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BAXTER REPORTS FIRST-QUARTER 2020 RESULTS

- *First-quarter revenue of $2.8 billion increased 6% on a reported basis and 8% on both a constant currency and operational basis*
- *First-quarter U.S. GAAP earnings per share (EPS) of $0.64 declined 3 percent; Adjusted EPS of $0.82 increased 9 percent*[1]
- *Company continues to take rapid action on multiple fronts in response to COVID-19 pandemic*

DEERFIELD, Ill., APRIL 30, 2020 – Baxter International Inc. (NYSE:BAX), a leading global medical products company, today reported results for the first quarter of 2020.

"Baxter's medically essential portfolio puts us on the front lines of the COVID-19 pandemic, and our deepest gratitude goes to the healthcare providers and first responders battling the spread and impact of COVID-19. Thanks as well to Baxter's 50,000 employees, whose tireless efforts are making a meaningful difference for patients around the world," said José (Joe) E. Almeida, chairman and chief executive officer. "In response to the COVID-19 pandemic, we saw significant increases in demand for several products, particularly in the latter part of the first quarter. While the pandemic poses continued challenges, our ongoing transformation has strengthened our ability to respond to this global healthcare crisis while advancing our strategic priorities in line with our Mission to Save and Sustain Lives."

[1] See tables to the press release for reconciliations of non-GAAP measures used in this press release to the corresponding U.S. GAAP measures.

First-Quarter Financial Results

Worldwide sales in the first quarter totaled approximately $2.8 billion, an increase of 6% on a reported basis and 8% on both a constant currency and operational basis. Operational sales in the first quarter exclude the impact of foreign exchange and the company's recent acquisition of **Seprafilm**.

Sales in the U.S. totaled $1.2 billion, increasing 9% on a reported basis and 8% on an operational basis. International sales of $1.6 billion increased 4% on a reported basis and 8% on both a constant currency and operational basis. Growth across all six of Baxter's Global Business Units (GBUs) and three geographic segments contributed to positive performance in the quarter. In addition, sales in the quarter reflected increased demand for select product lines in response to the global COVID-19 pandemic. These products include Baxter's continuous renal replacement therapy (CRRT) portfolio, IV solutions, certain generic injectables and parenteral nutrition therapies.

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

For the first quarter, net income attributable to Baxter was $332 million, or $0.64 per diluted share, a decline of 3 percent on a U.S. GAAP (Generally Accepted Accounting Principles) basis. These results include special items totaling $93 million after-tax, which were primarily related to intangible asset amortization and acquisition and integration expenses. On an adjusted basis, Baxter's first quarter net income totaled $425 million, or $0.82 per diluted share. Adjusted earnings per diluted share advanced 9% in the quarter, driven by solid operational performance.

Response to COVID-19 Pandemic

The COVID-19 pandemic is challenging communities and healthcare systems around the world. It is also creating unprecedented demand for multiple Baxter products. As outlined in the company's April 15, 2020, press release and April 20, 2020, update on Baxter.com, Baxter is taking urgent steps to address the needs of patients, clinicians, employees and communities:

- The company has boosted capacity and production to help address surging demand, with all facilities manufacturing products used in COVID-19 patient care currently running 24 hours a day, seven days a week. It is also partnering with vendors on a component-by-component basis to procure additional raw materials and parts to support increased production.

- The company has increased its access to air freight capacity, partnering with its logistics providers to fly critically needed medical devices and medicines via "airbridge" back and forth between the U.S. and Europe.
- Baxter's staged pandemic response plan is active across all facilities globally. The response plan includes protective measures for employees such as enhanced infection control actions, remote working arrangements for office-based employees, restricted travel, symptom screening at building entrances, and use of personal protective equipment. Manufacturing operations have also been modified to limit interactions between employee groups.
- The company is actively recruiting for up to 2,000 additional permanent and temporary employees globally to help bolster production in response to increased product demand.
- The Baxter International Foundation is providing more than $2 million in financial support for humanitarian relief organizations on the front lines of the pandemic globally.

Business Highlights[2]

Baxter continues to achieve notable strategic milestones in pursuit of its Mission for patients. Among recent highlights, the company:

- Received U.S. FDA emergency use authorization (EUA) for the **Oxiris** filter set. **Oxiris** is the only filter set available in the U.S. designed to reduce pro-inflammatory cytokine levels in the blood, including for use in CRRT, for confirmed COVID-19 cases admitted to the ICU with confirmed or imminent respiratory failure who require blood purification. The FDA has not cleared or approved the **Oxiris** filter set; rather, the EUA authorizes the use of **Oxiris** during the COVID-19 pandemic.
- Acquired toSense, a California-based technology company focused on developing sensors and software for broad applications in non-invasive patient monitoring. toSense brings technology and expertise that is expected to be instrumental in Baxter's development and launch of leading-edge monitoring innovations.

[2] See links to original press releases for additional product information.

- Signed a partnership with MedAware, a specialist in clinical big-data analytics and machine learning algorithms that offers artificial intelligence (AI)-based safety software for detecting medication-related errors. This collaboration is intended to support Baxter's development of next-generation infusion pump dose error reduction software for integration directly into Baxter's infusion pumps and hospital enterprise connectivity solution.
- Launched a new generation of Baxter's **Peri-Strips Dry** with **Veritas** Collagen Matrix (PSDV) surgical product, known as PSDV with Secure Grip. Now available with "peel and secure" technology, this new generation of PSDV is two times faster to prepare compared to the previous version and another staple line reinforcement product.
- Issued $1.25 billion of long-term debt to further strengthen the company's balance sheet and provide additional liquidity in light of the global COVID-19 pandemic.

2020 Financial Outlook

Given the high-degree of uncertainty around the potential financial impacts from the COVID-19 pandemic on Baxter's operations, the company is not in a position to provide guidance for the second quarter or full-year 2020 at this time. As the quarter progresses, Baxter may provide additional information regarding its operations as appropriate.

A webcast of Baxter's first-quarter 2020 conference call for investors can be accessed live from a link on the company's website at www.baxter.com beginning at 7:30 a.m. CDT on April 30, 2020. Please see www.baxter.com for more information regarding this and future investor events and webcasts.

About Baxter

Every day, millions of patients and caregivers rely on Baxter's leading portfolio of critical care, nutrition, renal, hospital and surgical products. For more than 85 years, we've been operating at the critical intersection where innovations that save and sustain lives meet the healthcare providers that make it happen. With products, technologies 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 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 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 ended March 31, 2020, operational sales growth excludes the impact of foreign exchange and the company's recent acquisition of **Seprafilm**. This measure provides information on the change in net sales growth rates assuming that foreign exchange rates remain constant and excluding the impact of the company's recent acquisition of **Seprafilm**.

For the quarter ended March 31, 2020, special items include intangible asset amortization, business optimization charges, acquisition and integration expenses, expenses related to European medical devices regulation and investigation and other related costs. 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 and business development activities. 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; 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, public health crises and

epidemics/pandemics, regulatory actions or otherwise); the impact of global economic conditions (including potential trade wars) and public health crises and epidemics, such as the novel strain of coronavirus (COVID-19), on us and our customers and suppliers, including foreign governments in countries in which we operate; 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 (which may be negatively impacted by collectability concerns as a result of the COVID-19 pandemic or otherwise) 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 SEC, the New York Attorney General 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, including the opioid litigation and litigation related to our internal investigation of foreign exchange gains and losses; the impacts of the material weakness identified as a result of the internal investigation and our remediation efforts, including the risk that we may experience additional material weaknesses or other deficiencies; 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 multiyear 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 Cheetah Medical and ***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 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; 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 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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