

FOR IMMEDIATE RELEASE

## **BAXTER REPORTS SECOND-QUARTER 2022 RESULTS**

- *Second-quarter revenue of \$3.75 billion increased 21% on a reported basis, 26% on a constant currency basis and 3% on an operational basis<sup>1</sup>*
- *Second-quarter U.S. GAAP earnings per share (EPS) totaled \$0.50; Adjusted EPS totaled \$0.87*
- *Baxter now expects full-year 2022 sales growth to advance in the high teens on a reported basis, mid-20s on a constant currency basis and 2% to 3% on an operational basis*
- *Baxter now expects full-year U.S. GAAP EPS of \$1.82 to \$1.92 and adjusted EPS of \$3.60 to \$3.70*

**DEERFIELD, III., JULY 28, 2022** – Baxter International Inc. (NYSE:BAX), a global medtech leader, today reported results for the second quarter of 2022.

“Baxter’s diverse, durable portfolio of essential healthcare products powers our business, even amid unprecedented macroeconomic headwinds,” said José (Joe) E. Almeida, chairman, president and chief executive officer. “While we continue to navigate a dynamic near-term landscape, our recent combination with Hillrom is fueling the next phase of our transformation journey, unlocking new opportunities to advance our lifesaving mission and expand our impact across all sites of care worldwide. Our dedicated employees are focused on driving operational excellence to address today’s challenges head-on while continuing to execute against the long-term strategic vision we shared at our May 2022 Investor Conference.”

### **Second-Quarter Financial Results**

Worldwide sales in the second quarter totaled approximately \$3.75 billion, an increase of 21% on a reported basis, 26% on a constant currency basis and 3% on an operational basis.

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<sup>1</sup> See tables to the press release for reconciliations of non-GAAP measures used in this press release to the corresponding U.S. GAAP measures.



Operational sales in the quarter exclude the impacts of foreign exchange and the December 2021 acquisition of Hillrom.

Sales in the U.S. totaled \$1.76 billion, increasing 47% on a reported basis and 4% operationally. International sales of \$1.98 billion increased 4% on a reported basis, 13% at constant currency and 2% operationally.

Among Baxter's product categories, Advanced Surgery delivered high single-digit growth at constant currency rates, propelled by a continued increase in the number of elective surgical procedures. Medication Delivery and Clinical Nutrition delivered mid-single-digit growth at constant currency rates, and Pharmaceuticals and Renal Care sales advanced low single digits at constant currency rates. Growth in the quarter was partially offset by a mid-single-digit decline in Acute Therapies and BioPharma Solutions at constant currency rates, reflecting a challenging year-over-year comparison resulting from prior year COVID-19 related sales in those businesses.

Front Line Care, Patient Support Systems and Surgical Solutions—which Baxter added as part of its Hillrom acquisition in late 2021—contributed \$715 million to second-quarter performance on a reported basis. After adjusting for the impact of foreign exchange, Hillrom sales advanced low single digits in the quarter as compared to the prior year period in 2021 which was prior to Baxter's acquisition of Hillrom.

Please see the attached schedules accompanying this press release for additional details on sales performance in the quarter, including breakouts by Baxter's product categories and segments.

For the second quarter, net income attributable to Baxter was \$252 million, or \$0.50 per diluted share, a decline of 15% on a U.S. GAAP (Generally Accepted Accounting Principles) basis. These results include special items totaling \$191 million after tax, which were primarily related to intangible asset amortization and business optimization expenses. On an adjusted basis, net income attributable to Baxter totaled \$443 million, or \$0.87 per diluted share, a 9% increase for the quarter.

### **Corporate Responsibility Highlights**

Recently Baxter released its [2021 Corporate Responsibility Report](#), "Making a Meaningful Difference," which highlights the company's progress advancing its environmental, social and governance (ESG) objectives in pursuit of its 2030 Corporate Responsibility Goals. These goals are aligned across three pillars: Empower Our Patients; Protect Our Planet; and Champion Our People

and Communities. In addition, the report details Baxter's approach to responsible practices across the business focusing on Ethics and Compliance; Human Rights; Diversity, Equity and Inclusion; and Privacy and Data Protection.

Along with its Corporate Responsibility Report, Baxter also published its [2021 Sustainability Accounting Standards Board \(SASB\) Index](#) in line with the Medical Equipment & Supplies Sustainability Accounting Standard. This includes publicly reporting data across multiple SASB Metrics within categories of Affordability & Pricing; Product Safety; Ethical Marketing; Product Design & Lifecycle Management; Supply Chain Management; and Business Ethics.

Baxter continues to be recognized for its commitment to corporate social responsibility and workplace excellence. The company was most recently:

- Recognized by Seramount as a 2022 Top Company for Executive Women as well as a 2022 Best Company for Multicultural Women
- Named to the 2022 "Disability Equality Index (DEI) Best Places to Work for Disability Inclusion" by Disability:IN and the American Association of People with Disabilities (AAPD)
- Named as one of the 3BL Media 100 Best Corporate Citizens of 2022

## **2022 Financial Outlook**

For full-year 2022: Baxter now expects U.S. GAAP earnings of \$1.82 to \$1.92 per diluted share and adjusted earnings, before special items, of \$3.60 to \$3.70 per diluted share. The company expects high-teens sales growth on a reported basis, mid-20s sales growth on a constant currency basis and 2% to 3% on an operational basis. Baxter's updated full-year financial outlook reflects ongoing supply chain challenges causing increased inflationary pressures as well as difficulty in accessing critical components along with the impact of increased prices of diesel fuel impacting freight expenses.

For third-quarter 2022: The company expects high-teens sales growth on a reported basis, mid-20s sales growth on a constant currency basis and low single-digit sales growth on an operational basis. The company expects U.S. GAAP earnings of \$0.46 to \$0.50 per diluted share and adjusted earnings, before special items, of \$0.79 to \$0.83 per diluted share.



## **Second-Quarter 2022 Earnings Conference Call**

A webcast of Baxter's second-quarter 2022 conference call for investors can be accessed live from a link at the company's website at [www.baxter.com](http://www.baxter.com) beginning at 7:30 a.m. CDT on July 28, 2022. Please see [www.baxter.com](http://www.baxter.com) for more information regarding this and future investor events and webcasts.

## **About Baxter**

Every day, millions of patients, caregivers and healthcare providers rely on Baxter's leading portfolio of diagnostic, critical care, kidney care, nutrition, hospital and surgical products used across patient homes, hospitals, physician offices and other sites of care. For 90 years, we've been operating at the critical intersection where innovations that save and sustain lives meet the healthcare providers who make it happen. With products, digital health solutions 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](#).

## **Non-GAAP Financial Measures**

This press release and the accompanying tables contain financial measures that are not calculated in accordance with U.S. GAAP. The non-GAAP financial measures include adjusted gross margin, adjusted selling, general and administrative expense, adjusted research and development expense, adjusted other operating income, net, adjusted operating income, adjusted operating margin, adjusted other (income) expense, net, adjusted income before income taxes, adjusted income tax expense, adjusted net income, adjusted net income attributable to Baxter stockholders, and adjusted diluted earnings per share, all of which exclude special items, sales growth on a constant currency and operational basis, and free cash flow. Special items are excluded because they are highly variable or unusual, and of a size that may substantially affect the company's reported operations for a period. Certain of those items represent estimates based on information reasonably available at the time of the press release. Future events or new information may result in different actual results.

Net sales growth rates are presented on a constant currency basis. These measures provide information on the percentage change in net sales growth assuming that foreign currency exchange rates have not changed between the prior and current periods. Net sales growth rates are also presented on an operational basis. For the quarter and six months ended June 30, 2022, operational sales growth excludes the impact of foreign exchange and the December 2021 acquisition of Hillrom. This measure provides information on the change in net sales growth rates assuming that foreign exchange rates remained constant and excluding the impact of the company's recent acquisition of Hillrom.

For the quarter and six months ended June 30, 2022 and 2021, special items include intangible asset amortization, business optimization charges, integration expenses, expenses related to European medical devices regulation, a pension curtailment gain, investigation and related costs,

product-related items and a tax matter. These items are excluded because they are highly variable or unusual and of a size that may substantially impact the company's reported operations for a period. Additionally, intangible asset amortization is excluded as a special item to facilitate an evaluation of current and past operating performance and is consistent with how management and the company's Board of Directors assess performance.

Non-GAAP financial measures may enhance an understanding of the company's operations and may facilitate an analysis of those operations, particularly in evaluating performance from one period to another. Management believes that non-GAAP financial measures, when used in conjunction with the results presented in accordance with U.S. GAAP and the reconciliations to corresponding U.S. GAAP financial measures, may enhance an investor's overall understanding of the company's past financial performance and prospects for the future. Accordingly, management uses these non-GAAP measures internally in financial planning, to monitor business unit performance, and, in some cases, for purposes of determining incentive compensation. This information should be considered in addition to, and not as substitutes for, information prepared in accordance with U.S. GAAP.

### **Forward-Looking Statements**

*This release includes forward-looking statements concerning the company's financial results (including the outlook for third-quarter and full-year 2022) and business development and regulatory activities (including the December 2021 acquisition of Hillrom). These forward-looking 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 (including challenges with the company's ability to accurately predict changing customer preferences (which has led to and may continue to lead to increased inventory levels)); continuity, availability and pricing of acceptable raw materials and component parts (and the company's ability to pass some or all of these costs on to its customers); 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, public health crises and epidemics/pandemics, geopolitical crises, regulatory actions or otherwise); product development risks (including any delays in obtaining required regulatory approvals or failures to obtain such approvals); the impact of global economic conditions (including the ongoing war in Ukraine, the related economic sanctions being imposed globally in response to the conflict and potential trade wars and global inflationary pressures) and public health crises and epidemics, such as the ongoing coronavirus (COVID-19) pandemic, on the company and its employees, customers and suppliers, including foreign governments in countries in which the company operates; accurate identification of and execution on business development and R&D opportunities and realization of anticipated benefits (including the acquisitions of Cheetah Medical, **Seprafilm Adhesion Barrier**, specified OUS rights to **Caelyx/Doxil**, full U.S. and specific OUS rights to Transderm Scop, **PerClot**, Hillrom and certain rights to Zosyn in the U.S. and Canada); product quality or patient safety concerns; breaches or failures of the company's information technology systems or products, including by cyberattack, unauthorized access or theft; the adequacy of the company's cash flows from operations and other sources of liquidity to meet its ongoing cash obligations and fund its investment program; loss of key employees or inability to identify and recruit new employees; future actions of regulatory bodies and other governmental authorities, including FDA, the Department of Justice, the SEC, the New York Attorney General and foreign regulatory agencies, including the continued delay in lifting the warning letter at the company's Ahmedabad facility; the outcome of*



*pending or future litigation, including the opioid litigation and ethylene oxide litigation or other claims; proposed regulatory changes of the U.S. Department of Health and Human Services in kidney health policy and reimbursement, which may substantially change the U.S. end-stage renal disease market and demand for the company's peritoneal dialysis products, necessitating significant multiyear capital expenditures, which are difficult to estimate in advance; 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; fluctuations in foreign exchange and interest rates; the ability to enforce owned or in-licensed patents or the prevention or restriction of the manufacture, sale or use of products or technology affected by patents of third parties; global, trade and tax policies; any change in laws 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 or the Build Back Better framework; actions taken by tax authorities in connection with ongoing tax audits; and other risks identified in Baxter's most recent filings on Form 10-K and Form 10-Q and other SEC filings, all of which are available on Baxter's website. Baxter does not undertake to update its forward-looking statements unless otherwise required by the federal securities laws.*

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