Baxter

Third-Quarter 2018 Earnings

Baxter International Inc.

October 31, 2018

Safe Harbor Statement

This presentation includes forward-looking statements concerning Baxter's financial results, business development activities, capital structure, cost savings initiatives, R&D pipeline, including results of clinical trials and planned product launches, and financial outlook for fourth quarter and full year 2018. 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 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 (including potential trade wars); 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 and potential taxes associated with the Base Erosion and Anti-Abuse Tax; 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.

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TOP QUARTILE GOALS

- Patient safety and Quality
- Growth through innovation
- Best place to work
- Industry leading performance

Our Strategy

Strengthen our portfolio and extend our impact through transformative innovation that spans prevention to recovery

Delivering On Our Strategy
Business Highlights

Building Momentum With Strong Focus on Operational Performance

- Delivered solid third-quarter 2018 earnings growth driven by operational performance and business transformation initiatives
- Continuing momentum with new product launches, effective portfolio management and disciplined expense management
- Rebasing 2018 growth expectations due to changing market dynamics within U.S. Medication Delivery and Clinical Nutrition

Capitalizing On New Product Launches And Geographic Expansion

- Reallocating investment to higher-margin, faster-growing businesses
- Executing on a robust pipeline to provide meaningful innovations for patients and providers
- Enhanced capabilities along with increasing R&D efficiency enable accelerating launch cadence

Executing Disciplined Focus On Business Transformation

- Implementing optimized organizational structure, transforming cost structure and eliminating waste
- Establishing global centers of excellence to drive efficiencies in functional areas
- Simplifying portfolio and optimizing manufacturing footprint

Significantly Enhancing Balance Sheet Flexibility To Deliver Value

- Focusing on operational improvement and effective working capital management to improve cash flow
- Repurchased $247 million or ~3.3 million shares in Q3 2018
- Maintaining financial optionality with current net debt[1] to EBITDA[2] ratio near zero

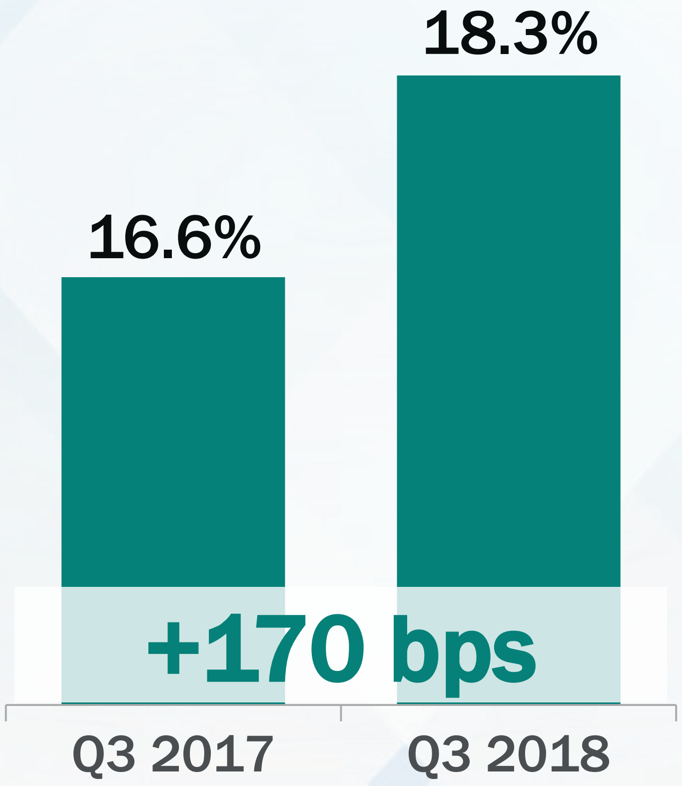
[1]Long-term debt and lease obligations and current maturities of long-term debt and lease obligations less cash and equivalents. [2]Earnings before interest, tax, depreciation and amortization expense

Continuing Momentum Of Key Metrics

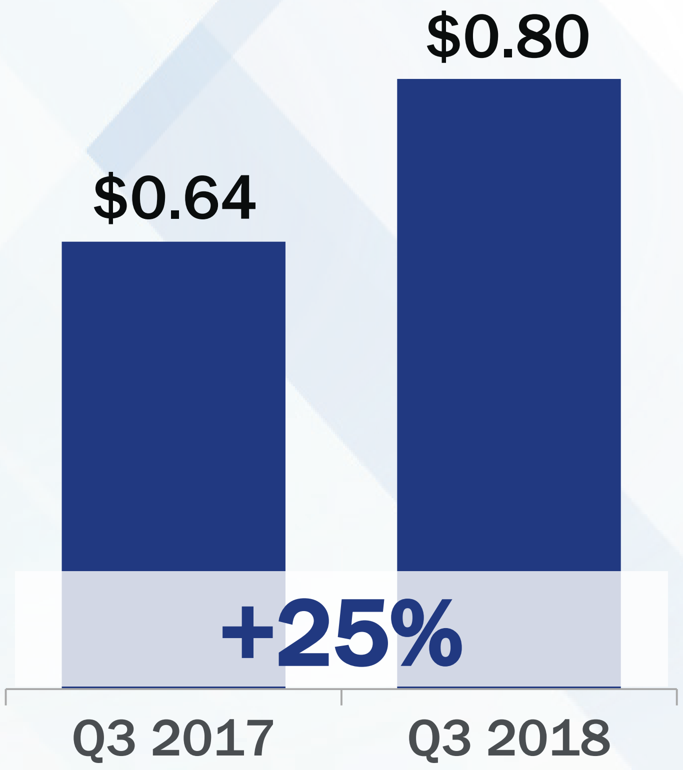
Third-Quarter 2018 Financial Snapshot[1]

Global Reported Sales

Adjusted Operating Margin



Adjusted Diluted EPS



[1]See www.baxter.com for information regarding non-GAAP financial metrics used in this presentation, including constant currency and operational sales, adjusted gross margin, adjusted operating margin, adjusted diluted EPS, free cash flow, adjusted SG&A expense, adjusted R&D expense, and adjusted operating expense. [2]Q3 2018 operational sales growth excludes the impact of foreign currency of approximately (1)%, acquisitions of approximately 1%, and Cyclo competition of approximately 0%; GAAP sales growth for the period was approximately 2% compared to Q3 2017.

Third-Quarter 2018 Sales And Adjusted Earnings[1]

Metric	Q3 2018 Guidance	Q3 2018 Actual
Sales Growth *Operational*	3% - 4%	+3%
Sales Growth *Reported*	~3%	+2%
Adjusted Diluted EPS *Growth vs. Prior-Year Period*	$0.72 - $0.74 *13% - 16%*	$0.80 +25%

Delivering Steady Top And Bottom-Line Growth

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Advancing Our New Product Portfolio

Recent R&D And Commercial Milestones

PrisMax

Actifuse

ALTAPORE

HDx findings at ASN

Collaboration with the Mayo Clinic

- Secured CE Mark in Europe and submitted a 510(k) to the U.S. Food and Drug Administration (FDA) for PrisMax, our next generation technology for continuous renal replacement therapy (CRRT)
- Received U.S. Food and Drug Administration (FDA) clearance for Actifuse Flow Bone Graft Substitute for use in a variety of orthopedic surgical procedures and ALTAPORE Bioactive Bone Graft for use in posterolateral spinal fusion
- Announced a collaboration with Mayo Clinic to establish a renal care center of excellence in the U.S. to serve patients across the continuum of care
- Presented findings from HDx (expanded hemodialysis) and peritoneal dialysis (PD) studies at the American Society of Nephrology (ASN) showing how novel renal care technologies are positively impacting patient care and clinic efficiency

Financial Results

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Third-Quarter 2018 Sales By Global Business Unit[1]

$ In Millions	Q3 2018 Revenue U.S.	Q3 2018 Revenue International	Q3 2018 Revenue Total	Total Growth Reported	Total Growth Constant	Total Growth Operational
Renal Care	$209	$701	$910	+2%	+3%	+3%
Medication Delivery	$418	$234	$652	-4%	-3%	-3%
Pharmaceuticals	$240	$279	$519	+4%	+5%	+5%
Clinical Nutrition	$80	$138	$218	-2%	-2%	-2%
Advanced Surgery	$122	$78	$200	+14%	+15%	+7%
Acute Therapies	$41	$81	$122	+9%	+10%	+10%
Other	$84	$62	$146	+18%	+17%	+17%
Total Baxter	**$1,194**	**$1,573**	**$2,767**	**+2%**	**+3%**	**+3%**

[1]See www.baxter.com for information regarding non-GAAP financial metrics used in this presentation, including constant currency and operational sales, adjusted gross margin, adjusted operating margin, adjusted diluted EPS, free cash flow, adjusted SG&A expense, adjusted R&D expense, and adjusted operating expense.

Year-To-Date 2018 Sales By Global Business Unit[1]

$ In Millions	YTD 2018 Revenue			Total Growth		
	U.S.	International	Total	Reported	Constant	Operational
Renal Care	$609	$2,100	$2,709	+7%	+4%	+4%
Medication Delivery	$1,280	$729	$2,009	-1%	-2%	-2%
Pharmaceuticals	$745	$807	$1,552	+13%	+11%	+7%
Clinical Nutrition	$243	$419	$662	+2%	-2%	-2%
Advanced Surgery	$339	$247	$586	+12%	+10%	+4%
Acute Therapies	$129	$251	$380	+15%	+11%	+11%
Other	$206	$182	$388	+12%	+9%	+9%
Total Baxter	**$3,551**	**$4,735**	**$8,286**	**+6%**	**+4%**	**+3%**

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Third-Quarter 2018 Sales By Operating Segment[1]

$ In Millions	Q3 2018 Revenue	Total Growth	
	Reported	Reported	Constant
Americas (North and South America)	$1,497	+3%	+4%
EMEA (Europe, Middle East and Africa)	$707	+4%	+4%
APAC (Asia Pacific)	$563	-1%	+0%
Total Baxter	**$2,767**	**+2%**	**+3%**

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Third-Quarter 2018 Adjusted Financial Results[1]

	Q3 2018	Q3 2017	Change
Adjusted Gross Margin	46.3%	45.3%	+100 bps
Adjusted SG&A Expense (% of Sales)	22.5%	23.2%	(70 bps)
Adjusted R&D Expense (% of Sales)	5.5%	5.5%	Flat
Adjusted Operating Margin	18.3%	16.6%	+170 bps
Adjusted Diluted EPS	$0.80	$0.64	+25%

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Year-To-Date 2018 Adjusted Financial Results[1]

	YTD 2018	YTD 2017	Change
Adjusted Gross Margin	45.2%	45.0%	+20 bps
Adjusted SG&A Expense (% of Sales)	22.3%	22.9%	(60 bps)
Adjusted R&D Expense (% of Sales)	5.5%	5.5%	Flat
Adjusted Operating Margin	17.4%	16.6%	+80 bps
Adjusted Diluted EPS	$2.27	$1.84	+23%

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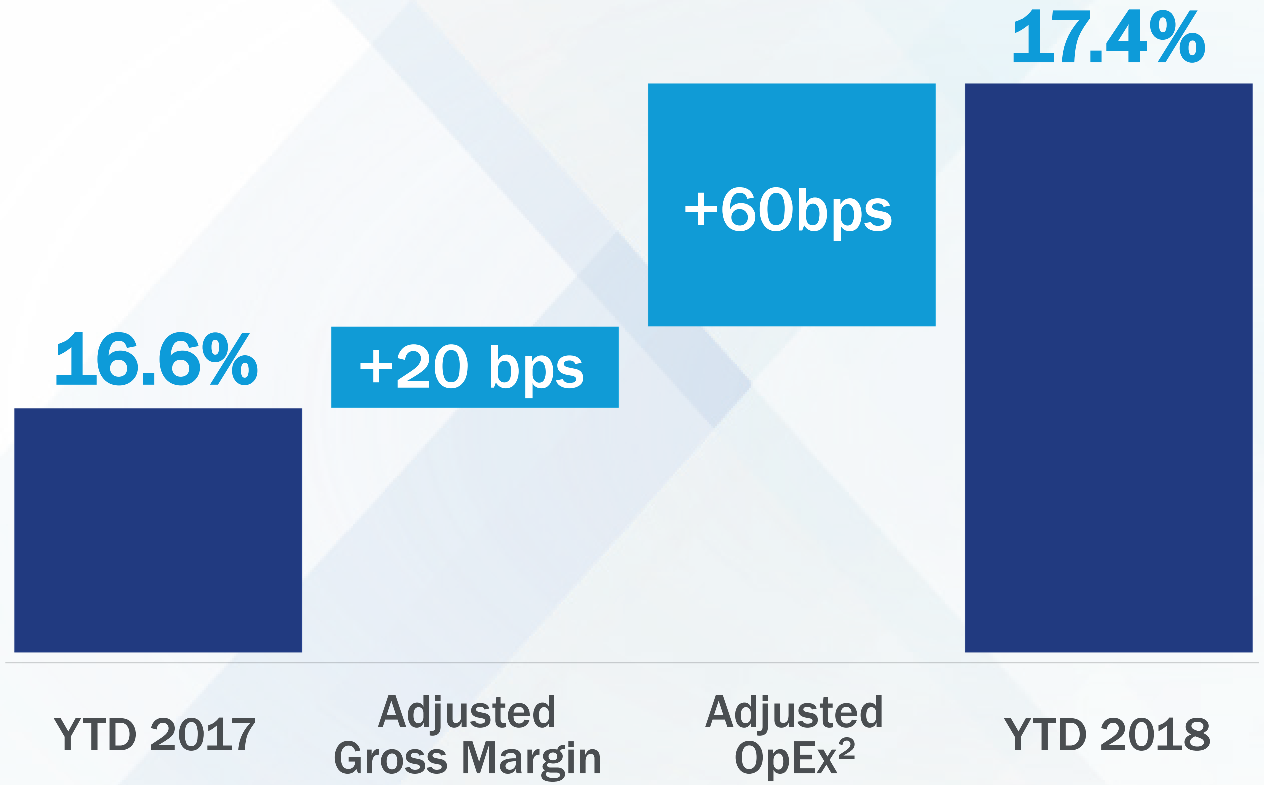
Driving Operational Excellence Across the Company

YTD 2018 vs. YTD 2017 Adjusted Operating Margin[1]



Highlights:

- ✓ Favorable product mix and manufacturing efficiencies partially offset by increased supply chain costs
- ✓ Business transformation initiatives and focus on optimized cost structure drive expense reductions
- ✓ Reallocating and accelerating R&D investment to drive organic innovation

Expect Full-Year 2018 Adjusted Operating Margin Expansion of ~100 bps Over Full-Year 2017

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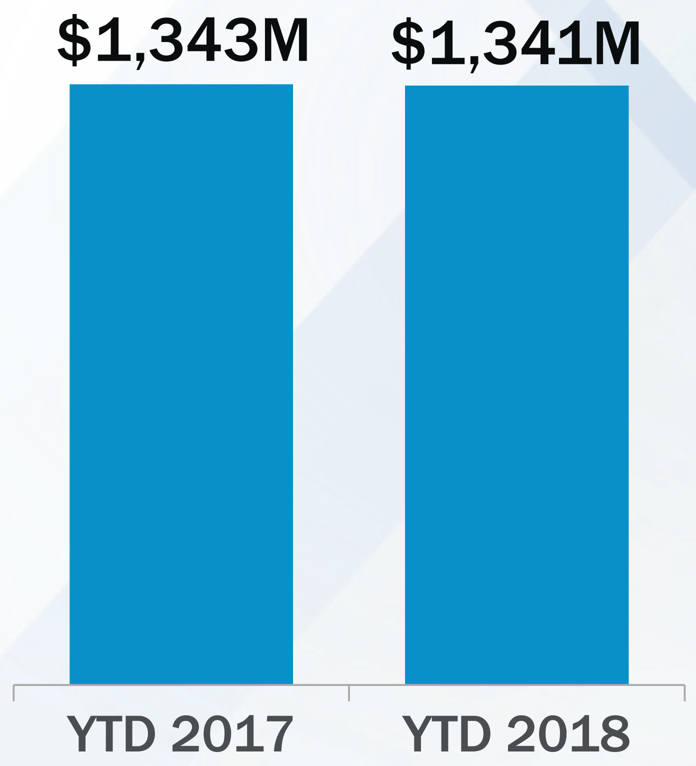
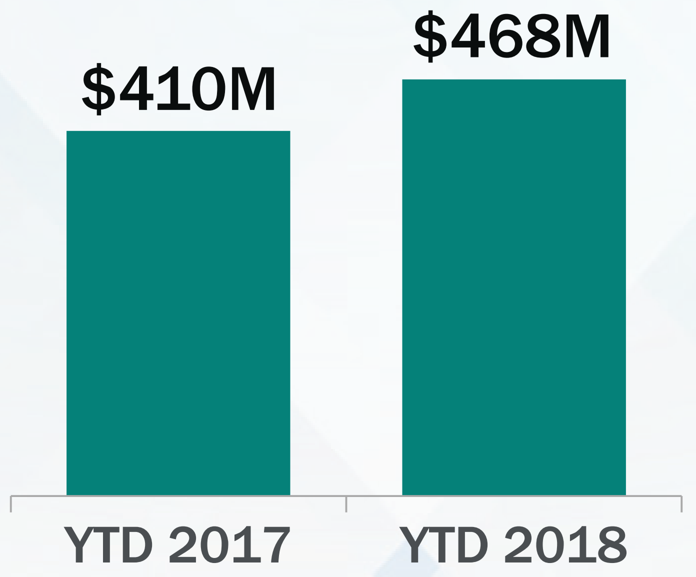
[2]Adjusted Operating Expense equals adjusted SG&A expense plus adjusted R&D expense.

Disciplined Financial Execution Continues to Drive Strong Cash Flow Generation[1]

Operating Cash Flow



Capital Expenditures



Free Cash Flow[2]

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Strategically Deploying Capital To Fuel Growth And Create Value

Reinvestment in Business	Maintaining financial flexibility with current net debt to EBITDA ratio near zero
Dividends	Currently targeting ~35% dividend payout ratio over time
Share Repurchases	Repurchased ~15 million Baxter shares year-to-date in 2018
Strategic M&A	Continued rigorous assessment of business development and licensing opportunities

2018 Outlook

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Full-Year 2018 Sales Guidance[1]

	Full-Year 2018 *Current Guidance*	**Full-Year 2018** *Prior Guidance*
Sales Growth *Operational*	**~3%**	**4% - 5%**
US Cyclo Competition	↓ (<50 bps)	↓ (<100 bps)
Acquisitions[2]	↑ ~100 bps	↑ ~100 bps
Sales Growth *Constant*	**~4%**	**~5%**
Foreign Exchange	↑ ~100 bps	↑ 100+ bps
Sales Growth *Reported*	**~5%**	**~6%**

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Full-Year 2018 Financial Guidance[1]

	Full-Year 2018 *Current Guidance*	Full-Year 2018 *Prior Guidance*
Adjusted Operating Margin	**~17.3%**	**17.1% - 17.3%**
Adjusted Diluted EPS *Growth vs. Prior-Year Period*	**$2.98 - $3.00** *20% - 21%*	**$2.94 - $3.00** *19% - 21%*
Operating Cash Flow	**~$2.2B**	**~$2.25B**
Free Cash Flow	**~$1.5B**	**~$1.55B**

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Full-Year 2018 Sales Guidance By Business[1]

	Full-Year 2018 *Constant Currency*	Full-Year 2018 *Operational*
Renal Care	3% - 4%	3% - 4%
Medication Delivery	LSD Decline	LSD Decline
Pharmaceuticals	HSD Increase	~7%
Clinical Nutrition	LSD Decline	LSD Decline
Advanced Surgery	~10%	~4%
Acute Therapies	10% - 11%	10% - 11%
Other	HSD Increase	HSD Increase
Total Baxter	**~4%**	**~3%**

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Fourth-Quarter 2018 Financial Guidance[1]

	Fourth-Quarter 2018 *Guidance*
Sales Growth *Operational*	**3% - 4%**
US Cyclo Competition	⬇ (<50 bps)
Acquisitions[2]	⬆ ~50 bps
Sales Growth *Constant*	**3% - 4%**
Foreign Exchange	⬇ (200+ bps)
Sales Growth *Reported*	**~1%**
Adjusted Diluted EPS *Growth vs. Prior-Year Period*	**\$0.71 - \$0.73** *11% - 14%*

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