



***Baxter***

**Raymond James  
41st Annual Institutional  
Investors Conference**

Jay Saccaro,  
EVP & Chief Financial Officer  
March 2, 2020

# Safe Harbor Statement

This presentation includes forward-looking statements concerning the company's preliminary operating results, preliminary sales and operating margin outlook for the year 2020, business development activities, growth drivers, portfolio innovation, market development and strategic partnerships, R&D pipeline, operational efficiency, cost savings and capital deployment. These forward-looking statements may include statements with respect to: the anticipated impacts of the acquisition of Cheetah Medical and expected acquisition of Seprafilm Adhesion Barrier from Sanofi; impacts of the internal investigation related to foreign exchange gains and losses; and the company's ability to share its financial results for the fourth quarter 2019 and full year 2019 and file its 2019 Annual Report on Form 10-K and the timing thereof. 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: developments in connection with the investigation related to foreign exchange gains and losses, including developments that would expand the scope of the investigation or require the correction of additional misstatements in the previously issued financial statements; failure to meet our long-term financial improvement goals; 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, supply or sterilization difficulties (including as a result of a natural disaster or otherwise); breaches or failures of the company's information technology systems or products, including by cyberattack, data leakage, 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 the FDA, the Department of Justice, the Securities and Exchange Commission, the Attorney General of any State and foreign regulatory agencies, including the continued delay in lifting the warning letter at our Ahmedabad facility or proceedings related to the investigation related to foreign exchange gains and losses; the outcome of pending or future litigation; 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 our peritoneal dialysis products, necessitating significant multi-year capital expenditures, which are difficult to estimate in advance; failures with respect to compliance programs; accurate identification of and execution on business development and R&D opportunities and realization of anticipated benefits (including the acquisitions of Claris Injectables and Cheetah Medical, two surgical products from Mallinckrodt plc and the Seprafilm Adhesion Barrier from Sanofi); 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 outcome of pending or future litigation; 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; the impact of global economic conditions (including potential trade wars) and public health crises and epidemics; 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; actions taken by tax authorities in connection with ongoing tax audits; 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 unless otherwise required by the federal securities laws.

# Uniquely Positioned To Deliver Value To Stakeholders

## Baxter Key Competencies



**Medically necessary  
products and therapies**



**Reach and experience  
across all sites of care**



**Global manufacturing  
expertise**

**For Over 85 Years, Baxter Has Operated At The Critical Intersection Of  
Saving And Sustaining Lives**

# A Global & Diversified Portfolio

## Preliminary Full-Year 2019 Results<sup>1,2</sup>



**\$11.4B Global Revenue**



**+5% Constant Currency Revenue Growth**



**Market Leadership Across Portfolio**



**Renal Care**  
**\$3.6B | +3%**



**Medication Delivery**  
**\$2.8B | +7%**



**Pharmaceuticals**  
**\$2.2B | +6%**



**Clinical Nutrition**  
**\$0.9B | +3%**



**Advanced Surgery**  
**\$0.9B | +12%**



**Acute Therapies**  
**\$0.5B | +7%**

# Top Quartile Goals



Patient safety and Quality



Best place to work



Growth through innovation



Industry leading performance

## Our Strategy

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

# Prioritizing Patient Safety And Quality



Investing in quality systems and processes



Improving key quality metrics through targeted initiatives



Strengthening relationships with global regulators



Closed five legacy FDA warning letters since 2015



# Making A Meaningful Difference

## A Recognized Top Employer And Outstanding Corporate Citizen



Serving Our  
Communities  
Worldwide



Reducing Our  
Environmental  
Footprint



Expanding  
Access To  
Care



Focusing On  
Inclusion and  
Diversity



### Recent Highlights



MEMBER OF  
**Dow Jones  
Sustainability Indices**



In collaboration with



FTSE4Good



For more information on Baxter's efforts to benefit our communities, employees, and stakeholders, refer to our [2018 Corporate Responsibility Report](#).

# Strategic Growth Drivers

## Portfolio Innovation



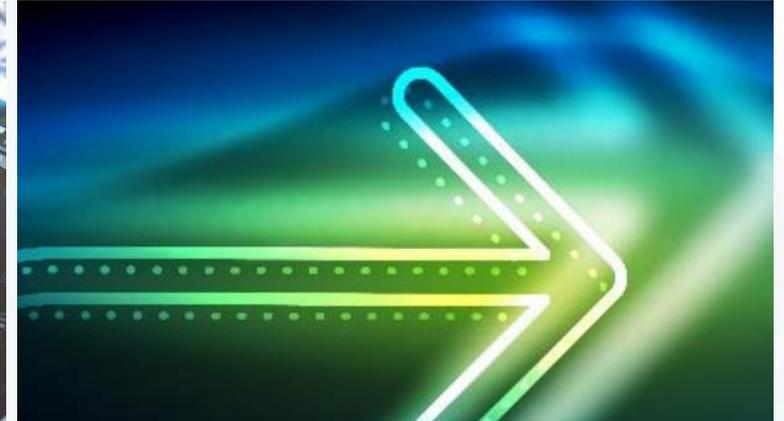
Executing on pipeline opportunities and geographic expansion

## Market Development



Driving growth through evidence generation, physician education, and market investments

## Strategic Partnerships



Expanding beyond the core to unlock new therapies and markets

# Innovation Meeting The Needs Of Patients and Providers

## Recent Highlights

### Portfolio Innovation



Myxredlin  
Ready-To-Use



PrisMax for  
CRRT<sup>1</sup>



Spectrum IQ  
Bi-Directional  
EMR<sup>2</sup> Integration

### Market Development



PD Access In  
Support Of AAKHI<sup>3</sup>



VIBe<sup>4</sup> Scale For  
Bleed Severity



Theranova  
Evidence  
Generation

### Strategic Partnerships



Q-NRG+ COSMED  
Partnership



CKD&Me Pilot With  
Ayogo



PMX Distribution  
With Spectral  
Medical

# Robust Pipeline Fueling Future Growth<sup>1</sup>

## 2020+ Highlights



### Expanded Pump Offerings

Planned launches of Large Volume, Syringe, Patient Controlled Analgesia, and Ambulatory pumps



### Sharesource Analytics

Enhanced data analytics to support improved patient care and shared decision-making



### PIVA Specialized Monitoring

Non-invasive hemodynamic monitoring system measures patients' fluid status



### Differentiated Molecules

Offering differentiation through novel delivery platforms and complex formulation

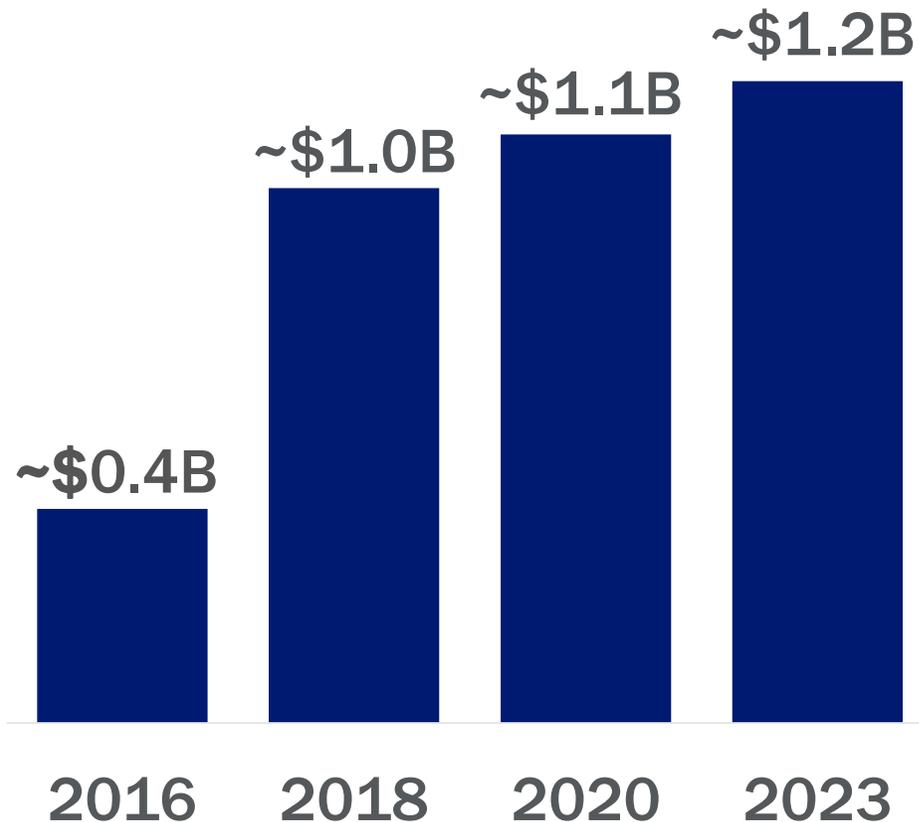


**Delivering ~\$1.7 Billion  
In 2023 New Product Sales**

# Furthering Our Potential Through Business Transformation

Realized \$1.0B+ Savings  
To Date Vs. 2015

Pursuing Further Opportunities  
For Operational Efficiency



## Strategic Growth

Allocating resources to support effective R&D and commercial execution



## Operations Optimization

Simplifying manufacturing network and assessing supply chain opportunities



## Portfolio Simplification

Streamlining product codes for standardization and clinical relevance



## Continued Financial Discipline

Unwavering focus on rigorous expense management

# Unlocking Additional Value Through Strategic Capital Deployment



## Reinvestment In Business

Investing in meaningful innovation and growth acceleration opportunities, including various Renal Care initiatives such as AAKHI support



## Dividend Issuance

Increased quarterly dividend payment by 16% to \$0.22 per share in 2019; currently targeting ~35% dividend payout ratio over time



## Share Repurchases

Evaluating opportunities to selectively repurchase shares to return value based on internal valuation model



## Strategic M&A

Continuing rigorous assessment of business development and licensing opportunities

# Disciplined Execution Of Our M&A Strategy

## Objectives & Criteria:



Drive Category Leadership



Capitalize On Core Capabilities



Attractive Financial Returns



Preserve Investment Grade Credit Rating

## Recent Announcements

### Cheetah Medical

- Accelerates Baxter's entry into specialized monitoring and supports efforts to personalize therapy and help eliminate preventable harm
- Upfront cash payment of ~\$195M with potential for additional \$40M in milestone payments
- Closed Q4 2019



### Seprafilm Adhesion Barrier

- Augments Baxter's leading hemostat and sealant portfolio, helping us continue to advance the art of healing with optimized patient care in the OR
- Cash purchase price of ~\$350M
- Closed Q1 2020



# Full-Year 2020 Preliminary Financial Guidance<sup>1,2</sup>

	<b>Full-Year 2020 Preliminary Guidance</b>
<b>Sales Growth</b> <i>Reported</i>	<b>4% - 5%</b>
<b>Foreign Exchange</b>	<b>~0 bps</b>
<b>Sales Growth</b> <i>Constant Currency</i>	<b>4% - 5%</b>
<b>GAAP Operating Margin</b>	<b>17% - 18%</b>
<b>Adjusted Operating Margin</b>	<b>19% - 20%</b>

# Continuing Momentum In 2020 And Beyond

- Executing on new product launches, market development, and geographic expansions
- Strategically investing in quality and operations to support expansion opportunities
- Integrating recent tuck-in acquisitions to unlock additional value
- Realizing ongoing benefits of business transformation initiatives
- Plan to host an Investor Conference in September 2020<sup>1</sup>



***Baxter***

**Raymond James  
41st Annual Institutional  
Investors Conference**

Jay Saccaro,  
EVP & Chief Financial Officer  
March 2, 2020