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Becton, Dickinson and Company (BDX) CEO Vince Forlenza on Q4 2019 Results - Earnings Call Transcript

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FQ4: 11-05-19 Earnings Summary

Press Release *10-K* *Slides*

EPS of $3.31 beats by $0.00 | Revenue of $4.58B (4.13% Y/Y) beats by $18.29M

Earning Call Audio

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Becton, Dickinson and Company (NYSE:BDX) Q4 2019 Results Earnings Conference Call November 5, 2019 8:00 AM ET

Company Participants

Monique Dolecki - Senior Vice President of Investor Relations

Vince Forlenza - Chairman of the Board and Chief Executive Officer

Tom Polen - President and Chief Operating Officer

Chris Reidy - EVP, Chief Financial Officer and Chief Administrative Officer

Simon Campion - EVP and President, Interventional Segment

Alberto Mas - EVP and President, Medical Segment

Conference Call Participants

David Lewis - Morgan Stanley

Brian Weinstein - William Blair

Kristen Stewart - Barclays

Bob Hopkins - Bank of America

Rick Wise - Stifel

Vijay Kumar - Evercore ISI

John Hsu - Raymond James

Larry Biegelsen - Wells Fargo

Bill Quirk - Piper Jaffray

Matt Taylor - UBS

Robbie Marcus - JP Morgan

Jaime Morgan - SVB Leerink

Operator

Hello, and welcome to BD's Fourth Fiscal Quarter and Full Fiscal Year 2019 Earnings Call. At the request of BD, today's call is being recorded. It will be available for replay through November 12, 2019, on the Investors webpage of the bd.com website or by phone at 800-585-8367 for domestic calls and area code 404-537-3406 for international calls using confirmation number 5994332. I would like to inform all parties that your lines have been placed on in a listen-only mode until the question-and-answer segment.

Beginning today's call is Ms. Monique Dolecki, Senior Vice President of Investor Relations. Ms. Dolecki, you may begin.

Monique Dolecki

Thank you, Dorothy. Good morning, everyone and thank you for joining us to review our fourth fiscal quarter results. As we referenced in our press release, we are presenting a set of slides to accompany our remarks on this call. The presentation is posted on the

Investor Relations page of our website at bd.com.

During today's call, we will make forward-looking statements, and it is possible that actual results could differ from our expectations. Factors that could cause such differences appear in our fourth fiscal quarter press release and in the MD&A sections of our recent SEC filings.

We will also discuss some non-GAAP financial measures with respect to our performance. Our fourth quarter results include a non-cash charge in the period related to product liability matters of $582 million pertaining to certain legacy Bard surgical products. This item along with the details of purchase accounting and other adjustments can be found in the reconciliations to GAAP measures in the financial schedules in our press release and in the appendix of the Investor Relations slides. A copy of the release including the financial schedules is posted on the bd.com website.

As a reminder, to provide additional revenue visibility, we will speak to our fourth quarter and full year 2019 revenue results on a comparable currency neutral basis. The comparable basis includes BD and Bard in the current and prior year periods, and excludes intercompany revenues and revenues associated with divestitures among other adjustments.

Before I turn the call over to Vince, we would like to comment on the leadership change that was announced back in September. We are very pleased to have appointed Tom Polen as BD's next CEO effective January 28, 2020. Vince will remain Chairman of the Board upon his retirement as CEO. While the company is energized for our next phase, it is truly bittersweet for all of us, who have worked closely with Vince over the years. He is a wonderful person, who has showed us that the secret to success lies in simple things like hard work, perseverance and having a little fun along the way.

We're also excited to announce that our next Analyst Day will be held on May 28 of 2020. Tom and the management team will share our vision and strategy for BD's next era of value creation. So please save the date and look for more information in the coming weeks.

Leading the call this morning is Vince Forlenza, Chairman and Chief Executive Officer. Also joining us are Chris Reidy, Executive Vice President, Chief Financial Officer and Chief Administrative Officer; Tom Polen, President and Chief Operating Officer; Alberto Mas, Executive Vice President and President of the Medical segment; Simon Campion, Executive Vice President and President of the Interventional segment; and Patrick Kaltenbach, Executive Vice President and President of the Life Sciences segment.

It is now my pleasure to turn the call over to Vince.

Vince Forlenza

Thank you, Monique, and good morning, everyone. Before we discuss the company's performance, I would like to spend a few moments reflecting on the previously announced CEO succession. As Monique just mentioned, I will retire as BD's CEO on January 28 of 2020, while continuing to serve as Chairman of the Board of Directors. The Board has unanimously elected Tom Polen, our current President and COO to succeed in as BD's next CEO and President. Tom's appointment reflects the leadership role he has played developing and implementing BD's strategy and vision.

We believe that it is the right time for a leadership transition, given where we are in BD's journey. As we begin the final year of the BD Bard integration, we're looking ahead to our next phase of value creation, including how we leverage the capabilities we've built to better serve our customers. You will know Tom well, and we are confident that Tom's vision, energy and drive make him the right leader at the right time to deliver on BD's strategic and cultural evolution.

With that, let me turn it over to Tom to say a few words.

Tom Polen

Thanks, Vince. I've had a privilege to work alongside Vince and to learn from him for more than 15 years. What stands out the most is what an authentic and purpose-driven leader he is. Vince is committed to doing what is right for customers, associates, shareholders and our communities. Vince has led the company during the most transformative period in BD's nearly 125-year history. Under his leadership, BD evolved from what was largely a medical device manufacturer into one of the top five leading companies in med tech today. Vince has made a lasting impact on our team, our company and the entire med tech industry. And for that, we're all grateful. It is an honor to have the opportunity to follow Vince as BD's next CEO, and to lead this company as we prepare for our next phase of growth and impact, while staying true to our purpose and core values.

We have built tremendous capabilities unmatched in our industry, and assembled a leading portfolio of solutions to better serve the entire healthcare continuum, from discovery to diagnosis to the process of care, and the treatment of disease. As we look forward, I believe we have an exciting opportunity to unleash the potential of the new BD to further our impact. I very much look forward to the journey ahead.

And with that, let me turn the call back over to Vince.

Vince Forlenza

Thanks, Tom for your kind words and congratulations again. Now let's move on to Slide 4, and our key achievements for the year. As expected, we finished fiscal year 2019 with very strong underlying performance and momentum across our businesses. For the full year, we grew revenues 5.1%, which includes the impact of DCBs. Revenue growth reflects the planned back half acceleration that we have been discussing with you throughout this year. As expected, growth was broad-based, reflecting the breadth and depth of the portfolio.

We also drove approximately 60 basis points of margin expansion and delivered double-digit EPS growth before the impact of currency. And we achieved all of this while overcoming significant headwinds and the impact of divestitures, while continuing to make strategic business investments. At the same time, we are delivering on our Bard commitments.

If you turn the Slide 5, I'd like to highlight the value we've already created with the BD plus Bard combination, as we head into the third year of the deal model. We're very pleased with the progress we've made so far. Our core has grown stronger, and we are delivering more impactful solutions to our customers.

On an underlying basis, both companies are driving strong revenue growth with legacy Bard growing over 6% and legacy BD growing over 5% creating durable and sustainable top-line growth. Underlying earnings growth has been in the mid-teens. The integration of our two companies and cost and revenue synergy capture are on track.

In addition, we are well on our way to quickly reducing our leverage to below 3 times over the three-year deal period.

Lastly, Bard has entered BD into higher growth markets that we will continue to leverage and build upon beyond the deal period as we enter our next era of value creation. WavelinQ, Venovo, Covera and PureWick are good examples of products in these new higher growth categories.

Before I move on to guidance, I would also like to highlight the great work that has been done in new product innovation across the other segments. They also continue to fuel growth from the new Alaris Pump, Pyxis ES and our HealthSight platform in the Medical segment to our expanded BD MAX menu, BD FACS Research and clinical instruments and continued expansion of our BD Horizon brilliant dyes and Life Sciences, just to name a few.

There are additional products and solutions in the pipeline that we are equally as excited about, and I'll touch on those later in the presentation. All-in-all, we are proud of our organization’s performance and strong execution.

Before I review the guidance for 2020, I want to touch on the recent news with respect to our Covington facility in Georgia. Many of you already know that we entered into an agreement with the State of Georgia to ensure that the company can continue to provide critical medical devices that are sterilized at our Covington facility. Based on this agreement and our business continuity efforts, we are confident we can continue to meet customers’ demand for these essential products without interruption. BD is safely operating in full compliance with our permits, has proactively adopted the most advanced and best available technology and is emitting a fraction of our allowable limit. We remain confident and science has confirmed that our operations are both -- safe for both employees and the community.

Now moving on to Slide 6, you will see our initial guidance for fiscal year 2020 which reflects continued momentum across our businesses and strong revenue growth of 5% to 5.5%. On the bottom-line, we expect to deliver adjusted EPS between $12.50 and $12.65. This represents currency neutral growth of 9.5% to 11% that is driven by strong underlying growth that is reaching high teens. All-in-all, we expect to drive earnings growth of about 7% to 8.5%. Our outlook is based on our current view of the environment.

As Monique stated in her opening remarks, Tom and the team look forward to sharing more details about the vision and strategy for BD’s next era of value creation at our next Analyst Day in New York City on May 28, 2020.

I will now turn things over to Chris for a more detailed discussion of our fourth quarter financial performance and our fiscal year 2020 guidance.

Chris Reidy

Thanks, Vince and good morning, everyone. Before I move to Slide 8, I'd also like to take a moment to congratulate Vince on his upcoming retirement as CEO of BD and thank him for his many years of partnership, friendship and wisdom. Under Vince's leadership, BD has transformed into a top five leading med tech company, laying the foundation for our next phase of growth. Vince is known and respected for his deep commitment to our purpose, our culture and the development of our associates. I think it's an understatement to say that you'll be missed by all of us.

I'd also like to congratulate Tom on his appointment. I look forward to my continued partnership with Tom as he guides BD through its next phase of growth and value creation, while remaining committed to BD’s purpose and core values.

Now moving on to Slide 8, I'll review our fourth quarter revenue and EPS results, as well as the key financial highlights for the quarter and the total year. Fourth quarter revenues grew 6.2% on a comparable currency neutral basis. Our fourth quarter revenue growth was broad-based and in line with our expectations for continued acceleration in the second half of the fiscal year. I'll provide more color on fourth quarter revenue growth in a moment when I take you through the results by segment and geography.

Fourth quarter adjusted EPS was $3.31 growing 13% over the prior year, or 12.3% on a currency neutral basis. For the total year, revenues grew 5.1% on a comparable currency neutral basis. Adjusting for the impact from DCBs, revenue growth would have been approximately 5.5% for the full year. We also expanded our margins in fiscal 2019.

On an underlying basis, we drove 130 basis points of operating margin expansion during fiscal 2019, driven in part by the realization of approximately $100 million in Bard cost synergies. The leverage in the business model is evident in our fourth quarter results where operating margins of 27.4% expanded a 150 basis points on a currency neutral basis.

Full year adjusted EPS of $11.68 grew 6.1% or 11.9% on a currency neutral basis. Growth was driven by strong operating performance, which mitigated the notable headwinds we faced throughout the year. I'll provide more color on fiscal 2019 EPS growth later in my remarks.

We also continued to delever during the fourth quarter, paying down approximately $675 million of debt and $2 billion for the full fiscal year. As a result, our gross leverage ratio declined to 3.5 times as of September 30. We remain on track to achieve our commitment to delever below 3 times over the three years ending December 2020.

Additionally, we are also very pleased to have continued our longstanding record of delivering an increasing dividend. Fiscal 2019 marked our 47th year of consecutive dividend increases.

Now moving on to Slide 9, I will review our Medical segment revenue growth. BD Medical revenues grew 5.3% in the fourth quarter and 5.1% for the full fiscal year. As expected, fourth quarter performance in the Medical segment was driven by ongoing momentum and share gains in Medication Management Solutions and continued strength in Pharmaceutical Systems.

Growth in Medication Delivery Solutions was driven by our leading Vascular Access and Vascular Care portfolios. Performance in diabetes care reflects strength in emerging markets that included a particularly large tender in the quarter.

Now turning to Slide 10 and the BD Life Sciences segment. Revenues increased 6.9% in the fourth quarter and 4.9% for the full fiscal year which was at the high end of our guidance range. Revenue growth in the fourth quarter was driven by strong performance in Diagnostic Systems and Biosciences units. Strength in our molecular platforms with continued double-digit growth in BD MAX, as well as in our microbiology solutions for ID/AST and blood culture drove growth in Diagnostic Systems.

Biosciences growth was strong globally in research and clinical instruments sales, as well as research reagents. Growth in Preanalytical Systems reflects a tough comparison to the prior year when we brought on additional capacity to meet demand for our push button blood collection sets.

Now turning to Slide 11 and the BD Interventional segment. Revenues increased 7.7% in the fourth quarter, and 5.5% for the full fiscal year. BDI's fourth quarter results included a reduction of approximately 50% versus our originally budgeted DCB-related sales, which is consistent with the trend we have been seeing since the FDA letter.

While the market is contracted, we continue to maintain stable share and our leading position. Excluding the DCB impact, BDI segment revenues would have grown in the low-double-digits in the fourth quarter. Our overall revenues in Peripheral Intervention grew solidly in the mid-single-digits as our WavelinQ, Covera and Venovo products continued to perform extremely well. Excluding the DCB impact, fourth quarter revenue growth in PI would have also been in the low-double-digits.

Fourth quarter revenue growth in Surgery of 8.9% reflect strong performance in Biosurgery in the U.S. as Progel sales continue to ramp, ongoing strength in Infection Prevention and Biosurgery in Europe where we continue to see the benefit from our revenue synergy investments and global strength in Hemostats.

Revenue growth in Urology and Critical Care of 9.9% continues to be driven by acute urology as well as continued strength in our Targeted Temperature Management business.

Now moving on to Slide 12, and our geographic revenues. Developed markets revenues grew 5.7% in the fourth quarter, driven by broad-based strength in all three segments. By geography, performance was strong in both the U.S. and Europe. For the full fiscal year developed markets grew 4.5%. Emerging markets revenues grew 8.8% for the fourth quarter and full fiscal year. Growth in the quarter was driven by high-single-digit growth in China and the broader Asia Pacific region, and double-digit growth in EMA.

Growth in China was lower than we anticipated in the fourth quarter as we saw pricing pressure late in the quarter in some of the more basic medical devices within our MDS portfolio. This is related to new volume-based purchasing being adopted in certain provinces in the annual tender process. Looking ahead to fiscal year 2020, we expect high-single-digit growth in China, driven by double-digit growth in the BD Life Sciences and BD Interventional segments and single-digit growth in the Medical segment.

Turning to Slide 13, which recaps the fourth quarter income statement. As discussed, revenues was strong growing 6.2% in the quarter on a comparable basis. Moving down the P&L, gross profit grew approximately 5% year-over-year. Gross margin was a strong 57.1%. Currency headwinds abated as anticipated, and margin pressure from lower DCB sales and raw materials was more than offset by accelerated revenue growth, continuous improvement and synergy capture.

SSG&A as a percentage of revenue was 24%. SSG&A reflects our disciplined spending as well as continued achievement of Bard cost synergies. R&D as a percentage of revenues was 5.6%. For the full fiscal year, we invested $1 billion in R&D which reflects our continued commitment to drive innovation. Fourth quarter operating margins of 27.4% are the highest quarterly adjusted operating margins to-date, increasing 200 basis points, or 150 basis points on a currency neutral basis, reflecting the leverage in our model.

Our tax rate was 17% in the quarter bringing our full year tax rate to 14.4%, in line with the lower end of our guidance range. As expected, we paid preferred dividends of $38 million in the quarter. As a reminder, the preferred shares will convert in May of 2020. As previously discussed, adjusted earnings per share of $3.31 grew 13% versus the prior year, and 12.3% on a currency neutral basis.

Now, turning to Slide 14 and our gross profit and operating margins for the fourth quarter. As previously discussed, growth in operating margins was strong in the fourth quarter at 57.1% and 27.4% respectively. For the full fiscal year, we delivered gross margin and operating margins in line with our guidance ranges. Operating margins expanded 60 basis points on a currency neutral basis. Looking back over a multi-year period, we're proud to have delivered 800 basis points of currency neutral operating margin expansion over the last six years. This demonstrates our strong execution and ability to drive continuous improvement.

Now moving on to Slide 15 and our fiscal 2019 EPS growth. Revenue growth combined with solid operating performance drove strong underlying EPS growth of 16.5% in fiscal 2019. As a result, we were able to mitigate the impact from headwinds, divestitures and FX and deliver EPS of $11.68. This is in line with our expectations and what we have been sharing with you since our earnings call in May. Since May, currency continued to pressure the P&L and we were able to offset the additional FX pressures that materialized over the back half of the year.

Moving on to Slide 17 and our full fiscal year 2020 revenue guidance. We expect currency neutral revenue growth of 5% to 5.5% on a comparable basis. Our revenue guidance includes an estimated 40 basis points impact from pricing, primarily driven by the China MDS and the process for certain basic products, as well as an estimated 30 basis point impact from DCB sales, which are expected to be lower year-over-year until we anniversary the impact of the FDA letter towards the middle of the fiscal year.

From a phasing perspective, we expect revenue growth in the first half of the fiscal year to be approximately 100 basis points below the full year guidance range, driven by first quarter revenue growth of 1% to 2%.

In our MMS business, we are planning to make some improvements to our Alaris Pump software, including upgrades to alarm prioritization and optimization. We are in discussions with the FDA about the timing of implementation of these upgrades, and the possibility of bundling them with new software version release. This is expected to move the timing of some sales from Q1 to the balance of the fiscal year. Beyond MMS, the first quarter will also be impacted by pricing and DCBs. By segment, for the full year, we expect BD Medical revenues to grow between 4% and 5%. We expect BD Life Sciences revenues to grow between 6% and 7%. And we expect the BD Interventional revenues to grow between 5% and 6%.

Similar to fiscal 2019, we expect revenue growth to be driven by recent product launches across all three segments and strength in both developed and emerging markets. We anticipate developed market growth of around 4.5% to 5% in fiscal 2020. In emerging markets, we expect high-single-digit growth driven by a diversified base with high-single-digit growth in China, as previously discussed, and strength in EMA.

Now moving on to Slide 18 and our fiscal 2020 EPS guidance. Starting on the left side of the chart, growing off of fiscal 2019 adjusted EPS of $11.68, we expect underlying EPS growth that is breaching high teens of 15.5% to 17%. This strong operating performance will help us to mitigate the headwinds from the expiration of the Gore royalty, tariffs and FX. As a reminder, the Gore royalty expired toward the end of fiscal 2019 and increased in size from our original deal model view, resulting in a 5 percentage point headwind to growth in fiscal 2020.

Tariffs are expected to impact growth by approximately 1 percentage point and we continue to actively work with our partners to minimize the unfavorable impact to the company. Currency is expected to be a headwind of about 2.5 percentage points in fiscal 2020. This assumes a euro to dollar exchange rate of $1.11. All-in, we expect to deliver adjusted EPS of $12.50 to $12.65, which represents growth of 7% to 8.5% and 9.5% to 11% on a currency neutral basis.

From a phasing perspective, lower anticipated first quarter revenue growth, combined with the impact of negative foreign currency translation in the absence of the Gore royalty, are expected to result in first quarter EPS of $2.55 to $2.65. We continue to expect to achieve approximately $100 million in cost synergies in fiscal year 2020. We are committed to fully realizing $300 million in annualized cost synergies over the three-year deal period.

Now turning to Slide 19, I'd like to walk through the balance of our guidance expectations for the full fiscal year 2020. On a reported basis, revenue growth for the total year is expected to be between 4% and 4.5%. This reflects a currency headwind of approximately 100 basis points. Adjusted gross profit as a percentage of revenue is expected to be approximately 56% to 57%. This is due to strong underlying performance, including cost synergy capture.

Adjusted SSG&A is expected to be 24% to 24.5% of sales. This is an improvement of approximately 50 basis points to 100 basis points compared to fiscal 2019 and is driven by the leverage in our business model and our continued cost discipline.

We expect to invest approximately $1 billion in R&D which is in line with fiscal year 2019. This represents 5.5% to 6% of revenues, and reflects our continued commitment to invest in new products and platforms.

As a result of the items I just detailed, operating margin is expected to be between 26% and 27% of revenues. On a currency neutral basis, we expect strong operating margin expansion of approximately 150 basis points. We expect our tax rate to be between 14% and 16%.

For fiscal year 2020, we anticipate our adjusted average fully diluted share count to be approximately 287 million shares. For modeling purposes, I'd like to remind you that net income reflects the deduction of approximately $76 million of preferred dividends. The preferred shares will convert in May of 2020, at which time the final preferred dividend will be paid. The conversion is about neutral for fiscal 2020 EPS.

Cash flow is expected to be strong with operating cash flow of about $4.2 billion to $4.3 billion in fiscal year 2020. Capital expenditures are expected to be between $900 million and $1 billion.

In summary, I'm excited about the momentum we have across our business. And I'm confident that we will deliver on our commitments in fiscal year 2020 and beyond.

Now, I'd like to turn the call back over to Vince, who will provide you with an update on our product portfolio.

Vince Forlenza

Thank you, Chris. Turning to Slide 21 and our planned product launches by segment. As we've been discussing with you, we have a very robust pipeline across the entire company. There are a number of things we're excited about. I'll touch on just a few recent launches here, starting with the BD Medical segment.

Early in fiscal year 2020, we expect to launch BD InSyte Autoguard blood control pro, our latest generation of active safety PIV catheters. This catheter adds new features to the world's best selling PIV catheter, which allow a nurse to know that the cannula is in the vein potentially increasing first stick success and ease of use.

We are also continuing to build our BD HealthSight platform with new applications as part of our connected medication management strategy. BD HealthSight Clinical Advisor represents the next generation platform and integration of MedMined’s Surveillance Advisor. This application will deliver expanded access to timely patient insights for infection prevention and antimicrobial stewardship.

We also look forward to launching the BD Intevia, the 1 ml disposable auto injector, a two-step push on skin device that is designed to effectively and safely inject a variety of drugs of different viscosities and different volumes. This is BD's first device to combine syringe and auto injector technology in a true systems integration approach.

Now, moving on to the BD Life Science segment. In fiscal year 2020, we continue to ramp the launch of our BD COR high throughput molecular system, building off of strong interest and excellent feedback from initial placements in Europe.

The initial launch includes the BD Onclarity HPV assay for the detection and extended genotyping of HPV. The COR system performs the sample preparation and processing steps necessary to complete molecular assay workflows and decreases manual user interactions. The system is CE-IVD marked and is not yet available for sale in the U.S. or other markets with additional registration requirements.

Over the coming years, we plan to continue seeking regulatory authorizations to sell the BD COR systems around the world, while expanding the content menu to include many additional assays for infectious diseases including enteric disease, STIs and viral load. We are also looking forward to a full access launch of the BD FACSymphony S6 high parameter cell sorter, which offers 6-way sorting, and supports the simultaneous analysis of up to 30 parameters, giving researchers the ability to better understand cell phenotypes for immunology and multi-omics research. This will be a unique high parameter sorting solution significantly raising the competitive bar. We will also extend our capabilities on our successful FACSMelody platform with new enhanced 4-way sorting capabilities, broadening the application space.

Within the BD Interventional segment, in our Critical Care business, our new Arctic Sun Stat launch will allow us to leverage BD's informatics capabilities that will enable this platform to move from a standalone device to a solution.

BD Targeted Temperature Management solution will be the first and only comprehensive TTM solution that is in indicated to treat all appropriate patients from adults to neonates. We're particularly proud of the new guardrail and monitoring features of the Arctic Sun Stat that wirelessly connect to the EMR at the point of care enabling advanced analytics that supports data-driven clinical decision and benchmarking.

In our dialysis access platform, we are excited that the WavelinQ product platform, our new innovative solution that provides a minimally invasive non-surgical option for creating critical AV fistulas for patients with end stage kidney disease. We'll launch a next generation device that will continue to facilitate excellent procedural success rates with optimized ability and better connectivity. And in our oncology platform, we are looking forward to launching our Caterpillar embolization device and Elevation breast biopsy device later this year.

Before I move on, I would like to point out that we have included slides in the appendix of today's presentation that provide an update on our sustainability initiatives and awards we were proud to have earned during fiscal year 2019. We hope you find the information useful in understanding BD's commitment to these important initiatives.

Moving on to Slide 22, I would like to reiterate the key messages from our presentation today. In the year of significant headwinds, we delivered a strong finish to fiscal 2019 in line with our planned second half acceleration. Growth was broad-based across businesses and regions, which reflect the breadth and diversity of our portfolio. The integration of BD and Bard and related costs and revenue synergy capture are on track, and we are confident in delivering on our commitments in the third year of the Bard deal model.

And last but certainly not least, I would like to take a moment to thank the 65,000 BD associates around the world, who embody our values and come to work every day to fulfill our purpose to advance the world of health. It's been a great privilege leading a team of such talented associates over the years.

As we move forward, I'm excited by the opportunities ahead to continue to build upon our capabilities and invest in our growth-based strategy. I would also like to thank our analysts who provide excellent coverage on the company and our shareholders for choosing to invest in BD. Your partnership and support over the years has helped BD become the company we are today and provides us with the ability to continue to do great things for our customers and their patients around the world. We look forward to sharing more with you at our upcoming Analyst Day in May as we enter the next era of value creation for BD.

So thank you. We will now open the call to questions.

Question-and-Answer Session

Operator

The floor is now open for questions. [Operator Instructions]. Thank you. So first question is coming from the line of David Lewis with Morgan Stanley.

David Lewis

First off, Tom, congratulations and Vince thank you for your leadership and value creation. I think Monique got it right with her bittersweet comment. But thank you both.

Vince Forlenza

Thank you very much.

David Lewis

And then just two quick questions from me and I'll ask them both here in the interest of speeding things along. One for Chris and maybe one for Tom really centering on 2020. So Chris, just first off, EPS a little below the street. We discussed the impact of FX at our conference a few months ago. I'm kind of curious on your philosophy this year, is it fair to say that the 250 basis points embeds some cushion for FX volatility across the year, given the experience this prior year? And then for Tom, 5% to 5.5% is a little tighter than normal. So how should investors interpret that range relative to the deal model of a 5% to 6%? And what are some of the key tailwinds or headwinds to consider this year? Thanks so much. Nice quarter.

Chris Reidy

Thanks very much, David, and thanks for your nice remarks. The -- on FX, you're right that at your conference, we did talk about the volatility of FX. And we were indicating that we weren't going to chase that because we do have underlying growth of 15.5% to 17%. And we didn't want to damage lack of investments that drives revenue growth in the future. And so as a result, we wouldn't chase it. And we were seeing volatility that was getting worse. And we indicated it was about 200 basis points back in September. Since then we've actually seen a little bit of a worsening. It's come back more recently. But on a 30 day average, it certainly has gotten a bit worse with the volatility in currencies like the yuan and the pound with Brexit. So, we see a lot of volatility in those currencies. And so our estimate for the year of $250 does take into consideration there might be a little bit of movement over the course of the year. And we don't want to be chasing that within our guidance range. So we did take that into account in the guidance range that we gave. But right now as we see it, it's in that 200 basis point to 250 basis point area. And again, we're very committed to driving that 15.5% to 17% underlying and to do any more than that we think wouldn't be prudent.

Tom Polen

Hey David and thank you again also for your kind comments. Regarding our range, so certainly the deal model is very much intact. We are within that 5% to 6% range. And as we had shared in the past, of course, we're annualizing the impact of DCBs and we also have assumed no BTK approval within the year. And so we think about it as we -- the -- if DCB stay at the level that they are today, so no improvement in DCBs, and no BTK approval, we would be at the bottom half of the 5% to 6% range. And if we were to get a BTK approval, or we see a notable improvement in the DCB run rate, we could end up moving above that. But at this point, we are making the assumption that its status quo on DCBs and we have not included BTK within our guidance. Therefore, we thought it was appropriate to tighten the range to the bottom half.

Operator

Our next question is coming from the line of Brian Weinstein with William Blair.

Brian Weinstein

Hi, good morning. Vince, congrats on the retirement. I hope you stay in touch and can meet up at The Stone Pony for a beer, go see Bruce again. And, Tom, congrats to you. I look forward to our first Springsteen experience together so.

Vince Forlenza

Hey, Brian. Just before you go on, just send me the date. I'll be there.

Tom Polen

And I'll provide the beers.

Brian Weinstein

Deal. As far as Medical goes, I wanted to ask you a little bit there. Can you talk about the cadence given some of the timing things that we typically see in Medical as well as the comps that we're going to be coming up against, and also the China commentary? So it sounds like there's a lot of things to kind of consider as it relates to Medical. And then the guide in total looks to be a little bit below trend over the last couple of years, from what we've seen out of the Medical segment. So anything to be aware of, or any kind of color that you can give us by product category that would inform and kind of what you guys are thinking there? Thanks so much.

Tom Polen

Okay. Hey, Brian, this is Tom. I certainly very much look forward to continuing that tradition, even Vince had started there so. Yes, as we think about BD Medical, as we noted, FY '19 we saw 5.1% growth for the full year. We noted in our comments earlier. We have seen some pressure specifically within really MDS China related to pricing on some of the very basic medical devices that we sell there. And so we've reduced the guidance then to 4% to 5%. So just a slight reduction versus the actual that we saw in FY ‘19, reflecting that observation that we've made. And that's really the only thing. We continue to see very strong performance in MMS through FY ‘19 as well as Pharm Systems for the year -- in FY ‘20, sorry.

Operator

Our next question is coming from the line of Kristen Stewart with Barclays.

Kristen Stewart

Hey, guys. Feeling kind of left out without the Springsteen invite here.

Tom Polen

Sure, Brian would expand it.

Kristen Stewart

And maybe we can all go to a Giants game or something, I don’t know.

Vince Forlenza

After last night, I don't know where they’ve been.

Kristen Stewart

I know, and they’re looking for you to have this season. But anyway, I was wondering if you could just kind of talk to your updated thoughts kind of on capital deployment. You're making some pretty good progress on paying down the debt and kind of getting close or making your way towards getting down to that 3 times levered number that you've kind of said rating agency. How are you just thinking about the model, as you look ahead? And Tom, how are you thinking about it? And Vince, thanks for all the years and Tom congratulations as well, as you take on over.

Chris Reidy

Great. Kristen, this is Chris. So I'll take that question. And we're going to give a lot more specificity to that very question at the Analyst Meeting in May and we look forward to that. But I would point you back to this past January, where I did give a little bit of color on that at a conference. And so as we think about coming to the 3 times leverage, and to be clear, that was the commitment we had, we would expect to float that down to the kind of the mid 2s, mid to low 2s over time, befitting a company like ours that we should be, strong balance sheet and be in the zone. So the 3 times was just a commitment to the rating agencies to do that in three years. But we would expect to float below that.

The good news is we throw off a lot of cash. And so we often think about the $6 billion of debt that we repaid over the last couple of years or three years. But as we look at ‘21 to ‘23, between that cash as well as the additional earnings growth that we have, over that three year period we'll have about $11 billion with some basic assumptions to allocate once we've done with dividends and CapEx.

So it's a high class problem to have. And so as we think about allocating that, I think it gives us room to do a number of things. First and foremost, we will look at the M&A and tuck-in acquisition and we've talked about how we're not interested in doing another big deal, we've been very public about that. So this would be an acceleration in tuck-in acquisitions. And some of the investments we've made, particularly the Bard transaction opens up opportunities for us in those areas, as well as in Life Sciences and Medical.

So we see lots of opportunities. And over these last couple years, we've done some very good acquisitions. But they've been limited. So we expect to expand that. And then we still believe that there will be money left over from that $11 billion to buy back shares and that'll be part of the model on a yearly basis. We're committed to not letting the cash build up on our balance sheet.

So it's a combination of those two areas, I think. And the underlying dividend, I think the payout ratio is about right, might be some tweaking there. We will be thinking more and talking to people about that. But I think it's in the right zone. And again, we talked about our CapEx, we’re in the right zone with CapEx. You see it's increasing a little bit this year from $900 million to $1 billion. I think that's about right. I don't think there's a lot of movement there. So that gives you a little bit of a sense, but more to come with some specificity in May.

Operator

Our next question is coming from the line of Bob Hopkins with Bank of America.

Bob Hopkins

And definitely best of luck to Vince and Tom. I was just wondering if I could just get a quick commentary from you guys on two topics. One was just any update on the BTK regulatory filing, is it kind of just in the FDA's hands or is there still more back and forth? And then I was also wondering if you could just drill down a little bit more on China price pressure, like what product specifically, what percentage of total China does that represent? And how does that impact the growth guidance for China overall that's embedded in your guidance for this upcoming fiscal year? Thank you very much.

Vince Forlenza

Right. So we'll start with Simon and I will talk about BTK and then Tom will talk a little bit about China.

Simon Campion

Good morning, Bob. Simon here. So on BTK, as we commented last time, we were going to have an interactive session with the FDA. That has taken place. We're currently going through an available data set that we have on BTK. And over the next couple of months, we would expect to file that data with FDA. This is an active PMA. So we continue to work on it and continue to interact with FDA and we'd expect in the next couple of months to be able to file something.

Tom Polen

Hi, Bob. This is Tom. Just a quick note, as we mentioned earlier, we do expect continued strong double-digit growth in both Life Sciences and the Interventional segment in China. And so as you indicated, the topic we see in China is specifically concentrated in Medical and even more specifically we see within the MDS business. And so let me turn it over to Alberto to answer your question in a bit more detail.

Alberto Mas

Yes, I think it's important to put this in overall context for the Chinese government and then authorities have tried a few initiatives in the past to control healthcare expenditure. Frankly with mixed results, this is their latest version of trying that. They're calling it a value-based purchasing and tendering process. This new process significantly overweighs the price component, hence the pricing pressure that we're seeing. We're seeing this playing out in MDS basic products, not necessarily in broader categories.

So in Q4 we’ve seen some selected cities and provinces introducing this new tendering system. And we're expecting continued impact in fiscal year '20 as Chris and Tom have already highlighted. So we've been prudent and we're moderating our growth in MDS, specifically in MDS basic products categories in China somewhat.

Vince Forlenza

Yes. So to be clear, it's not a national program at this point. It's actually a couple of provinces with some cities experimenting. And we'll have to see how this works. We've seen this happen in other geographies around the world. It has not played out very well for the governments because of the lack of focus on quality. So we'll see what happens here. And we'll keep you informed.

Operator

Our next question comes from a line of Rick Wise with Stifel.

Rick Wise

And Vince, it's been just a pleasure knowing you all these years. Let me start with the new product pipeline. I mean clearly a couple of years you are spending roughly $1 billion on R&D. I'm just curious maybe, Tom, as you're reflecting on that R&D spend, what are your top priorities as you look ahead? And maybe highlight for us if you could, just as part of that, the products you'd have focus on most that have the most growth potential as we look at the fiscal year ahead?

Tom Polen

Hey, Rick, this is Tom , and thanks for the question. So as we think about R&D, obviously, you heard Vince walk through quite a wide and diverse range of the portfolio. And so as we think about specific products, I wouldn't extend those beyond the list that, that actually Vince went through in the script and as is described in our slides. So I won’t iterate those again. I would just say as we think internally and our focus on the portfolio, obviously we continue to strengthen the moats in the core businesses in which we participate. And we're very focused on continuing to shift our portfolio into higher growth sectors and we look to combine really the focus in those two areas as to how we direct our investments going forward.

Rick Wise

Just again thinking about the guidance for this next year -- I don't want to overdwell on the flu season, but obviously, this year was kind of tough comp, the year just ended. Any early thoughts on flu season assumptions? And what's in your model at this point? And would that -- if that’s also potentially depending on the severity of the season, maybe potentially some upside to the numbers?

Vince Forlenza

Sure, Rick. So the assumption is for a normal flu season, which is essentially what we had this past year in 2019. So we don't expect the same unfavorable compare we had in 2019. So that's our assumption. It's really way too early to tell as it is always this time of year. Some indication of some severity of flu season in Australia, et cetera. But that doesn't always play out here. So it's way too early to tell.

And within the guidance range, yes, if it's a severe flu season, that would bump us up in the guidance range. And if it was significantly weaker than a normal flu season, it could take you down. And we're talking probably 30 basis points of revenue on either side of that, 20 basis points to 30 basis points at this point. And so that's kind of the way we think about it. And very similar to the way we think about it in the first quarter every year.

Operator

Our next question comes from the line of Vijay Kumar with Evercore ISI.

Vijay Kumar

Vince, congrats on a successful career. Wish you the best in your next phase of life. And maybe starting with the quarterly cadence here, Chris. On I guess the Q1 impact on MMS. I think you mentioned software changes. And I think your main competitor is talking about roll out of new platform. Can you maybe just talk about the competitive dynamics and whether the software rollout, whether that's just first quarter phenomena or -- usually when I hear software, I think about integration issues. So just maybe give some color on what's changing there?

Chris Reidy

Sure, Vijay. So I'm going to get started on that. We did say that we expect revenue growth to be between 1% and 2%. And one of the drivers of that is the timing of the upgrades in the Alaris Pump software, which I'll have Tom talk about in a moment. But you also have the tough compare on the DCB impact that you get the full brunt in the first quarter. And then a tough compare in Pharm Systems, which grew extremely well in the first quarter of FY '19. So you've a little bit of that China MDS impact that we've referred to.

We also expect Diabetes Care growth to be flat in the first quarter. And pricing is most acute in Q1. Having said that, despite the 1% to 2% growth in the first quarter, we expect the first half to be relatively close to guidance of within 100 basis points. So you kind of have the similar split between first half and second half that you had in '19, driven by a number of those factors. So for a little bit more color on the Alaris Pump upgrades, I'll turn it over to Tom.

Tom Polen

Hey, Vijay. So just a note, as you know Alaris is the clear leader and product choice in not only the infusion market but also as part of a broader Medication Management Solution that our customers are investing in. And it's part of our process and our strategy in the business to continually iterate and make enhancements to the platform. And so, you've seen us do that certainly on the hardware side with significant investments such as the new Alaris M2 pump launch which has been extremely well received by our customers. And we've been making those same type of investments in software upgrades over the last couple of years. And this upgrade right here is a continued reflection on those investments and will be forthcoming.

Just in terms of momentum, maybe just one other comment there on your question. We saw in FY'19 near or at I'd say record levels of continued share gain, both in the infusion and the dispensing business. So about 200 basis points of gain in infusion and 100 basis points in dispensing. And we see no slowdown in that momentum.

Vijay Kumar

That's helpful Tom and Chris one quick housekeeping on share count. From my understanding May 1 is when it steps up, the conversion kicks in. It just looks like the 287 million maybe it's a tad higher than that, what the street was expecting. Maybe some comment on share count?

Chris Reidy

Yes, so that's -- we did give that guidance in the script as the 287 million. We don't think that the conversion of the preferred dividends is going to be that meaningful. And obviously we issue some stock comp that would naturally float it up since we're not in a position to buy back shares at this point. And so you see a natural floating up of that. I think it's a combination of all those things that get to, to the 287 million. But we can certainly talk to you after the call if you have any further questions.

Operator

Our next question comes from our line of Lawrence Keusch with Raymond James.

John Hsu

Good morning. This is John Hsu on for Larry. Tom, if we can start maybe, in the prepared comments since you mentioned the strategic and cultural transformation, can you talk about what you're seeing happening from a cultural perspective?

Tom Polen

Sure, certainly, John good question. From a cultural perspective, we've been very focused on continuing our focus on growth and innovation. And we've been talking about that quite a bit. As we've gotten larger, so quickly, we've also been very focused on agility and removing complexity from the organization and our processes. We think that -- and that fits right aligned with some of the actions that we're also building into our business strategy, as Chris mentioned, our focus on -- and plan not to do another large transformational M&A deal, fits with our focus on continuing to transform our culture from an agility perspective as we simplify and remove complexity from the organization in our next phase. And we will share more about not only those strategies, but our focus on culture and you'll see it actually more in action at the Analyst Day that Monique announced that we'll have later on in FY '20 in May.

Vince Forlenza

Yes, I would just add that Tom and I've been working on this. And I think it is a natural next step based on all the things that we've done. And as Tom and Chris and others are really looking at the next step of value creation, as Tom just mentioned, there's a lot of work going on, not just on synergies, but on business process. And that gets to both the agility that Tom was talking about, but empowerment of people with those new systems, aligning with the big efforts that we started year and a half ago around customer experience. So Tom is pulling this together in a really nice way is what I would say. And I think the company is getting very excited about it. So I'm looking forward to see how this rolls out.

John Hsu

Okay, great. And then just on the Bard synergies, those are tracking to plan. If we look back to CareFusion, you clearly were able to outperform the initial guidance there. Can you just talk about maybe the confidence that you have in the $100 million remaining synergies. And then is there any potential for upside to those numbers?

Chris Reidy

Well, you're right, we did beat the CareFusion synergies, I think when we learned a lot when we did that and I think we assessed the Bard synergies more accurately. Having said that, we've already seen upside to what we initially announced, and that's on the tax side. So, we didn't promise any tax synergies as part of the deal. And we certainly have seen those. And that's enabled us to offset some other headwinds.

As I look at it, we are very confident in this $100 million that I referred to, as the final phase. I don't see too much potential to raise that significantly. We will see that as we go through throughout the year. But executing that I would remind people that when we did the Bart deal, people were saying, how are you going to get any synergies at all, it was a well run company. So I think getting $300 million in the three years is quite an achievement. And then on top of that is the revenue synergies which we're seeing in the business and you're seeing in the results. So when you think about what we're driving on the Bard deal, the top-line growth of 5% to 6%, what we've seen in the last two years is that the combined company drives about 5.8% over those two years, legacy Bard driving 6.2% and legacy BD driving 5.6%. So a lot of revenue growth, some of that coming from the synergies as well. So we really feel good about what we're accomplishing right in line with our expectations.

Operator

Our next question comes from the line of Larry Biegelsen with Wells Fargo.

Larry Biegelsen

And congratulations to Tom and Vince. Two questions from me, one high level for Tom and one on sterilization. So, Tom you're going to step into the CE role in January. I know it's early, but what changes can we expect under your leadership? And then secondly, on sterilization, I'll ask both my questions upfront here. I think the shutdown in Georgia is supposed to end tomorrow. Could you give us an update on where you are with the remediation, your confidence in resuming production? And just lastly, I think, in the press release you put out, you said you expect to operate at a reduced capacity. How long do you expect that process to last?

Tom Polen

Hey, Larry, this is Tom, thank you for the comments and the questions. So as you know, Vince and I have worked together for quite some time, 15 plus years, and have been on the journey that BD has been on together. And so as we think about the next phase for the company, I would say that while we'll share more of that, of course, in upcoming forums, you can expect very much a continuation of the journey that we're on. There is a natural of course inflection as we come to the end of the Bard integration window, whereas we now realize the full cost synergies. We, of course, will be freeing up capital to create value in other ways, as you heard Chris walk through. And so we will be contemplating what is a natural inflection in our strategic cycle, refreshing that but continuing very much in line with I think what has made BD a attractive place for investors, that bellwether performance, the dynamics of the company, and building off of the new capabilities, technologies and assets that the company has built over particularly the last seven years under Vince's leadership and moving those forward into the next phase of growth.

Vince Forlenza

So let me just comment on EtO, it's November the 7th that we get back to production. Well, we're producing, we're not sterilizing. And just to make sure you understand it was voluntary, so that they could do some ambient air testing and that will get done and then we'll go back to producing. Going forward, what we're talking about is we've made some process changes to further optimize eliminating fugitive emissions.

We think that with those changes, we can meet all customer demand going forward. And we'll just continue to optimize. So we're not sitting here saying that we're not going to be able to meet customer demand. We're very confident that we can do that. So that's the way you should think about it.

Operator

Our next question comes from the Bill Quirk with Piper Jaffray.

Bill Quirk

Vince, great ride. And certainly thank you for everything. And Tom congratulations on the new role. So Chris, I hate to come back to China and pricing, but I just want to confirm that the guidance assumes it does continue into '20 kind of beyond what you've already experienced at the city or province level? And then secondly, congrats on the initial BD COR release in EU. When might we see that in the U.S.? Thanks guys.

Vince Forlenza

So I'll start Bill, and you're right, we do have that baked into our guidance for the year that it would continue. As you might expect, the provinces are very transparent on the kinds of pricing results that they're getting. We do expect that at some point they will experience some issues related to quality and that might change things. But right now it’s very much focused, as Alberto said on pricing as a component of the tenders. So we do expect some of that to continue throughout the year and our guidance has that baked in.

Alberto Mas

Let me briefly comment on BD COR. As you know, we launched this product mid of 2019 in Europe. It's now CE marked and available in European selected markets. We will continue to extend that into CE marked regions and target towards the end of 2020, maybe beginning of '21. That depends on the regulatory process to make it available in the U.S. as well. So we are really excited about this momentum we’re seeing the customer demand in Europe, and also the customer feedback we're seeing. So we work very diligently on releasing it in the other regions as soon as possible.

Operator

Our next question comes from the line of Matt Taylor with UBS.

Matt Taylor

So I just wanted to ask a little bit more about the DCB dynamics. You touched on this a couple times on the call. But have you seen any change since the FDA’s second memo in August in terms of any pickup, there's been some more data has come out? What do you think would have to happen to actually improve the trajectory of the existing core DCB business? That’s my first question.

Simon Campion

So, good morning, Matt. It’s Simon here. So yes, in relation to the second letter that FDA pushed out in August, I think it's fair to say that we certainly didn't see any initial uptake or decline in DCB utilization. But then in late September, as you may know, the independent analysis of the Lutonix data was published in JACC, I think it was September 28. And the response so far to that data has been quite favorable for us. We’ve obviously trained all our sales forces on that and they've been pushing that message to our customers that Lutonix DCB is not only effective but it's also safe. So, I would say that we are quite pleased with the response the market has shown in that regard, but qualify that it's only one month ago. So it's very early, but we're quite pleased with that. And I think then to your second -- to your more -- maybe more macro question about probably what it will take to really shift this market back to where it is, I think that quite frankly is a resending of the FDA letter, that’s required to get it back to where it was.

Matt Taylor

And just a clarification on the BTK comments before. You mentioned that you expect you might be able to see a filing at some point next calendar year. Would that be something that could create kind of a normal filing timeline or would it be different given the fact pattern here? Just help us under understand that.

Simon Campion

It would be a normal filing cadence. It would be a PMA supplement. So it would be probably within the typical 180-day plus range. So that's the usual method FDA would take to assess that.

Operator

Our next question comes from a line of Robbie Marcus with JP Morgan.

Robbie Marcus

It's been two years now where you've had great underlying EPS growth, but single-digit reported EPS growth. I was wondering if you could talk philosophically about your commitment to double-digit EPS growth? And are there any levers you can pull throughout the year to get you back up to double-digit?

Chris Reidy

Sure, Robbie. So I think, when you look at the headwinds that we've had in this past year, we tend to forget that there was 600 basis points of pressure from FX. And to jump over 600 basis points would be not prudent in terms of running a long-term business. Now, we always do try to jump over some portion of the FX and we’ve had a good track record of being able to do that. And so, we -- when we look at the guidance going forward, we would expect to have 100 basis points. But at some point, you would expect that those headwinds from FX to not be 600 basis points or not to be 250 basis points even. So, as we think about it, we'll jump over some of it as we did in the fourth quarter and the second half of the year. As bad as it was, it was worse than we had anticipated. It kept getting worse. The volatility of the yuan, the euro weakness and the dollar strength and then the volatility of the pound, all of those things were driving the strength of the dollar.

And so we jumped over that in the second half of this year. And we don't talk too much about that. As we look at the guidance for this year, we have another big issue to deal with and that's a drop off of the Gore royalty, and that's 500 basis points. And so, if you take that and the 250 basis points, we’re jumping over -- we're dealing with 750 basis points of pressure that is not part of the underlying business. And I would say our ability to offset that Gore royalty was better than it would have been on a standalone Bard basis. It would have been very difficult to offset any of that. And we were able to offset a very good portion of that.

So we feel good about the ability to jump over headwinds. There have been more than our share of headwinds in the past. We don't see that once we get through the Gore royalty. We don't see a lot of that going forward. It goes kind of back to normal. And we do have a business that is on an underlying basis, very reliable, very predictable. Tom talked about the nature of our business as having the kind of moats around our business, strong product lines, and an excellence in manufacturing.

And then we also will have the ability to buy back some shares in the future as we pay down the debt. And we've been dealing with those headwinds without the ability to do that over the last couple of years. And so we have that lever back in our arsenal as we go forward. And that will be very helpful as well. So we're, I believe, coming to a point where some of this will be behind us and we go back to being the predictable BD that we've always been. So, thanks for your questions.

Robbie Marcus

Understood. And then a quick follow-up. I'm going to sneak two very quick ones in here. One was there any extra selling day in the quarter and two the Urology business continues to exceed expectations. Can you just talk about the drivers and sustainability there? Thanks.

Vince Forlenza

On the first, we don't make a habit of talking about days, some companies do. It all evens out. So nothing to speak of there. And on Urology, that's a great point. We very rarely talk about things like 9.9% growth in the quarter and so I'll pass that over to Simon.

Simon Campion

Yes. So again, Urology has been a sustainable performer. This year we've seen sequential growth in a number of our businesses, particularly TTM and the acute Urology business. So it continues to inspire us with confidence. We've got a cadence of new product launches that will come out across the entire Urology business in the next year. So that's just another leg on the legacy BDI stool. So we're very pleased with it.

Operator

Our final question comes from the line of Richard Newitter with SVB Leerink.

Jaime Morgan

Hi, this is Jaime on for Rich. Thanks for taking my questions. Just had one quick question since most of them have already been asked. What is your strategy on the Diabetes business going forward? I know last call you had mentioned you were evaluating your strategic options for the T2 Patch Pumps. So I was just looking to see if you could provide an update for us there. Thanks.

Tom Polen

Hi, Jamie. This is Tom. Thanks for the question. We are continuing to advance the patch pump in our pipeline. We did, as we had mentioned on a prior call withdraw our FDA application after getting feedback from them. That was a bit more comprehensive than what we had anticipated. And so as we also shared on the last call, we are now progressing that primarily with a third party R&D partner with deep expertise in that space, but we are progressing that forward. As that continues to advance in our pipeline, we'll share an update on that as it ends up approaching closer to launch. Thank you.

Operator

There are no further questions at this time. I will turn the floor back over to Vince Forlenza for closing remarks.

Vince Forlenza

Thank you very much. Let me start with saying we had strong performance to close our Fiscal Year 2019. It was broad based. It was all three legs of our stool. All three segments performed really, really well with great momentum going into this year. Entering fiscal 2020 in the final year of the Bard deal, we're confident that we will continue to deliver on our commitments. And I think you'll hear more about in May, Tom's vision and the company's vision in terms of how we continue to drive shareholder value. I'm looking forward to that. And then finally, I'd like to say once again thank you to all of you, the investors, the analysts who have been with us on this exciting journey and I'm confident that the company is positioned well for continued success. So thank you very much and greatly appreciate it.

Operator

Thank you. This does conclude today's teleconference. Please disconnect your lines at this time and have a wonderful day.