



FOR IMMEDIATE RELEASE

Media Contact

Steve Brett, (224) 948-5353
media@baxter.com

Investor Contact

Clare Trachtman, (224) 948-3020

BAXTER REPORTS FIRST-QUARTER 2019 RESULTS

- *First-quarter revenue of \$2.6 billion declined 2 percent on a reported basis and increased 2 percent on an operational basis*
- *First-quarter GAAP earnings per share (EPS) of \$0.66; Adjusted EPS of \$0.76 increased 9 percent*
- *Company now expects full-year 2019 Adjusted EPS of \$3.27 to \$3.35¹*

DEERFIELD, ILL., APRIL 25, 2019 – Baxter International Inc. (NYSE:BAX), a leading global medical products company, today reported results for the first quarter of 2019 and increased its full-year 2019 earnings outlook.

“We are pleased with the solid start to 2019, establishing a foundation for accelerating performance over the course of the year,” said José (Joe) E. Almeida, chairman and chief executive officer. “Our first quarter results reflect the value of our diversified portfolio, an increased emphasis on high-value innovation and an ongoing focus on operational excellence. We remain committed to executing on our strategy to deliver enhanced performance in 2019 and beyond.”

First-Quarter Financial Results

Worldwide sales in the first quarter totaled approximately \$2.6 billion, a decrease of 2% on a reported basis and an increase of 2% on both a constant currency and an operational basis. Operational sales in the first quarter exclude the impact of foreign exchange and generic competition for U.S. cyclophosphamide.

¹ See tables to the press release for reconciliations of non-GAAP measures used in this press release to the closest GAAP measures.



Sales in the U.S. totaled \$1.1 billion, decreasing 2% on both a reported and operational basis. International sales of \$1.5 billion decreased 1% on a reported basis and increased 5% on a constant currency basis.

Performance in the quarter was driven by growth of Baxter's peritoneal dialysis and continuous renal replacement therapies, certain generic injectable pharmaceuticals, and hemostats and sealants. In addition, increased demand for Baxter's hospital pharmacy compounding and cytotoxic contract manufacturing services also contributed to growth in the quarter. Sales growth in the quarter was partially offset by expected lower sales of Medication Delivery and Nutritional therapies. Baxter's performance in International markets reflects growth across both the Europe, Middle East and Africa (EMEA) and Asia Pacific (APAC) regions.

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

Baxter reported net income of \$347 million, or \$0.66 per diluted share, on a GAAP (Generally Accepted Accounting Principles) basis for the first quarter. These results include special items totaling \$52 million after-tax, which were primarily related to business optimization charges and intangible asset amortization, partially offset by an insurance recovery from a legacy product-related matter. On an adjusted basis, Baxter's first quarter net income totaled \$399 million, or \$0.76 per diluted share, ahead of the company's expectations of \$0.66 to \$0.68 per diluted share. Adjusted earnings per diluted share advanced 9% in the quarter, driven by solid operational performance as well as benefits from a lower tax rate and share count as compared to the prior-year period.

Business Highlights

Baxter continues to achieve notable milestones in pursuit of its Mission for patients and emphasis on accelerating profitable growth. Among recent highlights, the company:

- Launched [ready-to-use eptifibatide](#), a platelet aggregation inhibitor that prevents platelets from sticking together and clotting, using the company's proprietary GALAXY container technology. Baxter's premix presentation is the first of its kind available in

a flexible container, offering healthcare providers preparation efficiencies and helping to avoid potential dosing errors.

- Announced U.S. Food and Drug Administration (FDA) approval for faster preparation of [Flo seal Hemostatic Matrix](#). This next generation of **Flo seal** has 20% fewer components and steps to prepare,² making it easier and faster for operating room nurses to get **Flo seal** into the hands of surgeons to help stop bleeding during procedures.
- Initiated a [collaboration with bioMérieux](#), a world leader in the field of *in vitro* diagnostics, to develop future biomarkers with the goal of rapidly identifying and informing treatment of acute kidney injury (AKI). The efforts are meant to help diagnose AKI earlier so a patient can have improved therapy options, reflecting Baxter's growth strategy of addressing patient needs across the continuum of care.
- Announced that a [NantHealth digital health solution](#) is now available to connect Baxter's **Prismaflex** technology, used in the intensive care unit to treat patients with acute kidney injury, to a hospital's electronic medical record (EMR) system. Digitally connected healthcare solutions have the potential to positively impact patient care in many ways, from reducing reliance on manual documentation to converting data into meaningful insights to improve care.
- Announced the planned U.S. launch of [Clinolipid \(20% Lipid Injectable Emulsion\)](#), Baxter's proprietary olive oil-based lipid emulsion, later this year. The announcement was made at the 2019 ASPEN Nutrition Science & Practice Conference, where Baxter featured its diverse portfolio of parenteral nutrition products to address and help improve care for malnourished patients.
- Received recognition from multiple organizations for its commitment to workplace excellence, including:

² Flo seal Hemostatic Matrix Instructions for Use. Hayward, CA: Baxter Healthcare Corporation.

- Forbes Magazine, which included Baxter on its annual list of America's Best Large Employers for the fifth consecutive year.
- The National Association for Female Executives (NAFE), which cited Baxter among its 2019 NAFE Top Companies for Executive Women.
- The Human Rights Campaign Foundation (HRC), which cited Baxter as a 2019 Best Place to Work for LGBTQ Equality based on Baxter's perfect score on HRC's Corporate Equality Index.

2019 Financial Outlook

For full-year 2019: Based on solid first quarter performance, Baxter is raising its earnings outlook for 2019. The company now expects adjusted earnings from continuing operations, before special items, of \$3.27 to \$3.35 per diluted share. The company continues to expect sales growth of 0 to 1 percent on a reported basis, 2 to 3 percent on a constant currency basis and 3 to 4 percent on an operational basis.

For second-quarter 2019: The company expects sales to decline approximately 2 percent on a reported basis, and to grow approximately 2 percent on a constant currency basis and 2 to 3 percent on an operational basis. The company expects adjusted earnings from continuing operations, before special items, of \$0.80 to \$0.82 per diluted share.

Full-year and quarterly operational sales estimates for 2019 have been adjusted for the impact of foreign exchange and generic competition for U.S. cyclophosphamide.

A webcast of Baxter's first-quarter 2019 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 25, 2019. 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](#).

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 the second quarter and full year 2019. 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 or products, including by cyberattack, unauthorized access or theft; 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; accurate identification of and execution on business development and R&D opportunities and realization of anticipated benefits (including the acquisitions of Claris Injectables and two surgical products from Mallinckrodt plc); 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; the ability to enforce owned or in-licensed patents or the patents of third parties preventing or restricting the manufacture, sale or use of affected products or technology; the impact of global economic conditions (including potential trade wars); 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 and potential taxes associated with the Base Erosion and Anti-Abuse Tax; 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.

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