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**BAXTER HIGHLIGHTS BUSINESS STRATEGIES AND INNOVATION  
AT 2018 INVESTOR CONFERENCE**

*Company Increases Financial Guidance for 2020 and Provides Outlook for 2023*

NEW YORK, May 21, 2018 – Baxter International Inc. (NYSE: BAX), today at its investor conference, outlined the company’s strategies to drive sustained growth, deliver attractive shareholder value and advance patient care around the world. Baxter defined its top-quartile goals around four key areas: patient safety and quality; growth through innovation; best place to work; and industry-leading performance; and its leadership team highlighted strategic growth opportunities across its six global businesses. Additionally, the company showcased innovative products and technologies that should bring meaningful benefits to patients and their healthcare providers.

“Fueled by Baxter’s strong progress over the last two years, we’re well positioned to launch the next phase of our business transformation,” said José (Joe) E. Almeida, chairman and chief executive officer. “Our growing investment in innovation combined with an expanding focus across the spectrum of care will help increase our impact for patients while driving growth for investors. These efforts will remain firmly rooted in our core mission to save and sustain lives, and reflect the commitment to operational efficiency that has sparked our transformation to date.”

## **2020 Outlook**

Baxter expects to grow sales 4 to 5 percent on a compounded annual basis at constant currency rates from 2018 through 2020. Through a relentless focus on disciplined financial management, operational excellence and accelerated innovation, the company now expects a 2020 adjusted operating margin of 20 to 21 percent and adjusted diluted earnings of \$3.60 to \$3.75 per share. Baxter also now expects free cash flow (operating cash flow less capital expenditures) of approximately \$2.1 billion in 2020. *See the table below for a reconciliation of the non-GAAP measures contained in this paragraph.*

## **2023 Outlook**

The company expects sales to grow approximately 5 percent on a compounded annual basis at constant currency rates from 2018 to 2023. In 2023, the company anticipates an adjusted operating margin of 23 to 24 percent and adjusted diluted earnings of \$4.90 to \$5.05 per share. Baxter also expects to generate free cash flow of approximately \$2.65 billion in 2023. *See the table below for a reconciliation of the non-GAAP measures contained in this paragraph.*

“Our confidence in our strategic trajectory is reflected in today’s updated financial guidance,” said Jay Saccaro, Baxter’s chief financial officer. “Continued strong performance provides us the fuel to reinvest in growth and return value to shareholders through increased dividends and share repurchases, while also creating unparalleled flexibility to pursue strategic business development opportunities.”

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**Non-GAAP Reconciliation**

The non-GAAP measures in the 2020 and 2023 financial outlook above reflect the impact of several known items, as set forth below. Other items that may impact those measures that are not known as of the date hereof (including foreign exchange rates) are not included in the reconciliations below. The actual GAAP measures for 2020 and 2023 may differ materially from the numbers set forth below.

| <b>Outlook</b>                                      | <b>2020</b>     | <b>2023</b>     |
|---|-----------------|-----------------|
| <b><i>Operating Margin – Adjusted</i></b>           | 20 – 21%        | 23 – 24%        |
| Known intangible asset amortization                 | 1 – 2%          | 1%              |
| Operating Margin – GAAP                             | 18 – 20%        | 22 – 23%        |
| <b><i>Diluted Earnings per Share – Adjusted</i></b> | \$3.60 – \$3.75 | \$4.90 – \$5.05 |
| Known intangible asset amortization                 | \$0.24          | \$0.21          |
| Diluted Earnings per Share – GAAP                   | \$3.36 – \$3.51 | \$4.69 – \$4.84 |
| <b><i>Free Cash Flow</i></b>                        | \$2.1 billion   | \$2.65 billion  |
| Capital expenditures                                | \$600 million   | \$800 million   |
| Operating Cash Flow                                 | \$2.7 billion   | \$3.45 billion  |

**Baxter Innovation Hall**

Attendees at Baxter’s investor conference received a firsthand look at innovative products and technologies that are making a difference for patients and providers today as well as a robust pipeline of future opportunities the company believes have the potential to advance healthcare globally for years to come. Examples of Baxter’s patient-centric approach to innovation across its six global business units include the following:

In **Renal Care**: Baxter showcased its latest automated peritoneal dialysis (PD) system, **Kaguya** with **Sharesource**<sup>1</sup> remote patient management. The platform was

launched exclusively in Japan in March and builds off the success of the **Amia** platform with innovations tailored to the unique needs of Japanese patients. The company's **Sharesource** technology helps to transform home dialysis by providing clinicians the ability to monitor and adjust patient therapy programs remotely. In addition, Baxter demonstrated an [innovative home PD solution generation system](#) that could help streamline the process for conducting PD therapy at home by reducing the supplies and deliveries required to administer it, streamlining the administrative workload involved in managing the therapy and creating an opportunity to personalize it with precise prescribing options.

In **Medication Delivery**: Patient care is moving from a one-size-fits-all approach toward data-driven care, tailored to individual patient needs. Baxter's team showcased an integrated management platform it is developing for personalized fluid management that combines the company's newest smart pump, the [Spectrum IQ Infusion System](#), with real-time fluid monitoring technology along with balanced solutions to optimize patient therapy.

In **Pharmaceuticals**: Baxter showcased its growing generic injectables portfolio across key therapeutic areas including anesthesia, anti-infectives, cardiovascular, oncology and specialty care. Baxter provides generic medications in a variety of differentiated delivery platforms, including ready-to-use premixed injectable products, frozen and liquid preparations, and vial and ampoule presentations to meet the variety of infusion methods used around the world by healthcare providers to treat their patients.

In **Clinical Nutrition**: Approximately 70 percent<sup>2</sup> of critically ill hospital patients suffer from malnutrition, of which 80 percent go undiagnosed. Baxter is working to address this critical need and bring more innovative nutrition products to market that utilize the company's leading triple-chamber technology.

In **Advanced Surgery**: Baxter showcased innovative enhancements to [Flo seal](#) and [Tisseel](#), the company's leading hemostat and sealant products, as well as microsurgery products that provide surgeons with a comprehensive portfolio to help surgeons work quickly and efficiently.

In **Acute Therapies**: Baxter's new **Prismax**<sup>1</sup> system – which is currently available in select markets – offers clinicians the flexibility to meet patients' diverse needs. It is the company's latest innovation to simplify and make continuous renal replacement therapy (CRRT) and other extracorporeal (outside the body) blood purification easier to administer. The **Prismax** system was designed to simplify the complexities of delivering CRRT from set-up to treatment delivery – reducing the time and resources required to administer the therapy. The platform was shown with the company's [oXiris](#) set, which can be used to help remove excessive levels of cytokines, endotoxin and other inflammatory mediators from a patient's blood. This makes **oXiris** the first blood purification set that can be used in CRRT and sepsis management protocols.

### **Investor Conference Webcast**

A webcast of Baxter's investor conference and accompanying slides can be accessed live from the investor section of the company's website at [www.baxter.com](http://www.baxter.com) beginning at 7 a.m. CDT on May 21, 2018. A replay of the presentations will also be posted to the site following the live event.

### **About Baxter**

Every day, millions of patients and caregivers rely on Baxter's leading portfolio of critical care, nutrition, renal, hospital and surgical products. For more than 85 years, we've been operating at the critical intersection where innovations that save and sustain lives meet the healthcare providers that make it happen. With products, technologies and

therapies available in more than 100 countries, Baxter's employees worldwide are now building upon the company's rich heritage of medical breakthroughs to advance the next generation of transformative healthcare innovations. To learn more, visit [www.baxter.com](http://www.baxter.com) and follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

### **Forward-looking Statement**

*This release includes forward-looking statements concerning the company's financial results, R&D pipeline, including planned product launches (many of which are subject to regulatory approval) and results of clinical trials, business development activities, capital structure, cost savings initiatives and financial outlook for 2020 and 2023. The statements are based on assumptions about many important factors, including the following, which could cause actual results to differ materially from those in the forward-looking statements: demand for and market acceptance of risks for new and existing products; product development risks; product quality or patient safety concerns; continuity, availability and pricing of acceptable raw materials and component supply; inability to create additional production capacity in a timely manner or the occurrence of other manufacturing or supply difficulties (including as a result of a natural disaster or otherwise); breaches or failures of the company's information technology systems, including by cyberattack; future actions of regulatory bodies and other governmental authorities, including FDA, the Department of Justice, the New York Attorney General and foreign regulatory agencies; failures with respect to compliance programs; future actions of third parties, including payers; U.S. healthcare reform and other global austerity measures; pricing, reimbursement, taxation and rebate policies of government agencies and private payers; the impact of competitive products and pricing, including generic competition, drug reimportation and disruptive technologies; global, trade and tax policies; accurate identification of and execution on business development and R&D opportunities and realization of anticipated benefits (including the recent acquisitions of Claris Injectables and two surgical products from Mallinckrodt plc); the ability to enforce owned or in-licensed patents or the patents of third parties preventing or restricting manufacture, sale or use of affected products or technology; the impact of global economic conditions; fluctuations in foreign exchange and interest rates; any change in law concerning the taxation of income (including current or future tax reform), including income earned outside the United States; actions taken by tax authorities in connection with ongoing tax audits; loss of key employees or inability to identify and recruit new employees; the outcome of pending or future litigation; the adequacy of the company's cash flows from operations to meet its ongoing cash obligations and fund its investment program; and other risks identified in Baxter's most recent filing on Form 10-K and other Securities and Exchange Commission filings, all of which are available on Baxter's website. Baxter does not undertake to update its forward-looking statements.*

<sup>1</sup>Not cleared in the United States

<sup>2</sup>Norman k, et al. Clin Nutr 2008;27:5-15.

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