

A healthcare professional, a Black man in blue scrubs and blue gloves, is attending to an elderly white woman in a hospital gown. They are standing next to an IV stand with two infusion pumps. The background shows a hospital room with a bed and a window looking out onto greenery.

Baxter

SECOND-QUARTER 2024 EARNINGS

Baxter International Inc.

August 6, 2024

FORWARD-LOOKING STATEMENTS

This presentation includes forward-looking statements concerning the company's financial results (including the outlook for third-quarter and full-year 2024) and business development and regulatory 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: the company's ability to execute and complete strategic initiatives, asset dispositions and other transactions and development activities, including the proposed separation of the company's Kidney Care business, the company's plans to simplify its manufacturing footprint and the timing for such transactions, the ability to satisfy any applicable conditions and the expected proceeds, consideration and realization of anticipated benefits; failure to accurately forecast or achieve the company's short- and long-term financial performance and goals (including with respect to the company's strategic initiatives and other actions) and related impacts on our liquidity; the company's ability to execute on its capital allocation plans, including the company's debt repayment plans, the timing and amount of any dividends, share repurchases and divestiture proceeds and, if the company proceeds with the separation of the Kidney Care business in the form of a spinoff, the capital structure of the public company that would be formed (and the resulting capital structure for the remaining company); the company's ability to successfully integrate acquisitions; the impact of global economic conditions (including, among other things, inflation levels, interest rates, financial market volatility, banking crises, the potential for a recession, the war in Ukraine, the conflict in the Middle East (including attacks on merchant ships in the Red Sea), tensions amongst China, Taiwan and the U.S., and the potential for escalation of these conflicts, the related economic sanctions being imposed globally in response to the conflicts and potential trade wars and global public health crises, pandemics and epidemics or the anticipation of any of the foregoing, on the company's operations and on the company's employees, customers, suppliers, and foreign governments in countries in which the company operates; downgrades to the company's credit ratings or ratings outlooks, or withdrawals by rating agencies from rating us and the company's indebtedness, and the impact on the company's funding costs and liquidity; the impact of any goodwill, intangible asset or other long-lived asset impairments on the company's operating results; product development risks, including satisfactory clinical performance and obtaining and maintaining required regulatory approvals (including as a result of evolving regulatory requirements or the withdrawal or resubmission of any pending applications), the ability to manufacture at appropriate scale and the general unpredictability associated with the product development cycle; regulatory agency inspections, product quality or patient safety issues leading to product recalls, withdrawals, labeling changes, launch delays, warning letters, import bans, denial of import certifications, sanctions, seizures, litigation or declining sales, including the focus on evaluating product portfolios for the potential presence or formation of nitrosamines; future actions of, or failures to act or delays in acting by, FDA, the European Medicines Agency or any other regulatory body or government authority (including the SEC, Department of Justice or the Attorney General of any State) that could delay, limit or suspend product development, manufacturing or sale or result in seizures, recalls, injunctions, monetary sanctions or criminal or civil liabilities; demand and market acceptance risks for, and competitive pressures related to, new and existing products, challenges with the company's ability to accurately predict changing consumer preferences and future expenditures and inventory levels, and challenges with the company's ability to monetize new and existing products and services, the impact of those products on quality and patient safety concerns and the need for ongoing training and support for our products; breaches, including by cyber-attack, data leakage, unauthorized access or theft, or failures of or vulnerabilities in, the company's information technology systems or products; the continuity, availability and pricing of acceptable raw materials and component parts, the company's ability to pass some or all of these costs to the company's customers through recent price increases or otherwise, and the related continuity of the company's manufacturing and distribution and those of the company's suppliers; inability to create additional production capacity in a timely manner or the occurrence of other manufacturing, sterilization or supply difficulties, including as a result of natural disaster, war, terrorism, global public health crises and epidemics/pandemics, regulatory actions or otherwise; the company's ability to finance and develop new products or enhancements on commercially acceptable terms or at all; loss of key employees (including those involved with any key strategic actions), the occurrence of labor disruptions (including as a result of labor disagreements under bargaining agreements or national trade union agreements or disputes with works councils) or the inability to attract, develop, retain and engage employees; failures with respect to the company's quality, compliance or ethics programs; future actions of third parties, including third-party payers and the company's customers and distributors (including GPOs and IDNs); changes to legislation and regulation and other governmental pressures in United States and globally, including the cost of compliance and potential penalties for purported noncompliance thereof, including new or amended laws, rules and regulations as well as the impact of healthcare reform and its implementation, suspension, repeal, replacement, amendment, modification and other similar actions undertaken by the United States or foreign governments, including with respect to pricing, reimbursement, taxation and rebate policies; the outcome of pending or future litigation; the impact of competitive products and pricing, including generic competition, drug reimportation and disruptive technologies; global regulatory, trade and tax policies, including with respect to climate change and other sustainability matters; the ability to protect or enforce the company's patents or other proprietary rights (including trademarks, copyrights, trade secrets and know-how) or where the patents of third parties prevent or restrict the company's manufacture, sale or use of affected products or technology; fluctuations in foreign exchange and interest rates; any changes in law concerning the taxation of income (whether with respect to current or future tax reform); actions by tax authorities in connection with ongoing tax audits; and other risks identified in Baxter's most recent filings on Form 10-K and Form 10-Q 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.

USE OF NON-GAAP FINANCIAL MEASURES

To supplement Baxter's consolidated financial statements presented on a U.S. GAAP basis, the company discloses certain non-GAAP financial measures. These non-GAAP financial measures are not in accordance with generally accepted accounting principles in the United States.

A reconciliation of the non-GAAP financial measures included in this document to the corresponding U.S. GAAP measures follows in the section titled Non-GAAP Reconciliations. In addition, an explanation of the ways in which Baxter management uses these supplemental non-GAAP measures to evaluate its business and the substantive reasons why Baxter management believes that these non-GAAP measures provide useful information to investors is included in the company's most recent earnings release filed with the SEC on Form 8-K on August 6, 2024. This information should be considered in addition to, and not as substitutes for, information prepared in accordance with U.S. GAAP.

Baxter strongly encourages investors to review its consolidated financial statements and publicly filed reports in their entirety and cautions investors that the non-GAAP measures used by the company may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

Non-GAAP financial measures used in this presentation include constant currency sales growth, adjusted gross margin, adjusted selling, general, and administrative (SG&A) expenses, adjusted research and development (R&D) expenses, adjusted other operating expense (income), net, adjusted operating income (loss), adjusted other income (expense), net, adjusted income (loss) from continuing operations before income taxes, adjusted income tax expense (benefit), adjusted income (loss) from continuing operations, adjusted income (loss) from discontinued operations, adjusted net income (loss), adjusted net income (loss) attributable to Baxter stockholders, adjusted diluted earnings per share (EPS) from continuing operations, adjusted diluted EPS from discontinued operations and adjusted diluted EPS and free cash flow.

A reconciliation to comparable U.S. GAAP measures can be found herein and is available at www.baxter.com.

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PERFORMANCE SUMMARY

Second-Quarter 2024 Earnings
August 6, 2024

EXECUTING ON OUR STRATEGY FOR VALUE CREATION

RECENT HIGHLIGHTS

Q2 2024 Results¹

- Constant currency sales increased 4%, exceeding previously announced guidance, driven by better-than-expected results across all segments
- Adjusted earnings per share from continuing operations totaled \$0.68, increasing 24% versus the prior year period and ahead of prior guidance driven by strong operational performance partially offset by a negative impact from non-operational items totaling \$0.05
- Baxter raises its full year sales and adjusted earnings per share financial outlook driven by ongoing business momentum

Creating A Best Place To Work And Demonstrating Leadership In Corporate Social Responsibility

- Baxter published its [2023 Corporate Responsibility Report](#) in July 2024, showcasing the company's dedication to making a meaningful difference in global healthcare and reporting with transparency on the environmental, social and governance topics most important to its stakeholders
- The report shares updates on Baxter's 2030 Corporate Responsibility Commitment and Goals, which support an overarching pledge to "Empower our Patients," "Protect our Planet" and "Champion our People and Communities"

Enhancing Value For Shareholders

- Paid quarterly dividend of \$0.29 per share, reflecting continued commitment to return value to shareholders
- Baxter's preparations continue for the proposed separation of its Kidney Care segment. As announced on March 4, 2024, the company is exploring a potential sale of the Kidney Care business in lieu of a proposed spinoff. While a final decision on the separation structure has not yet been made, the company currently expects to complete separation in late 2024 or early 2025 regardless of the selected path
- During July, Baxter finalized a bank financed bridge loan in the form of a delayed draw term loan in lieu of a public bond financing with a total size of \$2.05B providing certainty of ability to fund debt maturities coming due in the fourth quarter in the event Baxter has not completed the Kidney Care separation by that time

PERFORMANCE HIGHLIGHTS

CONTINUING OPERATIONS¹

Second-Quarter 2024

\$3.8B
Sales

+3% Reported
+4% Constant Currency²

Key Metrics	GAAP	Adjusted ³
Gross Margin	37.5%	41.2%
YOY Change	+750 bps	+80 bps
Operating Margin	(5.0%)	13.7%
YOY Change	(450 bps)	+50 bps
Diluted EPS	(\$0.62)	\$0.68
YOY Change	+59%	+24%

First-Half 2024

\$7.4B
Sales

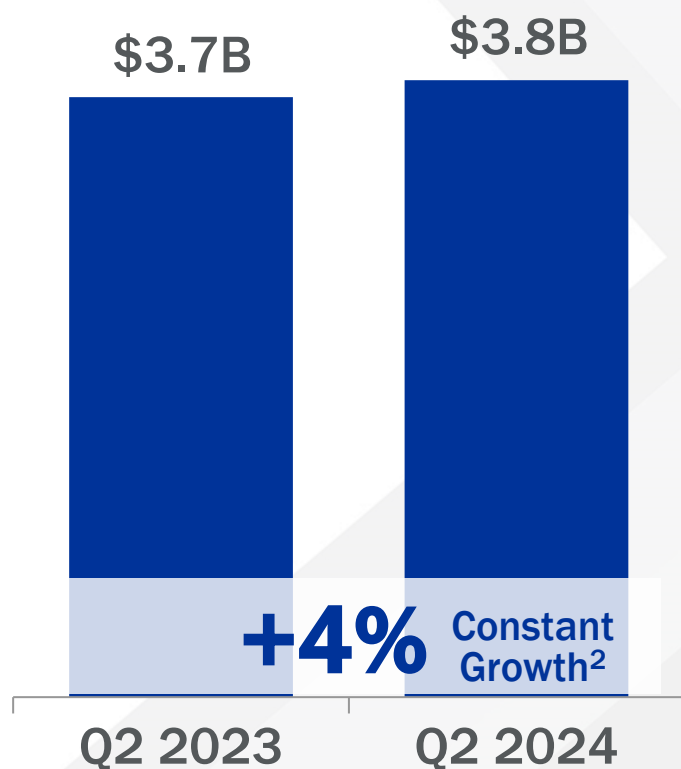
+3% Reported
+3% Constant Currency²

Key Metrics	GAAP	Adjusted ³
Gross Margin	38.1%	41.8%
YOY Change	+510 bps	+120 bps
Operating Margin	(0.1%)	14.0%
YOY Change	(170 bps)	+110 bps
Diluted EPS	(\$0.54)	\$1.33
YOY Change	+38%	+28%

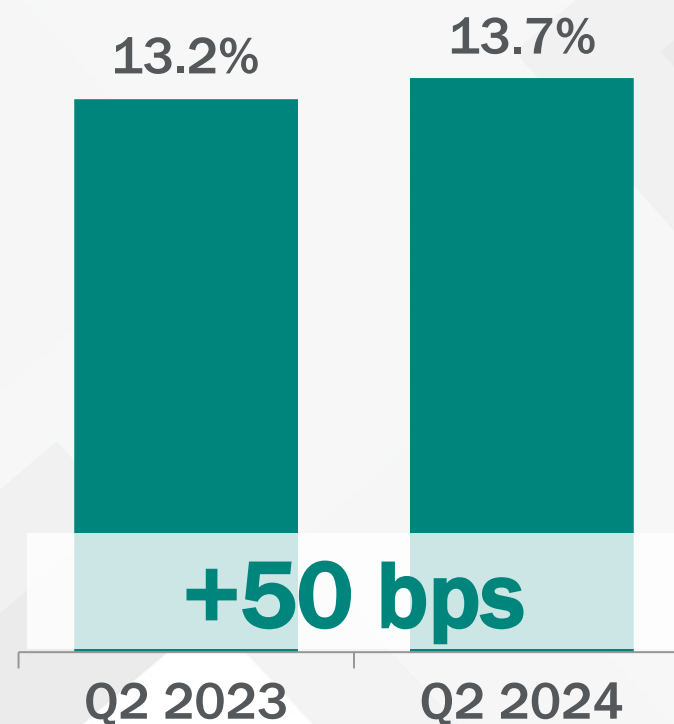
KEY FINANCIAL METRICS

SECOND-QUARTER 2024 SNAPSHOT (CONTINUING OPERATIONS)¹

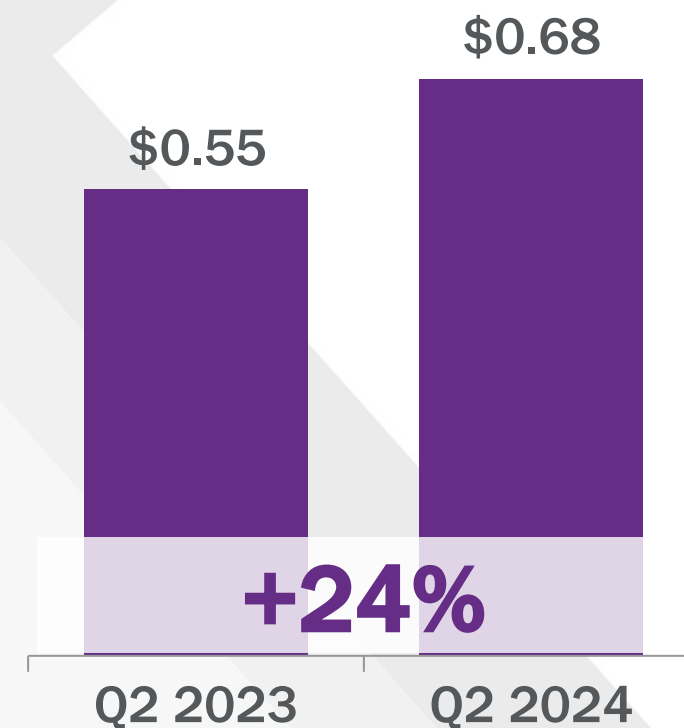
Global Reported Sales



Adjusted Operating Margin



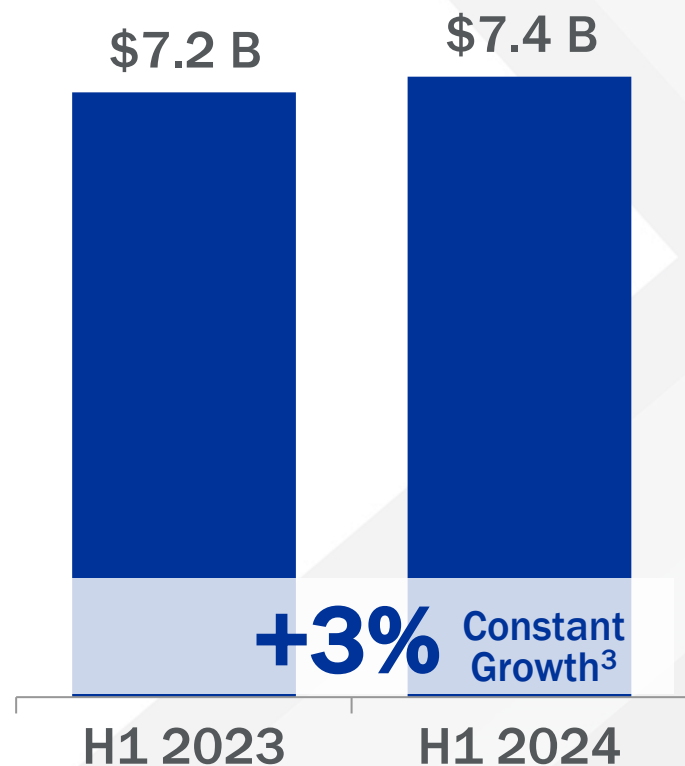
Adjusted Diluted EPS



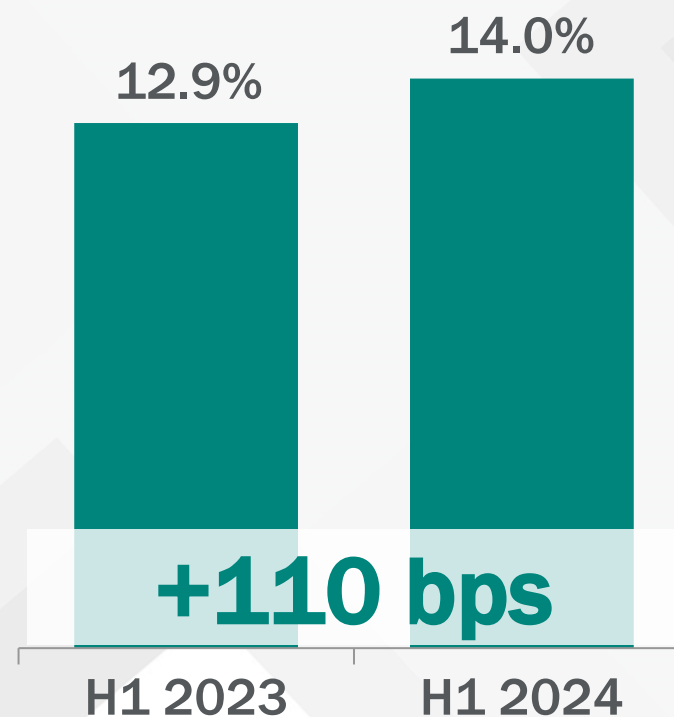
KEY FINANCIAL METRICS

FIRST-HALF 2024 SNAPSHOT (CONTINUING OPERATIONS)¹

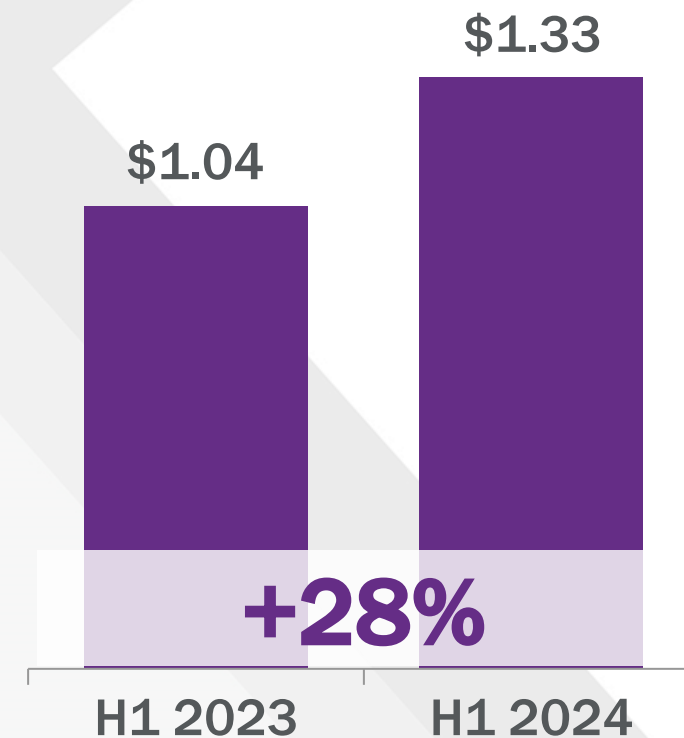
Global Reported Sales



Adjusted Operating Margin



Adjusted Diluted EPS²



SECOND-QUARTER 2024 ADJUSTED FINANCIAL RESULTS¹

(CONTINUING OPERATIONS)

	Q2 2023	Q2 2024	Change
Adjusted Gross Margin	40.4%	41.2%	+80 bps
Adjusted SG&A Expense (% of Sales)	22.8%	22.9%	+10 bps
Adjusted R&D Expense (% of Sales)	4.5%	4.6%	+10 bps
Adjusted Operating Margin	13.2%	13.7%	+50 bps
Adjusted Diluted EPS	\$0.55	\$0.68	+24%

SECOND-QUARTER 2024 PERFORMANCE¹

(CONTINUING OPERATIONS)

Metric	Q2 2024 Guidance	Q2 2024 Actual
Sales Growth <i>Reported</i>	~1%	+3%
Sales Growth <i>Constant Currency</i>	2% - 3%	+4%
GAAP Diluted EPS <i>Growth vs. Prior-Year Period</i>	N/A	(\$0.62) +59%
Adjusted Diluted EPS <i>Growth vs. Prior-Year Period</i>	\$0.65 - \$0.67	\$0.68 +24%

Second-Quarter Performance Reflects Positive Demand And Pricing For Baxter's Portfolio And Continued Operational Execution Across The Company's Integrated Supply Chain Network

EXECUTING PORTFOLIO MANAGEMENT ACTIONS TO ACCELERATE DISCIPLINED CAPITAL ALLOCATION STRATEGY

PORTFOLIO MANAGEMENT



Disciplined portfolio management expected to be an ongoing component of Baxter's strategy to support accelerated growth and improved profitability

DEBT REPAYMENT



Taking actions towards achieving company's net leverage target of below 3.0x by the end of 2025 through ongoing debt repayment and financing activities

- Utilized proceeds from BPS divestiture for debt repayment
- Committed to maintaining investment grade rating

DIVIDENDS



Continued commitment to return value to shareholders through dividends. Future amount and rate of dividend to be evaluated to align with new company structure post-separation of Kidney Care business

SHARE REPURCHASES



Expect to have the ability to repurchase some level of shares in the future, with a goal of offsetting annual dilution

~\$2.1 Billion Of Cash And Cash Equivalents On Hand With Access to \$2.7 Billion of Combined USD and EUR Credit Facilities As Of June 30, 2024



FINANCIAL RESULTS BY OPERATING SEGMENT

Second-Quarter 2024 Earnings

August 6, 2024

SECOND-QUARTER 2024 SALES BY PRODUCT CATEGORY¹

\$ In Millions	Q2 2024 Revenue			Total Growth	
	U.S.	International	Total	Reported	Constant
Infusion Therapies & Technologies	\$579	\$466	\$1,045	+4%	+5%
Advanced Surgery	\$150	\$127	\$277	+2%	+4%
Medical Products & Therapies	\$729	\$593	\$1,322	+4%	+5%
Care & Connectivity Solutions	\$332	\$120	\$452	+4%	+4%
Front Line Care	\$218	\$78	\$296	(4%)	(4%)
Healthcare Systems & Technologies	\$550	\$198	\$748	+1%	+1%
Injectables & Anesthesia	\$197	\$144	\$341	+3%	+4%
Drug Compounding	\$0	\$261	\$261	+20%	+20%
Pharmaceuticals	\$197	\$405	\$602	+9%	+11%
Chronic Therapies	\$228	\$689	\$917	(1%)	+1%
Acute Therapies	\$77	\$124	\$201	+7%	+9%
Kidney Care	\$305	\$813	\$1,118	+0%	+3%
Other	\$16	\$6	\$22	+0%	(5%)
Total Baxter	\$1,797	\$2,015	\$3,812	+3%	+4%

FIRST-HALF 2024 SALES BY PRODUCT CATEGORY¹

\$ In Millions	H1 2024 Revenue			Total Growth	
	U.S.	International	Total	Reported	Constant
Infusion Therapies & Technologies	\$1,105	\$906	\$2,011	+5%	+5%
Advanced Surgery	\$297	\$243	\$540	+4%	+6%
Medical Products & Therapies	\$1,402	\$1,149	\$2,551	+5%	+5%
Care & Connectivity Solutions	\$610	\$244	\$854	(1%)	(2%)
Front Line Care	\$413	\$148	\$561	(8%)	(8%)
Healthcare Systems & Technologies	\$1,023	\$392	\$1,415	(4%)	(4%)
Injectables & Anesthesia	\$388	\$281	\$669	+5%	+6%
Drug Compounding	\$0	\$511	\$511	+17%	+18%
Pharmaceuticals	\$388	\$792	\$1,180	+10%	+11%
Chronic Therapies	\$454	\$1,351	\$1,805	(0%)	+1%
Acute Therapies	\$162	\$253	\$415	+10%	+12%
Kidney Care	\$616	\$1,604	\$2,220	+1%	+3%
Other	\$27	\$11	\$38	(27%)	(29%)
Total Baxter	\$3,456	\$3,948	\$7,404	+3%	+3%

SECOND-QUARTER 2024 BUSINESS DRIVERS¹

Product Category	Sales	CC Growth ²	Quarterly Performance Drivers
Infusion Therapies & Technologies	\$1,045M	+5%	Sales in the quarter benefited from strong growth internationally across the division, particularly for IV solutions and infusions systems products which benefited from both volume and pricing gains. Solid demand for Nutrition globally also contributed to growth in the quarter
Advanced Surgery	\$277M	+4%	Results in the quarter reflect solid growth internationally
Care & Connectivity Solutions	\$452M	+4%	Performance rebounded in the quarter driven by a significant growth in orders for CCS products of more than 40% compared to the prior year and over 60% sequentially. Results in the quarter included upgrades to both existing customers and competitive gains within Patient Support Systems
Front Line Care	\$296M	(4%)	Growth in the quarter continued to be impacted by a difficult comparison to the prior year as backlog reductions positively contributed to growth in 2023. Performance in the quarter was also affected by ongoing softness in the primary care market and lower U.S. government orders
Injectables & Anesthesia	\$341M	+4%	Performance in the quarter reflected double-digit growth in U.S. injectables portfolio driven by new product launches partially offset by lower sales of inhaled anesthetics globally
Drug Compounding	\$261M	+20%	Results for this business reflected strong demand for services within the hospital compounding portfolio internationally which has benefited from supply constraints for certain customers which are expected to ease in the second half of the year
Chronic Therapies	\$917M	+1%	Performance in the quarter was driven by strong PD growth globally. Growth in the quarter was partially offset by the expected negative impact from certain product and market exits in the in-center HD business as well as reduced sales in China due to government procurement initiatives
Acute Therapies	\$201M	+9%	Sales growth driven by strong demand and competitive conversions in the U.S.
Other	\$22M	(5%)	Sales decline reflects reduced demand for certain contract manufacturing volumes

SECOND-QUARTER 2024 SEGMENT RESULTS

	Q2 2024 Results ¹					
<i>\$ In Millions</i>	Reported Revenue	Reported Growth	Constant Growth	Segment Operating Income	Segment Operating Margin	YoY Margin Change ²
Medical Products & Therapies	\$1,322	+4%	+5%	\$238	18.0%	(270 bps)
Healthcare Systems & Technologies	\$748	+1%	+1%	\$120	16.0%	+250 bps
Pharmaceuticals	\$602	+9%	+11%	\$75	12.5%	(370 bps)
Kidney Care	\$1,118	+0%	+3%	\$83	7.4%	+250 bps
Other	\$22	+0%	(5%)	\$9	40.9%	+1,360 bps

FIRST-HALF 2024 SEGMENT RESULTS

	H1 2024 Results ¹					
<i>\$ In Millions</i>	Reported Revenue	Reported Growth	Constant Growth	Segment Operating Income	Segment Operating Margin	YoY Margin Change ²
Medical Products & Therapies	\$2,551	+5%	+5%	\$465	18.2%	(70 bps)
Healthcare Systems & Technologies	\$1,415	(4%)	(4%)	\$187	13.2%	(120 bps)
Pharmaceuticals	\$1,180	+10%	+11%	\$153	13.0%	(340 bps)
Kidney Care	\$2,220	+1%	+3%	\$242	10.9%	+580 bps
Other	\$38	(27%)	(29%)	\$13	34.2%	+920 bps

SECOND-QUARTER 2024 RESULTS¹

Q2 2024 Results

\$ In Millions

Total Baxter

**Reported
Revenue**

\$3,812

**Reported
Growth**

+3%

**Constant
Growth**

+4%

**Adjusted
Operating
Income**

\$522

**Adjusted
Operating
Margin**

13.7%

**YoY Margin
Change²**

+50 bps

FIRST-HALF 2024 RESULTS¹

H1 2024 Results

\$ In Millions

Total Baxter

**Reported
Revenue**

\$7,404

**Reported
Growth**

+3%

**Constant
Growth**

+3%

**Adjusted
Operating
Income**

\$1,037

**Adjusted
Operating
Margin**

14.0%

**YoY Margin
Change²**

+110 bps



2024 OUTLOOK

Second-Quarter 2024 Earnings

August 6, 2024

THIRD-QUARTER 2024 GUIDANCE¹

	Q3 2024 Guidance
Sales Growth <i>Reported</i>	3% - 4%
Foreign Exchange	>50 bps
Sales Growth <i>Constant Currency</i>	4% - 5%
Adjusted Diluted EPS	\$0.77 - \$0.79

FULL-YEAR 2024 GUIDANCE¹

	FY 2024 Guidance
Sales Growth <i>Reported</i>	~3%
Foreign Exchange	<50 bps
Sales Growth <i>Constant Currency</i>	~3%
Adjusted Diluted EPS	\$2.93 - \$3.01

FULL-YEAR 2024 GUIDANCE BY SEGMENT¹

Sales Growth <i>Constant Currency</i>	FY 2024 <i>Guidance</i>
Medical Products & Therapies	~5%
Healthcare Systems & Technologies	~0%
Pharmaceuticals	~7%
Baxter (Excluding Kidney Care)	~4%
Kidney Care	1% - 2%
Total Baxter	~3%



NON-GAAP RECONCILIATIONS

Second-Quarter 2024 Earnings

August 6, 2024

NON-GAAP RECONCILIATIONS AS OF AUGUST 6, 2024

Non-GAAP Reconciliations:

As part of its Q2 2024 earnings announcement on August 6, 2024, Baxter presented its financial results for the second quarter of 2024. Baxter also presented guidance for the third quarter and full year of 2024. In these presentations, Baxter used non-GAAP financial measures of sales growth (on a constant currency), adjusted gross margin, adjusted selling, general and administrative expense, adjusted research and development expense, adjusted operating income, adjusted operating margin, adjusted diluted earnings per share, and free cash flow. The reconciliations set forth below reconcile the non-GAAP measures set forth in this presentation for historical periods to the most directly comparable U.S. GAAP measures.

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Three Months Ended June 30, 2024

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the three months ended June 30, 2024 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Goodwill Impairment	Operating Income (Loss)	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense (Benefit)	Income (Loss) From Continuing Operations	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings Per Share from Continuing Operations	Diluted Earnings Per Share
Reported	\$ 1,431	\$ 1,021	\$ 173	\$ 430	\$ (192)	\$ (257)	\$ 54	\$ (311)	\$ (311)	\$ (314)	\$ (0.62)	\$ (0.62)
Reported percent of net sales (or effective tax rate for income tax expense)	37.5 %	26.8 %	4.5 %	11.3 %	(5.0) %	(6.7) %	(21.0) %	(8.2) %	(8.2) %	(8.2) %		
Intangible asset amortization	115	(52)	—	—	167	167	38	129	129	129	0.25	0.25
Business optimization items ¹	12	(11)	3	—	20	20	5	15	15	15	0.03	0.03
Acquisition and integration items ²	—	(6)	—	—	6	6	1	5	5	5	0.01	0.01
Separation-related costs ³	1	(79)	(1)	—	81	81	14	67	67	67	0.13	0.13
European medical devices regulation ⁴	10	—	—	—	10	10	2	8	8	8	0.02	0.02
Goodwill impairment ⁵	—	—	—	(430)	430	430	—	430	430	430	0.84	0.84
Tax matters ⁷	—	—	—	—	—	—	(5)	5	5	5	0.01	0.01
Adjusted	\$ 1,569	\$ 873	\$ 175	\$ —	\$ 522	\$ 457	\$ 109	\$ 348	\$ 348	\$ 345	\$ 0.68	\$ 0.68
Adjusted percent of net sales (or effective tax rate for income tax expense)	41.2 %	22.9 %	4.6 %	0.0 %	13.7 %	12.0 %	23.9 %	9.1 %	9.1 %	9.1 %		

	Reported	Adjusted
Net income (loss)	\$ (311)	\$ 348
Less: Net income attributable to noncontrolling interests	3	3
Net income (loss) attributable to Baxter stockholders	\$ (314)	\$ 345

Weighted-average diluted shares as reported	510
Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported	1
Weighted-average diluted shares as adjusted	511

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Three Months Ended June 30, 2023

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the three months ended June 30, 2023 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Other Operating Income, Net	Operating Income (Loss)	Other (Income) Expense, Net	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense (Benefit)	Income (Loss) From Continuing Operations	Income From Discontinued Operations	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings Per Share from Continuing Operations	Diluted Earnings Per Share from Discontinued Operations	Diluted Earnings Per Share
Reported	\$ 1,111	\$ 964	\$ (1)	\$ (17)	\$ 42	\$ (183)	\$ 10	\$ (193)	\$ 54	\$ (139)	\$ (141)	\$ (0.39)	\$ 0.11	\$ (0.28)
Reported percent of net sales (or effective tax rate for income tax expense)	30.0 %	26.0 %	0.0 %	(0.5) %	1.1 %	(4.9) %	(5.5) %	(5.2) %	1.5 %	(3.7) %	(3.8) %			
Intangible asset amortization	105	(52)	—	157	—	157	38	119	—	119	119	0.23	0.00	0.23
Business optimization items ¹	266	(27)	—	293	—	293	43	250	—	250	250	0.49	0.00	0.49
Acquisition and integration items ²	—	(8)	1	7	—	7	2	5	—	5	5	0.01	0.00	0.01
Separation-related costs ³	4	(33)	—	37	—	37	—	37	8	45	45	0.07	0.02	0.09
European medical devices regulation ⁴	12	—	—	12	—	12	4	8	—	8	8	0.02	0.00	0.02
Investment impairments ⁶	—	—	—	—	(20)	20	5	15	—	15	15	0.03	0.00	0.03
Tax matters ⁷	—	—	—	—	—	—	(41)	41	(7)	34	34	0.08	(0.01)	0.07
Adjusted	\$ 1,498	\$ 844	\$ —	\$ 489	\$ 22	\$ 343	\$ 61	\$ 282	\$ 55	\$ 337	\$ 335	\$ 0.55	\$ 0.11	\$ 0.66
Adjusted percent of net sales (or effective tax rate for income tax expense)	40.4 %	22.8 %	0.0 %	13.2 %	0.6 %	9.3 %	17.8 %	7.6 %	1.5 %	9.1 %	9.0 %			

	Reported	Adjusted
Income (loss) from continuing operations	\$ (193)	\$ 282
Less: Net income attributable to noncontrolling interests	2	2
Income (loss) from continuing operations attributable to Baxter stockholders	\$ (195)	\$ 280

Weighted-average diluted shares as reported	506
Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported	2
Weighted-average diluted shares as adjusted	508

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Three Months Ended June 30, 2024 and 2023

(unaudited)

1. The company's results in 2024 and 2023 included costs related to programs to optimize its organization and cost structure. In 2024, these costs primarily related to third-party costs incurred to support the transformation of certain general and administrative functions, property, plant, and equipment impairments in connection with the transfer of a manufacturing production line as part of its initiatives to optimize its global manufacturing and supply chain organization, and costs to centralize certain of its research and development activities into a new location. In 2023, these costs primarily related to the company's implementation of its new operating model, the integration of its acquisition of Hill-Rom Holdings, Inc. (Hillrom), and the decision to cease production of dialyzers at one of its U.S.-based manufacturing facilities, which resulted in a \$243 million noncash impairment of property, plant and equipment in the second quarter of the prior year period.
2. The company's results in 2024 and 2023 included integration-related items comprised of Hillrom acquisition and integration expenses. In 2023 those costs were partially offset by net gains from changes in the fair value of contingent consideration liabilities.
3. The company's results in 2024 and 2023 included separation-related costs primarily related to external advisors supporting its activities to prepare for the proposed separation of its Kidney Care segment, which are reported in continuing operations. The company's results in 2023 also included separation-related costs related to the sale of its BioPharma Solutions (BPS) business, which are reported in discontinued operations.
4. The company's results in 2024 and 2023 included incremental costs to comply with the European Union's medical device regulations for previously registered products, which primarily consist of contractor costs and other direct third-party costs. The company considers the adoption of these regulations to be a significant one-time regulatory change and believes that the costs of initial compliance for previously registered products over the implementation period are not indicative of its core operating results.
5. The company's results in 2024 included a charge related to a goodwill impairment of the company's Chronic Therapies reporting unit within its Kidney Care segment.
6. The company's results in 2023 included losses from non-marketable investments in several early stage companies, consisting of \$23 million of noncash impairment write-downs, partially offset by a \$3 million gain from the sale of an investment
7. The company's results in 2024 included income tax expenses resulting from internal reorganization transactions related to the proposed separation of its Kidney Care segment. The company's results in 2023 included a reallocation of income tax expense between discontinued operations and continuing operations resulting from the application of intraperiod tax allocation to its adjusted results in an interim period.

DESCRIPTIONS OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Six Months Ended June 30, 2024

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the six months ended June 30, 2024 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Goodwill Impairment	Operating Income (Loss)	Other (Income) Expense, Net	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense (Benefit)	Income (Loss) From Continuing Operations	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings Per Share From Continuing Operations	Diluted Earnings Per Share
Reported	\$ 2,818	\$ 2,048	\$ 349	\$ 430	\$ (5)	\$ (27)	\$ (141)	\$ 131	\$ (272)	\$ (272)	\$ (277)	\$ (0.54)	\$ (0.54)
Reported percent of net sales (or effective tax rate for income tax expense)	38.1 %	27.7 %	4.7 %	5.8 %	(0.1) %	(0.4) %	(1.9) %	(92.9) %	(3.7) %	(3.7) %	(3.7) %		
Intangible asset amortization	229	(104)	—	—	333	—	333	78	255	255	255	0.50	0.50
Business optimization items ¹	26	(38)	(13)	—	77	—	77	20	57	57	57	0.11	0.11
Acquisition and integration items ²	1	(10)	—	—	11	—	11	2	9	9	9	0.02	0.02
Separation-related costs ³	5	(167)	(1)	—	173	—	173	27	146	146	146	0.29	0.29
European medical devices regulation ⁴	18	—	—	—	18	—	18	4	14	14	14	0.03	0.03
Goodwill impairment ⁵	—	—	—	(430)	430	—	430	—	430	430	430	0.84	0.84
Tax Matters ⁶	—	—	—	—	—	—	—	(42)	42	42	42	0.08	0.08
Adjusted	\$ 3,097	\$ 1,729	\$ 335	\$ —	\$ 1,037	\$ (27)	\$ 901	\$ 220	\$ 681	\$ 681	\$ 676	\$ 1.33	\$ 1.33
Adjusted percent of net sales (or effective tax rate for income tax expense)	41.8 %	23.4 %	4.5 %	0.0 %	14.0 %	(0.4) %	12.2 %	24.4 %	9.2 %	9.2 %	9.1 %		

	Reported	Adjusted
Net loss	\$ (272)	\$ 681
Less: Net income attributable to noncontrolling interests	5	5
Income (loss) attributable to Baxter stockholders	\$ (277)	\$ 676

Weighted-average diluted shares as reported	509
Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported	1
Weighted-average diluted shares as adjusted	510

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Six Months Ended June 30, 2023

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the six months ended June 30, 2023 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Other Operating Income, Net	Operating Income	Other Expense, Net	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense	Income (Loss) From Continuing Operations	Income From Discontinued Operations, Net of Tax	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings Per Share From Continuing Operations	Diluted Earnings Per Share From Discontinued Operations	Diluted Earnings Per Share
Reported	\$2,386	\$ 1,959	\$ 329	\$ (14)	\$ 112	\$ 40	\$ (169)	\$ 24	\$ (193)	\$ 99	\$ (94)	\$ (97)	\$ (0.39)	\$ 0.20	\$ (0.19)
Reported percent of net sales (or effective tax rate for income tax expense)	33.0 %	27.1 %	4.6 %	(0.2) %	1.6 %	0.6 %	(2.3) %	(14.2) %	(2.7) %	1.4 %	(1.3) %	(1.3) %			
Intangible asset amortization	215	(104)	—	—	319	—	319	71	248	—	248	248	0.49	0.00	0.49
Business optimization items ¹	301	(119)	(7)	—	427	—	427	73	354	—	354	354	0.70	0.00	0.70
Acquisition and integration items ²	—	(14)	—	14	—	—	—	—	—	—	—	—	0.00	0.00	0.00
Separation-related costs ³	5	(41)	—	—	46	—	46	—	46	15	61	61	0.09	0.03	0.12
European medical devices regulation ⁴	24	—	—	—	24	—	24	7	17	—	17	17	0.03	0.00	0.03
Investment impairments ⁶	—	—	—	—	—	(20)	20	5	15	—	15	15	0.03	0.00	0.03
Tax matters ⁷	—	—	—	—	—	—	—	(44)	44	(10)	34	34	0.09	(0.02)	0.07
Adjusted	\$2,931	\$ 1,681	\$ 322	\$ —	\$ 928	\$ 20	\$ 667	\$ 136	\$ 531	\$ 104	\$ 635	\$ 632	\$ 1.04	\$ 0.21	\$ 1.25
Adjusted percent of net sales (or effective tax rate for income tax expense)	40.6 %	23.3 %	4.5 %	0.0 %	12.9 %	0.3 %	9.2 %	20.4 %	7.4 %	1.4 %	8.8 %	8.8 %			

	Reported	Adjusted
Income (loss) from continuing operations	\$ (193)	\$ 531
Less: Net income attributable to noncontrolling interests	3	3
Income (loss) from continuing operations attributable to Baxter stockholders	\$ (196)	\$ 528

Weighted-average diluted shares as reported	506
Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported	1
Weighted-average diluted shares as adjusted	507

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Six Months Ended June 30, 2024 and 2023

(unaudited)

1. The company's results in 2024 and 2023 included costs related to programs to optimize its organization and cost structure. In 2024, these costs primarily related to a program to centralize certain of its research and development activities into a new location, property plant and equipment impairments in connection with the transfer of a manufacturing production line as part of its initiatives to optimize its global manufacturing and supply chain organization, third party costs incurred to support the transformation of certain general and administrative functions, and, to a lesser extent, the implementation of a new operating model intended to streamline and simplify its operations. In 2023, these costs primarily related to the company's implementation of its new operating model, the integration of its acquisition of Hillrom, and the decision to cease production of dialyzers at one of its U.S.-based manufacturing facilities, which resulted in a \$243 million noncash impairment of property, plant and equipment in the second quarter of the prior year period.
2. The company's results in 2024 and 2023 included integration-related items comprised of Hillrom acquisition and integration expenses. In 2023 those costs are offset by net gains from changes in the fair value of contingent consideration liabilities.
3. The company's results in 2024 and 2023 included separation-related costs primarily related to external advisors supporting its activities to prepare for the proposed separation of its Kidney Care segment, which are reported in continuing operations. The company's results in 2023 also included separation-related costs related to the sale of its BioPharma Solutions (BPS) business, which are reported in discontinued operations.
4. The company's results in 2024 and 2023 included incremental costs to comply with the European Union's medical device regulations for previously registered products, which primarily consist of contractor costs and other direct third-party costs. The company considers the adoption of these regulations to be a significant one-time regulatory change and believes that the costs of initial compliance for previously registered products over the implementation period are not indicative of its core operating results.
5. The company's results in 2024 included a charge related to a goodwill impairment of the company's Chronic Therapies reporting unit within its Kidney Care segment.
6. The company's results in 2023 included losses from non-marketable investments in several early stage companies, consisting of \$23 million of noncash impairment write-downs, partially offset by a \$3 million gain from the sale of an investment
7. The company's results in 2024 included income tax expenses resulting from internal reorganization transactions related to the proposed separation of its Kidney Care segment. The company's results in 2023 included a valuation allowance to reduce the carrying amount of a deferred tax asset for a tax basis step-up related to previously enacted Swiss tax legislation, as well as tax costs from separation-related activities and a reallocation of income tax expense between discontinued operations and continuing operations resulting from the application of intraperiod tax allocation to its adjusted results in an interim period.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Operating Cash Flow to Free Cash Flow

(unaudited)
(in millions)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operations – continuing operations	\$ 278	\$ 780
Cash flows from investing activities - continuing operations	(257)	(326)
Cash flows from financing activities - continuing operations	(1,076)	(492)
 Cash flows from operations - continuing operations	 \$ 278	 \$ 780
Capital expenditures - continuing operations	(292)	(328)
Free cash flow - continuing operations	\$ (14)	\$ 452
	Six Months Ended June 30,	
	2024	2023
Cash flows from operations – discontinued operations	\$ —	\$ 50
Cash flows from investing activities - discontinued operations	—	(17)
 Cash flows from operations - discontinued operations	 \$ —	 \$ 50
Capital expenditures - discontinued operations	—	(17)
Free cash flow - discontinued operations	\$ —	\$ 33
	Six Months Ended June 30,	
	2024	2023
Cash flows from operations – Total Baxter	\$ 278	\$ 830
Cash flows from investing activities - Total Baxter	(257)	(343)
Cash flows from financing activities - Total Baxter	(1,076)	(492)
 Cash flows from operations - Total Baxter	 \$ 278	 \$ 830
Capital expenditures - Total Baxter	(292)	(345)
Free cash flow - Total Baxter	\$ (14)	\$ 485

Free cash flow is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures in this presentation, please see the company's Current Report on Form 8-K filed with the Securities Exchange Commission on the date of this presentation.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Change in Net Sales Growth As Reported to Constant Currency Sales Growth From The Three Months Ended June 30, 2023 to The Three Months Ended June 30, 2024

(unaudited)

Sales By Product Category:

	Net Sales Growth As Reported	FX	Constant Currency Sales Growth*
Infusion Therapies and Technologies	4%	1%	5%
Advanced Surgery	2%	2%	4%
Medical Products and Therapies	4%	1%	5%
Care and Connectivity Solutions	4%	0%	4%
Front Line Care	(4)%	0%	(4)%
Healthcare Systems and Technologies	1%	0%	1%
Injectables and Anesthesia	3%	1%	4%
Drug Compounding	20%	0%	20%
Pharmaceuticals	9%	2%	11%
Chronic Therapies	(1)%	2%	1%
Acute Therapies	7%	2%	9%
Kidney Care	0%	3%	3%
Other	0%	(5)%	(5)%
Total - Continuing Operations	3%	1%	4%
 Total - Continuing Operations	 3%	 1%	 4%
Kidney Care	0%	3%	3%
Total - Continuing Operations excluding Kidney Care	4%	1%	5%

*Totals may not add across due to rounding

Change in constant currency sales growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures in this presentation, please see the company's Current Report on Form 8-K filed with the Securities Exchange Commission on the date of this presentation.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Change in Net Sales Growth As Reported to Constant Currency Sales Growth From The Six Months Ended June 30, 2023 to The Six Months Ended June 30, 2024

(unaudited)

Sales By Product Category:

	Net Sales Growth As Reported	FX	Constant Currency Sales Growth*
Infusion Therapies and Technologies	5%	0%	5%
Advanced Surgery	4%	2%	6%
Medical Products and Therapies	5%	0%	5%
Care and Connectivity Solutions	(1)%	(1)%	(2)%
Front Line Care	(8)%	0%	(8)%
Healthcare Systems and Technologies	(4)%	0%	(4)%
Injectables and Anesthesia	5%	1%	6%
Drug Compounding	17%	1%	18%
Pharmaceuticals	10%	1%	11%
Chronic Therapies	(0)%	1%	1%
Acute Therapies	10%	2%	12%
Kidney Care	1%	2%	3%
Other	(27)%	(2)%	(29)%
Total - Continuing Operations	3%	0%	3%

*Totals may not add across due to rounding

Change in constant currency sales growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures in this presentation, please see the company's Current Report on Form 8-K filed with the Securities Exchange Commission on the date of this presentation.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Projected Third Quarter and Full Year 2024 U.S. GAAP Sales Growth to Projected Constant Currency Sales Growth and Full Year 2024 U.S. GAAP Sales Growth to Projected Constant Currency Sales Growth by Segment

(unaudited)

Sales Growth Guidance	Q3 2024	FY 2024
Continuing operations sales growth - U.S. GAAP	3% - 4%	~ 3%
Foreign Exchange	>50 bps	<50 bps
Continuing operations sales growth - Constant currency	4% - 5%	~ 3%

Sales Growth Guidance by Segment	FY 2024
Medical Products and Therapies	
Sales growth - U.S. GAAP	~ 5%
Foreign Exchange	<50 bps
Sales growth - Constant currency	~ 5%
Healthcare Systems and Technologies	
Sales growth - U.S. GAAP	~ 0%
Foreign Exchange	<50 bps
Sales growth - Constant currency	~ 0%
Pharmaceuticals	
Sales growth - U.S. GAAP	~ 7%
Foreign Exchange	<50 bps
Sales growth - Constant currency	~ 7%
Baxter (Excluding Kidney Care)	
Sales growth - U.S. GAAP	~ 4%
Foreign Exchange	<50 bps
Sales growth - Constant currency	~ 4%
Kidney Care	
Sales growth - U.S. GAAP	1% - 2%
Foreign Exchange	<50 bps
Sales growth - Constant currency	1% - 2%

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Projected Full Year 2024 Projected Adjusted Operating Margin, Projected Full Year 2024 Projected Adjusted Tax Rate and Projected Third Quarter and Full Year 2024 Projected Adjusted Earnings Per Share

(unaudited)

Adjusted Operating Margin Guidance		FY 2024
Adjusted operating margin expansion		+50 bps expansion
Adjusted Tax Rate Guidance		FY 2024
Adjusted tax rate		~23%
Adjusted Earnings Per Share Guidance		Q3 2024 FY 2024
Adjusted diluted EPS		\$0.77 - \$0.79 \$2.93 - \$3.01

Baxter calculates forward-looking non-GAAP financial measures based on forecasts that omit certain amounts that would be included in GAAP financial measures. For instance, forward-looking adjusted operating margin guidance, tax rate guidance and adjusted diluted EPS guidance excludes potential charges or gains that would be reflected as Non-GAAP adjustments to earnings. Baxter provides forward-looking adjusted operating margin guidance, adjusted tax rate guidance and adjusted diluted EPS guidance because it believes that this measure provides useful information for the reasons noted above. Baxter has not provided reconciliations of forward-looking adjusted operating margin guidance to forward-looking GAAP operating margin guidance, adjusted tax rate guidance to forward-looking GAAP tax rate guidance and adjusted EPS guidance to forward-looking GAAP EPS guidance because the company is unable to predict with reasonable certainty the impact of legal proceedings, future business optimization actions, separation-related costs, integration-related costs, asset impairments and unusual gains and losses, and changes in foreign currency exchange rates, and the related amounts are unavailable without unreasonable efforts (as specified in the exception provided by Item 10(e)(1)(i)(B) of Regulation S-K). In addition, Baxter believes that such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of financial performance.

A healthcare professional, a Black man in blue scrubs and blue gloves, is attending to an elderly white woman in a hospital gown. They are standing next to an IV stand with two Baxter infusion pumps. The background shows a hospital room with a bed and large windows.

Baxter

SECOND-QUARTER 2024 EARNINGS

Baxter International Inc.

August 6, 2024