



Baxter

PHARMACEUTICALS

Brik Eyre
SVP and President,
Americas

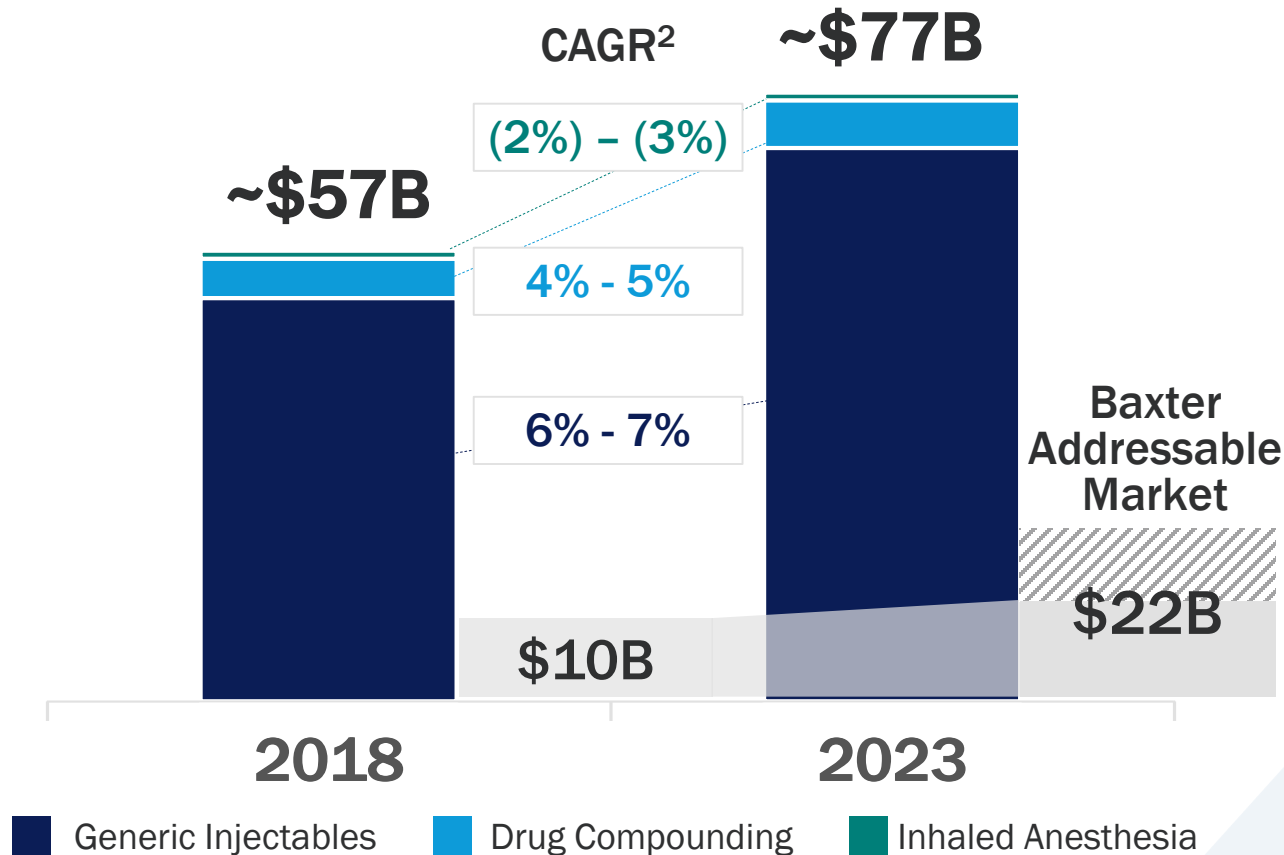
May 21, 2018

Safe Harbor Statement

This presentation includes forward-looking statements concerning Baxter'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, Baxter's long range plan (which includes financial outlook for 2018, 2020 and 2023) and other growth strategies. 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 Baxter'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 Baxter'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.

Generic Pharmaceuticals Market Overview¹

Global Market Size



Inhaled Anesthesia

Inhaled gases used in surgeries

#1

Globally

Drug Compounding

Preparing individual pharmaceutical doses for hospital patients

#1-2

in Markets Served

Generic Injectable Pharmaceuticals

Intravenously administered medications

#1

Aseptic Premixes

Generic Pharmaceuticals Market Expected To Grow 6% - 7% Through 2023²; Where Baxter Participates Today, Weighted Market Growth Is 3% - 4%³

Baxter Addressable Market Over The LRP



> 2x

More than doubling the size of Baxter's addressable market

71 molecules

138 molecules

67 NEW molecules

~130 products

~240 products

~110 NEW products

~1,900 registrations

~2,800 registrations

~900 NEW registrations

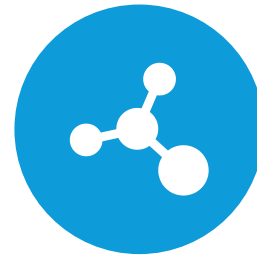
Addressable Market More Than Doubles With Baxter Molecule Expansion

Generic Injectable Market Dynamics¹



Hospital Cost Pressures

80% of hospital patients globally prescribed generic injectables



Generic Molecule Growth

~\$6B of branded injectable patent expirations in the U.S. over the next 5 years



Supply Continuity Challenges

95 products are currently on the FDA shortage list



Regulatory Compliance

Number of FDA warning letters doubled from 2016 to 2017

Positioned To Capitalize On Market Trends To Address Patient And Customer Needs

Baxter Pharmaceuticals Portfolio

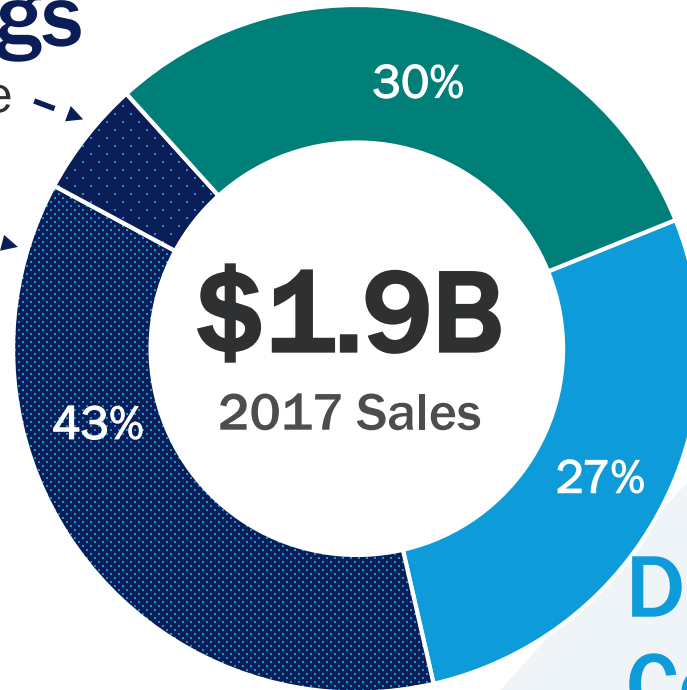
Inhaled Anesthesia

Generic Injectable Drugs

86% Differentiated | 14% Simple

Proprietary Aseptic
& Terminally
Sterilized Premixes

Vials &
Ampoules



Suprane



Sevoflurane



Drug Compounding

Market Leader In Differentiated Drug Formulations And Delivery Systems

Baxter Key Capabilities



Hospital Channel Strength



Hospital leadership in key markets;
global presence in **over 100 countries**



Proven Quality And Patient Safety Track Record



80+ years
of injectable experience



Global Cost-Effective Manufacturing



28 locations produce
injectable or inhalation products



Leadership Through Formulation Technologies



Proven ability to develop
complex formulations



Unmatched Expertise In Drug Delivery Platforms



Market leader in aseptic
premixes & inhaled gases



Foundational Strength In Key Therapeutic Areas



71 molecules in key
therapeutic areas

Strategic Growth Drivers

Portfolio Innovation

~\$550M

2023 New Product Revenue¹

Build a broad portfolio in 5 key therapeutic areas across the globe

- Anesthesia
- Anti-infectives
- Cardiovascular
- Oncology
- Specialty Care

Market Development

Capitalize on differentiated delivery platforms



Target specific opportunities for early market entry

~\$6B U.S. branded drugs coming off patent

Enter Adjacencies

Leverage expertise to develop complex drug formulations



New Product Launches Drive Growth Of 6% - 7% Through 2023²

¹All references to “new products” in this presentation include new product launches, line extensions and geographic expansions, unless otherwise noted. ²All references in this presentation to future financial expectations assume commercial execution and regulatory approvals, as applicable, consistent with Baxter’s plans. CAGRs for years 2018 -2023 assume constant foreign exchange rates.

Expansion In Key Therapeutic Areas

Number of Molecules

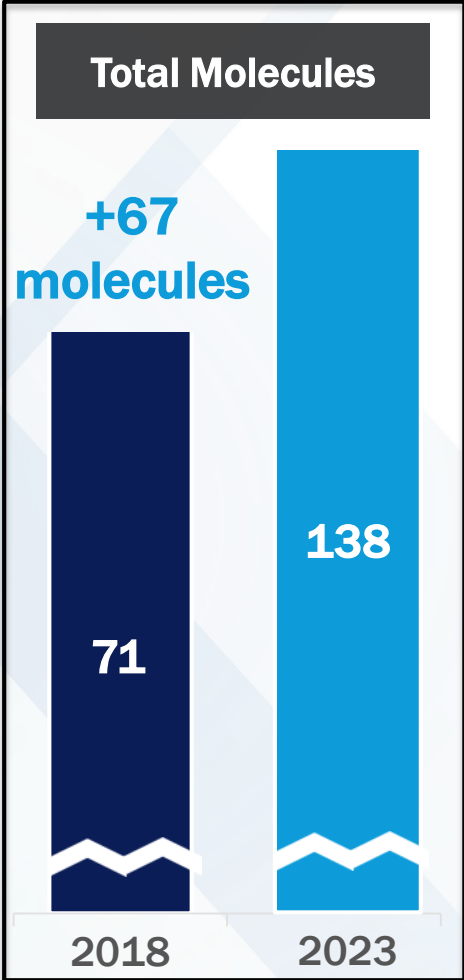
Specialty Care

Oncology

Cardiovascular

Anti-infectives

Anesthesia¹



+12
molecules

+13
molecules

+14
molecules

+6
molecules

+22
molecules

2018 2023

2018 2023

2018 2023

2018 2023

2018 2023

4

16

10

23

15

29

28

34

14

36

2018 2023

71

138

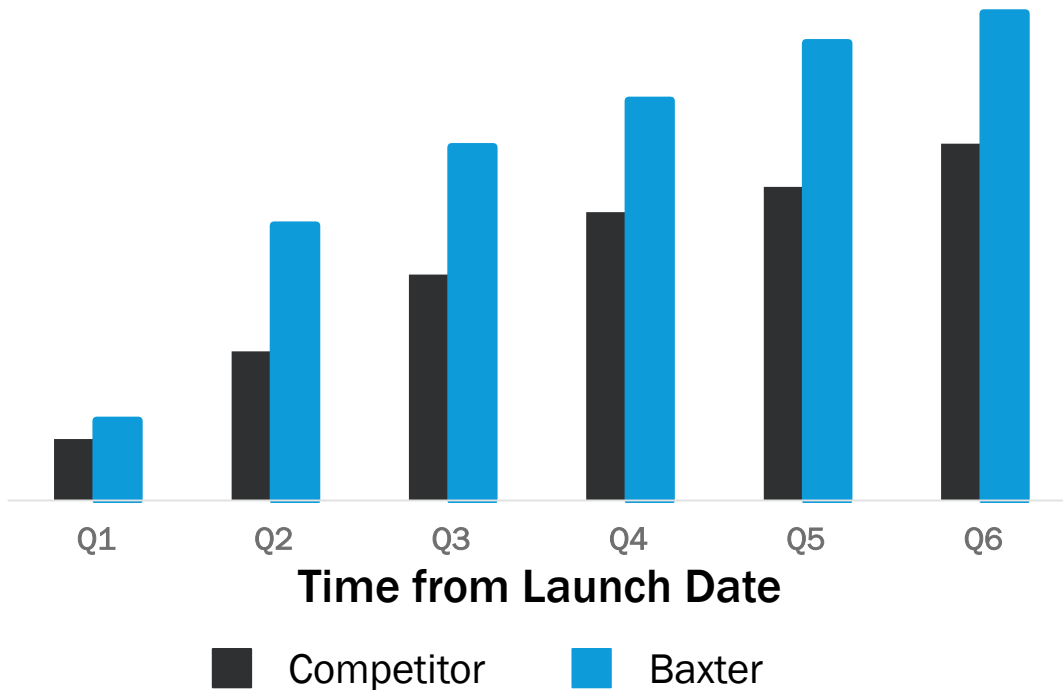
Establishing A Leadership Position In Generic Injectables Market And Delivering ~\$550 Million Of New Product Sales In 2023



Baxter's Hospital Channel Strength

Recent Successful U.S. Premix Launch With **47% Higher Penetration** In First 18 Months¹

Units per Quarter



Hospital Leadership In Key Markets



Global Presence In Over 100 Countries



Baxter Channel Strength Drives Rapid Market Adoption And Share Gains



Differentiated Delivery Platforms

Generic
Injectables



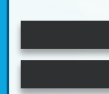
- Existing generic molecules
- Molecules coming off patent



Differentiated Drug
Delivery Platform



- Aseptic Premixes
- Inhalation Products
- Prefilled Syringes
- Terminally Sterilized in Multiple Platforms



Value for Patients
and Customers



- Reduces risk of medication errors
- Helps lower potential risk of infections
- Reduces touch points in the hospital pharmacy and at the bedside
- Improves pharmacy workflow

Unmatched Drug Delivery Capabilities Allow Opportunities To Accelerate Launches Within Key Therapeutic Areas

Complex Drug Formulations

Portfolio
Innovation



Market
Development



Enter
Adjacencies



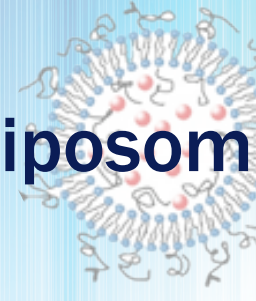
Emulsions



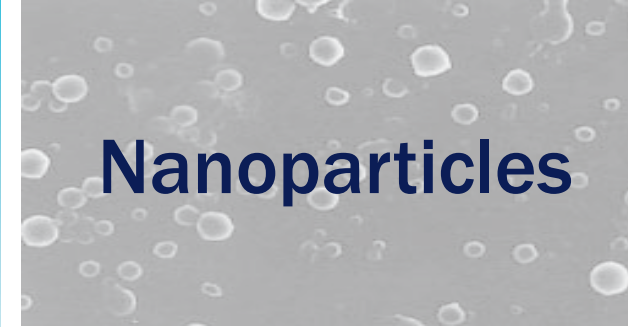
Oxygen Sensitive



Liposomes



Nanoparticles



Proven Ability To Develop Complex Formulations

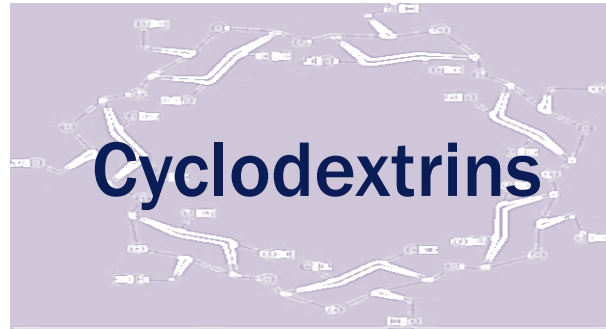
Cytotoxics



Lyophilization



Cyclodextrins



Inhalation



Leveraging Expertise In Complex Formulation Technologies
To Expand Offerings And Drive Growth

Transformative Innovation

**Drug Delivery
Expertise**

**Novel Drug Delivery
Platforms**
Innovation to transform the
delivery of medication

**Strong Hospital
Channel Presence**

Selective Biosimilars
Target therapeutic areas of
Oncology & Supportive Care

Opportunities To Meaningfully Alter The Growth Trajectory Of The Business



Pharmaceuticals Summary

Portfolio expansion and scaling in key markets deliver **growth of 6% - 7% through 2023¹**

Significant **hospital channel strength** drives penetration and accelerates share gains

Track record of **quality and patient safety** enables supply continuity and customer satisfaction

R&D capabilities to develop complex molecules and unique drug delivery platforms enable differentiation

Global manufacturing footprint facilitates low-cost production and supply flexibility

References

Baxter Addressable Market (Slide 4)

- 1) Portfolio expansion over 5 year time period (2018-2023). Subject to regulatory approvals.

Generic Injectables Market Dynamics (Slide 5)

- 1) Sources: NCBI, IMS, Pharmaceutical Commers; FDA, Orange Book, The FDA Group, Pharmaceutical Online January 2018.

Expansion In Key Therapeutic Areas (Slide 9)

- 1) Includes 3 Inhaled Anesthesia molecules.

The background features a complex geometric pattern of overlapping triangles in various shades of blue, from light sky blue to dark navy blue, creating a dynamic, crystalline effect. The word "Baxter" is centered in a large, white, italicized sans-serif font.

Baxter

2018 Investor Conference