncology



- > From Preparation and Transportation, to Administration and Disposal, our oncology portfolio helps keep pharmacists, technicians, and nurses safer from hazardous drug exposure and in compliance with industry guidelines, including USP <800>, leading to ~46% direct growth in the category from 2015 to 2016.

Total Revenues



PHARMACY

NURSING





Transition/Integration

Legacy ICU Medical management team will keep running the day-to-day ICU business

- Alison Burcar, VP/GM of Infusion—*21 years at ICU*
- Steve Riggs, VP of Operations—*24 years at ICU*
- Greg Pratt, VP of Sales—*20 years at ICU*
- Scott Lamb, CFO—*13 years at ICU*
(previously GE Medical, various start-ups)
- Tom McCall, VP/GM of Critical Care—*6 years at ICU*
(previously Masimo and Welch Allyn)

Newer ICU Medical team members to focus on integration, augmented by new Hospira colleagues

- Christian Voigtlander, VP of Business Development (previously CareFusion, Cardinal Health, and Philips)—*direct experience in corporate carve-outs*
- Virginia Sanzone, VP, General Counsel (previously CareFusion, Cardinal Health, and MoFo)—*direct experience in corporate carve-outs*
- Krishna Uppugonduri, VP of Quality and Regulatory Affairs (previously CareFusion, Avon, and Boston Scientific)—*direct experience in infusion pump QA/RA*

Focused team augmented by Hospira colleagues and new recruits



Transaction Terms

Acquired Business

- > ICU Medical will acquire Hospira Infusion Systems (HIS) business from Pfizer

Purchase Price

- > Up to \$900 million

Consideration

- > \$400 million equity: 3.2 million newly issued shares ~ \$125. Pfizer obtains 16.6% primary ownership position
- > \$275 million in cash

Earn-Out

- > Up to \$225 million if agreed targets are met through 12/2019, payable Q1 2020

Funding

- > \$75 million in interest-only seller financing from Pfizer, three year maturity date

Timing

- > Closed February 3, 2017

Estimated Opening Balance Sheet, February 2017



February Cash Balance Forecast	\$445 million
Financing	\$75 million
Cash Paid to Pfizer and Transaction Fees	\$275 million
Cash at Close	\$245 million
Net Cash at Close	\$170 million

- > Conservative balance sheet to ensure ability to fund operational improvement and risk mitigation given industry history
- > Optionality for efficient use of cash and further shareholder return

2017 Combined Forecast



2017 Combined Revenue* Guidance \$1.2 billion - \$1.25 billion

2017 Combined Adjusted EBITDA/EPS Guidance

2016 ICU Reported Adjusted EBITDA	\$134 million
Plus impact of normal ICU Medical direct growth and new customer wins – assumes 10% growth	~ \$13 million
Plus expected HIS adjusted EBITDA	\$35-\$40 million
Minus impact to ICU from additional HIS revenue decline	~ \$12 million
Minus impact of excess acquired inventory	~ \$5 million
FY 2017 Adjusted EBITDA guidance \$165 million - \$175 million	
Adjusted EPS \$3.55 - \$3.90	

* Excludes OEM contract manufacturing business of ~\$50M and pre-close Hospira legacy performance from January 1, 2017 to February 2, 2017

2018 Adjusted EBITDA Run Rate Goal



2017 Guidance Midpoint	\$170 million
Plus Synergies started 2017, realized 2018	~ \$30-\$35 million
Plus Transition from TSA's/additional synergies started 2018	~ \$35 million
Plus impact of normal ICU Medical direct growth and new customer wins	~ \$10 million
2018 Adjusted EBITDA Run Rate Goal \$250 million	



What to Expect in 2017

- > 2017 will be a bumpy year, complex separation from PFE and integration into ICU, in particular for IT
 - *Significant stand up costs in separation from PFE, some will be duplicative to TSA costs as we prepare for exit*
- > First few quarters unlikely to be sequentially predictive as local distribution decisions made, customer losses annualized. Certain OUS markets have delayed close
- > Visible cash flow from the acquisition resulting in increasing bank balances will not show until sometime in 2018
- > Likely very similar to ICU Medical recent history: once all actions have been taken and pieces are in place, returns could be generated quickly
- > First FDA inspections under ICU ownership at legacy Hospira Infusion Systems facilities



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- > International opportunities are increasing. Direct business now in 18 countries vs. 7
- > Tailwinds and policy making driving oncology, unified distribution channels allow full market access
- > World-class low cost manufacturing with excess capacity and most investments made
- > Strong balance sheet with gross cash at approximately \$12/share for shareholder protection
- > Ability to make sustained investments around our core IV therapy business
- > Focused pure play company with re-engaged management and incentives aligned with shareholder interests

Key Revenue Growth Drivers

- > Oncology globally
- > Infusion Therapy OUS
- > Access to the full market
- > New infusion pump offerings
- > Full solution from pharmacy to nursing
- > SwabCap in the US
- > New OEM customers

Key Operational Improvements to Enhance Margins

- > Manufacturing rationalization
- > Legacy R&D programs nearing completion
- > Various synergies
- > Cost discipline



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