



***Baxter***

## **RENAL CARE**

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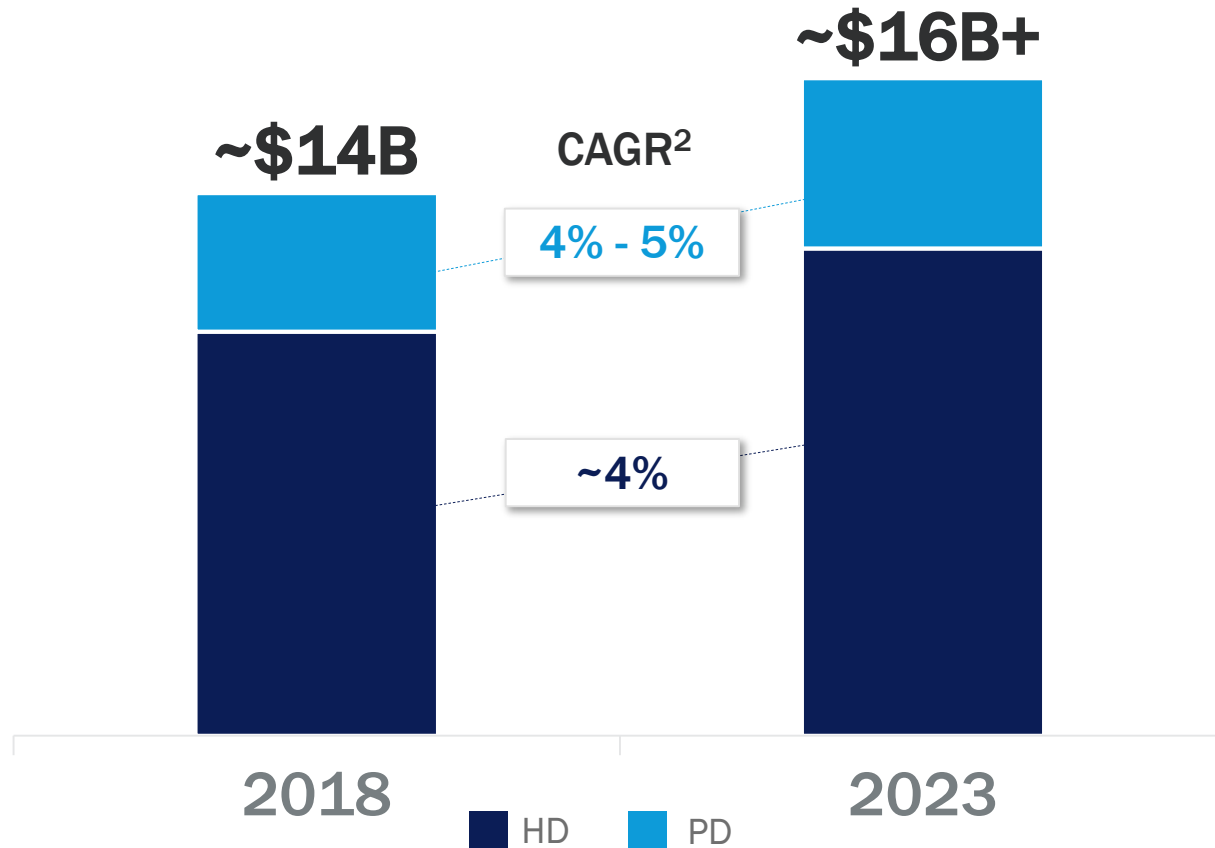
May 21, 2018

# 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.

# Renal Care Market Overview<sup>1</sup>

## Global Products Market Size



### Peritoneal Dialysis (PD)

Automated Peritoneal Dialysis (APD) and Continuous Ambulatory Peritoneal Dialysis (CAPD)

**#1**

Baxter Position

### Hemodialysis (HD)

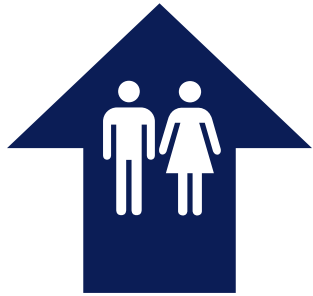
Extracorporeal dialysis performed in-center or at home

**#2**

Baxter Position

Global Renal Care Products Market Is Expected To Grow ~4% Through 2023<sup>2</sup>

# Market Dynamics



**~6%**  
**Patient Growth**

Aging population; hypertension; diabetes; >75% of growth from Emerging Markets<sup>1</sup>



**~25 Years**  
**Of Limited Innovation**  
Focus on incremental features<sup>3</sup>



**~4M**  
**Untreated Patients**

Lack of access to care in Emerging Markets for a large patient population<sup>2</sup>



**20% - 30%**  
**One-Year HD Mortality Rate**  
Current therapies continue to result in unacceptable patient outcomes<sup>4</sup>

**Opportunity To Solve Unmet Needs, Improve Outcomes And Simplify Therapies**

# Renal Care Portfolio

ShareSource



Amia (NA)<sup>1</sup>



Solutions

## Peritoneal Dialysis

66%

~\$3.3B  
2017 Sales<sup>3</sup>

34%

ShareSource



Kaguya (Japan)

ShareSource



Claria (ROW)<sup>2</sup>



AK98 Monitor



BiCart Concentrate

## Hemodialysis



Revaclear



Theranova

Market Leading Portfolio Rooted In Innovation

# Strategic Growth Drivers

## Portfolio Innovation

**~\$400M**

2023 New Product Revenue<sup>1</sup>



## Market Development

Improving Emerging Market adoption

Generating evidence for Sharesource and HDx enabled by Theranova



## Enter Adjacencies

Expanding the Continuum of Care through Chronic Kidney Disease (CKD) Management



**Innovation And Market Development Drive Above-Market Growth Of ~5% Through 2023<sup>2</sup>**

<sup>1</sup>All references to “new products” in this presentation include new product launches, line extensions and geographic expansions, unless otherwise noted. <sup>2</sup>All 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.

# Renal Care Pipeline

Portfolio Innovation



Market Development



Enter Adjacencies



2018

2019

2020 - 2023

New Product

GEO Expansion

Key Launch

Delivering ~\$400M In New Product Sales In 2023

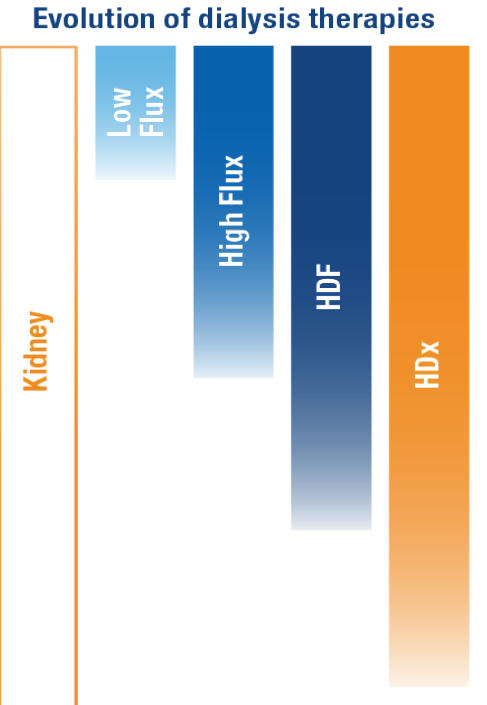
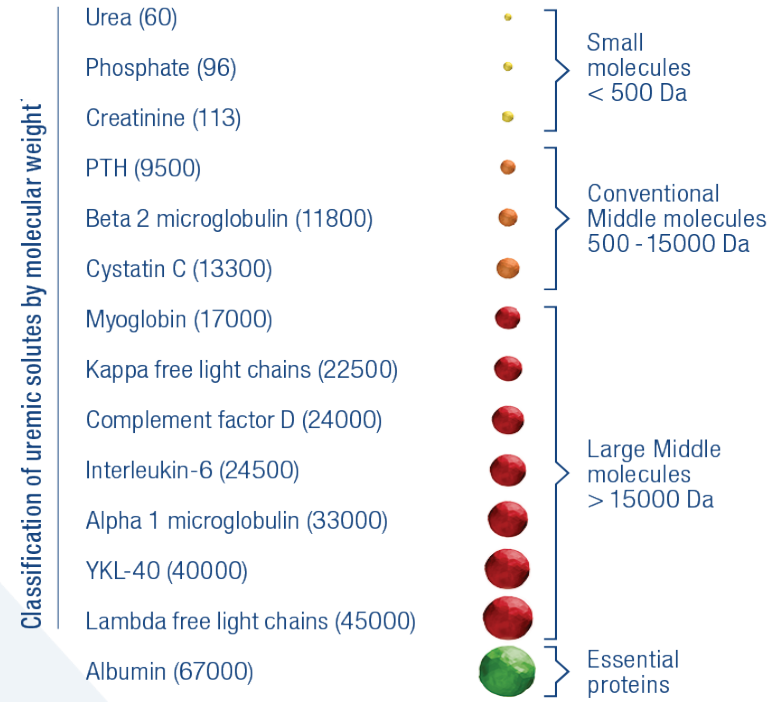
# Key Launches:

## HDx Enabled By Theranova

**~50% of End Stage Renal Disease (ESRD) patients die due to cardiovascular disease**

**Effectively clears large uremic toxins with no change in existing infrastructure and workflow<sup>1</sup>**

**May attenuate inflammation, atherosclerosis and calcification**



**Innovation That Improves Patient Outcomes**

# Key Launches: Kaguya APD System

Portfolio  
Innovation



Market  
Development



Enter  
Adjacencies



Japan currently ~3% home therapy adoption



Auto-Connect + Auto-ID



Sharesource enables proactive therapy management



Increased patient & HCP confidence



New Shared Decision-Making Policy

Addressing Market Needs To Enhance PD Adoption

# Key Launches:

## Home Solution Generation System (POC)

Portfolio  
Innovation



Market  
Development



Enter  
Adjacencies



Improvements to patient Quality of Life (QoL)

Delivers prescriptions by cycle

First patient on therapy in 2H 2018




Cornerstone for future innovation



**Innovation Delivering Simplified Therapies To Reduce Treatment Burden**



# Market Development

Initiative	Investment
 <p>Improving Emerging Market Adoption</p>	<p>Dedicated R&amp;D center in India</p>
 <p>Enabled by Theranova</p>	<p><b>\$30M+</b> invested in clinical, QoL and economic evidence</p>
	

Result
<p><b>Satisfying market requirements of affordability, access and ease of use</b></p> <p><b>Leading to market appropriate portfolio and pipeline paired with business model innovation</b></p>
<p><b>Global evidence generation creating a parallel path to differentiated classifications and reimbursement</b></p>

**Shaping The Environment And Advancing The Standard Of Care**

# Evidence Generation: Sharesource



30+  
Countries  
Launched

11k+  
Patients In  
Database

9 New  
Claims

2MM+  
Treatments

## *New Claim Highlights*

**+29% proactive consults**  
**+25% prescription adjustments**  
**= greater patient and HCP engagement<sup>1,2</sup>**

**21% reduction of hospitalization (ESRD-related and overall); annual cost of PD-related hospitalization in U.S. ~\$2.5B<sup>3</sup>**

**Emerging trend in reduction of drop-outs<sup>3</sup>**

# Evidence Generation: HDx Enabled By Theranova



## *New Claim Highlights*

Effectively targets the removal of large middle molecules linked to inflammation and cardiovascular disease<sup>1</sup>

Promotes stable serum albumin level over time on therapy<sup>2</sup>



# Enter Adjacencies



Current Treatments



Pre-Treatment & Prevention



## Paradigm Today

~70% Of Patients Crash Into Dialysis

In-Center HD = ~88%  
Home Therapies = ~12%



## CKD Management

Less Treatment Cost  
Better Outcomes  
Therapy Choice



# Transformative Innovation

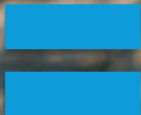
Model of Care 

Future Treatments 



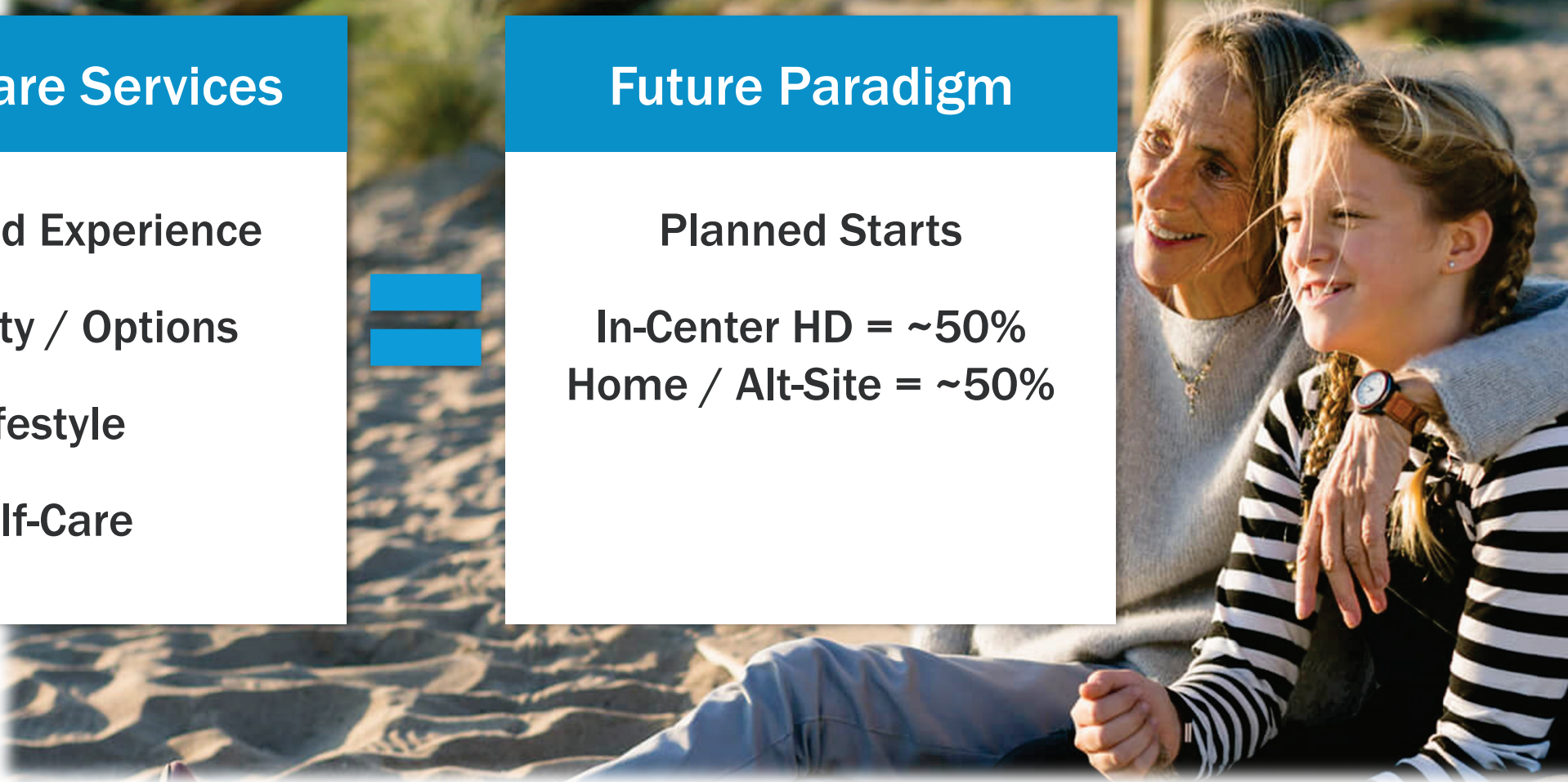
## Renal Care Services

- Simplified Experience
- Flexibility / Options
- Lifestyle
- Self-Care



## Future Paradigm

- Planned Starts
- In-Center HD = ~50%
- Home / Alt-Site = ~50%



# Renal Care Summary

Well-positioned to deliver **above-market growth of ~5%** driven by **innovation** and **market development**<sup>1</sup>

Redefining Renal Care through innovation that solves **unmet needs**, **improves patient outcomes** and **simplifies therapies**

Continued focus on **relentless execution** in **market development** and **evidence generation**

Expanding treatment focus across the **continuum of care** through **CKD management** and **transformative care models**

# References

## Market Dynamics (Slide 4)

- 1) Renal MIS Baxter internal data
- 2) Dymedex, 2016, Market Research “Prevalent ESRD Population in Emerging Markets”
- 3) GAMBRO, “A tour through Gambro’s history of hemodialysis” published 2014, (page 46): In 1987, Gambro introduced the first HDf dialysis system; <https://www.hhs.gov/blog/2018/05/16/putting-patients-at-the-center-of-kidneyx.html>
- 4) Bruce M. Robinson, 2013 International Society of Nephrology, “Worldwide, mortality risk is high soon after initiation of hemodialysis”, figure 1, US market

## Key Lauches: HDx Enabled By Theranova (Slide 8)

- 1) Adapted from Azar AT, Canaud B. Chapter 8: Hemodialysis system. In: Azar T, ed. Modelling and Control of Dialysis Systems. SCI 404. Berlin: Springer-Verlag, 2013

## Evidence Generation: Sharesource (Slide 12)

- 1) Bunch et. al. 2017. Disclaimer: some bias may exist due to study design; no statistical difference was demonstrated for technical failure.
- 2) Firanek et. al. 2017. Disclaimer: This is an observational study of 189 patients using APD devices with Sharesource.
- 3) Sanabria et. al. 2018; Disclaimer: The cohort of patients using APD with Sharesource was a smaller group (n=59) than the comparative cohorts (n=485) and (n=405).

## Evidence Generation: HDx Enabled By Theranova (Slide 13)

- 1) Article by Kirsch et al in NDT 2017.
- 2) Article by Belmouaz et al in Clin Nephrol 2018.

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

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**2018 Investor Conference**