

FOR IMMEDIATE RELEASE

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**BAXTER REPORTS FIRST-QUARTER 2018 RESULTS AND
INCREASES FINANCIAL OUTLOOK FOR FULL-YEAR 2018**

- **First-Quarter Revenue of \$2.7 Billion Increased 8 Percent on a Reported Basis and 3 Percent on an Operational Basis**
- **First-Quarter GAAP Earnings Per Share (EPS) of \$0.71; Adjusted EPS of \$0.70 Increased 21 Percent**
- **Company Increases Full-Year 2018 Sales Growth Outlook to 7 to 8 Percent on a Reported Basis and 4 to 5 Percent on an Operational Basis**
- **Raises Full-Year 2018 GAAP EPS to \$2.49 to \$2.62; Adjusted EPS to \$2.85 to \$2.93**

DEERFIELD, Ill., April 26, 2018 – Baxter International Inc. (NYSE: BAX) today reported results for the first quarter of 2018 and increased its full-year 2018 guidance.

“Baxter is off to a strong start in 2018,” said José (Joe) E. Almeida, chairman and chief executive officer. “Solid top-line performance coupled with a relentless focus on increasing operational efficiency were key drivers of earnings growth in the quarter. We look forward to building on this momentum and sharing the next chapter in Baxter’s ongoing transformation at our upcoming investor conference on May 21st. At the conference, we will highlight the strategic roadmaps for our six global businesses and provide investors an opportunity to learn more

about Baxter's promising innovation pipeline that will help fuel the company's growth going forward."

First-Quarter Financial Results

In the first quarter, worldwide sales totaled approximately \$2.7 billion, an increase of 8 percent on a reported basis, 4 percent on a constant currency basis and 3 percent on an operational basis compared to the prior-year period.

Operational sales in the first quarter adjust for the impact of foreign exchange, generic competition for U.S. cyclophosphamide, and the Claris Injectables (Claris) acquisition.

Sales in the U.S. totaled \$1.1 billion, increasing 4 percent on a reported basis and 2 percent on an operational basis. International sales of \$1.5 billion increased 12 percent on a reported basis, 4 percent on a constant currency basis and 3 percent on an operational basis. Drivers of growth included strong demand for the company's continuous renal replacement therapies due to an intense flu season, and increased sales of injectable pharmaceuticals and advanced surgery products as well as U.S. IV solutions and peritoneal dialysis therapies.

In line with the financial outlook shared on February 1, 2018, first quarter sales were negatively impacted by approximately \$25 million due to the temporary manufacturing disruptions in Puerto Rico caused by Hurricane Maria. All manufacturing facilities in Puerto Rico are operating at pre-hurricane production levels, and the company does not expect any further revenue impact related to recovery efforts. In addition, the company continues to import select products from

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Baxter facilities under temporary special importation FDA grants, and is grateful to FDA for its continued support in the recovery efforts.

In March, [Baxter completed the acquisition of two surgical products](#) from Mallinckrodt plc: RECOTHROM Thrombin topical (Recombinant), the first and only stand-alone recombinant thrombin, and PREVELEAK Surgical Sealant, which is used in vascular reconstruction. Both products complement and broaden Baxter's surgical portfolio of hemostats and sealants. Sales of these products in the quarter were immaterial and going forward will be reported in the company's Advanced Surgery business.

As previously disclosed, Baxter now reports its operating results based on three reportable geographic segments: Americas (North and South America), EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific). Net sales are reported based on these reportable segments, as well as by the company's new Global Business Units (GBUs). Please see the schedules accompanying this press release for more details on sales performance in the quarter.

Baxter reported income from continuing operations of \$389 million, or \$0.71 per diluted share, on a GAAP (Generally Accepted Accounting Principles) basis for the first quarter. These results included special items totaling \$16 million (\$1 million net after-tax), primarily related to business optimization, intangible amortization and a settlement agreement related to the Claris acquisition. On an adjusted basis, Baxter's first quarter income from continuing operations totaled \$388 million, or \$0.70 per diluted share. Adjusted earnings per share growth of 21 percent in the quarter was driven by solid top-line performance and the ongoing benefit from the company's business transformation initiatives as well as a favorable tax rate.

During the quarter, Baxter's Board of Directors approved a \$1.5 billion increase in authorization for the company's existing share repurchase plan. After accounting for repurchases during the first quarter of \$522 million or approximately 8 million shares, the company had approximately \$2.1 billion remaining under the authorization as of March 31, 2018. Baxter anticipates that it will continue to repurchase shares in the open market or through private transactions at times and amounts determined by the company based on its evaluation of market conditions and other factors.

In the first quarter of 2018, Baxter generated \$447 million in operating cash flow, an increase of \$241 million driven by improved operational performance, the ongoing impact of programs focused on enhancing the company's working capital and a benefit from the settlement of certain claims related to the acquisition of Claris. As a result, the company generated an increase of approximately \$210 million in free cash flow to \$292 million (operating cash flow less capital expenditures of \$155 million) as compared to the prior-year period.

2018 Financial Outlook

- For full-year 2018: Based on the company's strong first quarter, Baxter is raising its financial outlook for the year. The company now expects sales growth of approximately 7 to 8 percent on a reported basis, approximately 5 percent on a constant currency basis and 4 to 5 percent on an operational basis*. Baxter expects adjusted earnings from continuing operations, before special items, of \$2.85 to \$2.93 per diluted share for the full year.

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- For the second quarter: The company expects sales growth of approximately 9 percent on a reported basis, approximately 5 percent on a constant currency basis and 3 to 4 percent on an operational basis*. The company expects adjusted earnings from continuing operations, before special items, of \$0.69 to \$0.71 per diluted share.

*Full-year and second quarter operational sales have been adjusted for the impact of foreign exchange, generic competition for U.S. cyclophosphamide and the benefit from the acquisitions of Claris and the two Mallinckrodt assets.

Please see the schedules accompanying this press release for a reconciliation between the projected 2018 adjusted earnings per diluted share and projected GAAP earnings per diluted share.

A webcast of Baxter's first quarter 2018 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 26, 2018. Baxter will be hosting an investor conference on Monday, May 21, 2018, in New York City. The investor conference will feature an innovation hall displaying product and therapy advancements from Baxter's pipeline beginning at 7:00 a.m. EDT and presentations by members of the Baxter management team will begin at 8:00 a.m. EDT. To register for the conference and for more information, click [here](#). Please see www.baxter.com for more information regarding this and future investor events and webcasts.

About Baxter

Baxter International Inc. provides a broad portfolio of essential healthcare products across its portfolio, including acute and chronic dialysis therapies; sterile

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IV solutions; infusion systems and devices; parenteral nutrition therapies; inhaled anesthetics; generic injectable pharmaceuticals; and surgical hemostat and sealant products. The company's global footprint and the critical nature of its products and services play a key role in expanding access to healthcare in emerging and developed countries. Baxter's employees worldwide are building upon the company's rich heritage of medical breakthroughs to advance the next generation of healthcare innovations that enable patient care.

This release includes forward-looking statements concerning the company's financial results, business development activities, capital structure, cost savings initiatives, R&D pipeline including results of clinical trials and planned product launches, and outlook for 2018. 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 the company'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 the company'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.