



FOR IMMEDIATE RELEASE

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BAXTER REPORTS SECOND-QUARTER 2021 RESULTS

- *Second-quarter revenue of \$3.1 billion increased 14% on a reported basis, 9% on a constant currency basis and 8% on an operational basis¹*
- *Second-quarter U.S. GAAP earnings per share (EPS) of \$0.59 increased 23%; Adjusted EPS of \$0.80 increased 25%*
- *Baxter expects full-year 2021 sales growth of approximately 8% on a reported basis, 5% to 6% on a constant currency basis and 4% to 5% on an operational basis*
- *Baxter now expects full-year U.S. GAAP EPS of \$2.82 to \$2.88 and adjusted EPS of \$3.49 to \$3.55*

DEERFIELD, III., JULY 29, 2021 – Baxter International Inc. (NYSE:BAX), a leading global medical products company, today reported results for the second quarter of 2021.

“As markets worldwide continue to cope with the effects from the COVID-19 pandemic, Baxter’s second quarter performance reflects the diversity and durability of our lifesaving portfolio combined with the breadth of our geographic reach,” said José (Joe) E. Almeida, chairman, president and chief executive officer. “Our drive to innovate, the essential nature of our product lines and the momentum of our transformation are all critical factors in our effort to improve performance and extend our impact. I am looking forward to our upcoming Investor Conference in September, where we will showcase our strategies to help drive incremental value for patients, clinicians, investors and the many other stakeholders we serve.”

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.



Second-Quarter Financial Results

Worldwide sales in the second quarter totaled approximately \$3.1 billion, a year-over-year increase of 14% on a reported basis, 9% on a constant currency basis and 8% on an operational basis. Operational sales in the second quarter exclude the impact of foreign exchange and the company's recent acquisition of the rights to **Caelyx** and **Doxil**, the branded versions of liposomal doxorubicin, for specified territories outside of the U.S. (OUS).

Sales in the U.S. totaled \$1.2 billion, increasing 6% on both a reported and operational basis. International sales of \$1.9 billion increased 19% on a reported basis, 10% on a constant currency basis and 8% on an operational basis.

Growth across all three of Baxter's geographic segments – Americas, EMEA and APAC – contributed to positive performance for the quarter and reflects the steady impact of pandemic recovery in many global markets compared to the same period last year.

Among Baxter's product categories, growth was led by BioPharma Solutions, Advanced Surgery and Medication Delivery, which each delivered double-digit growth on a reported and constant currency basis. Growth in BioPharma Solutions was driven by multiple collaborations to help manufacture COVID-19 vaccines on a contract basis. Performance in Advanced Surgery and Medication Delivery reflected favorable year-over-year comparisons resulting from a recovery in the pace of elective surgeries and hospital admissions in many markets following the height of the pandemic.

Baxter's Clinical Nutrition business advanced double digits on a reported basis and low single digits at constant currency rates and the Renal Care business grew mid-single digits on a reported basis and was flat on a constant currency basis. The company's Pharmaceuticals business rose double digits on a reported basis, mid-single digits at constant currency rates and was comparable to prior year levels on an operational basis.

Acute Therapies grew at low single digits on a reported basis and declined mid-single digits at constant currency rates, reflecting a challenging year-over-year comparison due to surging product demand this time last year related to the COVID-19 pandemic.

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

For the second quarter, net income attributable to Baxter was \$298 million, or \$0.59 per diluted share, an increase of 23% on a U.S. GAAP (Generally Accepted Accounting Principles) basis. These results include special items totaling \$111 million after-tax, which were primarily related to intangible asset amortization and a tax matter. On an adjusted basis, net income attributable to Baxter totaled \$409 million, or \$0.80 per diluted share, a 25% increase for the quarter. This exceeded the company's previously issued guidance range of \$0.72 to \$0.75, driven by disciplined operational execution.

Business Highlights²

Baxter continues to achieve notable strategic milestones in pursuit of its Mission to Save and Sustain Lives. Among recent highlights, the company:

- Announced the global launch of [PrisMax 2, the latest version of the company's leading-edge critical care technology](#), designed to help simplify delivery of continuous renal replacement therapy (CRRT) and other organ support therapies. The **PrisMax 2** system features new solutions within the company's **TrueVue** digital health portfolio, as well as the **PrismaLung+** blood-gas exchanger that delivers extracorporeal carbon dioxide removal (ECCO₂R) therapy to support the management of acute respiratory dysfunction.
- Launched the [Sharesource Analytics 1.0 premium module](#), a new clinical management resource within the **Sharesource** remote patient management platform. This next-generation digital health resource provides healthcare professionals with a comprehensive dashboard containing simplified trend data from their home dialysis patients' treatments, and evidence-based clinical guidance to help resolve potential therapy complications.

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

Corporate Responsibility

Baxter's longstanding focus on corporate responsibility is an integral part of the company's business strategy and a fundamental expression of Baxter's life-sustaining Mission. Earlier this month, Baxter released its [2020 Corporate Responsibility Report](#), outlining final achievement toward its 2015-2020 set of corporate responsibility priorities and goals. The many accomplishments over this period include progress driving the sustainability of products and operations, improving access to healthcare for the underserved, and fostering a best place to work. Additional environmental, social and governance (ESG) disclosures, including Baxter's 2020 Sustainability Accounting Standards Board Index and Data Summary, can be found within the appendix of the report.

The report also marked the launch of Baxter's [2030 Corporate Responsibility Commitment](#), a set of 10 goals in support of three overarching objectives: "Empower our Patients," "Protect our Planet," and "Champion our People and Communities." These three pillars will help to drive Baxter's ESG efforts over the next decade.

One critical element of these efforts is Baxter's Activating Change Today (ACT) initiative to advance racial justice in service of employees, external stakeholders, and the markets and communities the company serves. As part of ACT, the company recently announced [\\$1.2 million in new scholarship and grant programs](#) to support Black students pursuing health and science degrees and ultimately help expand the pipeline of Black healthcare professionals. Funding will be distributed over three years to three historically Black colleges and universities (HBCUs): Meharry Medical College, Morehouse School of Medicine and Tennessee State University.

Baxter continues to be recognized for its commitment to corporate social responsibility and workplace excellence. The company was most recently:

- Recognized by Seramount on its 2021 list of Best Companies for Multicultural Women.
- Recognized by Disability:IN as a top-scoring company and 2021 Best Place to Work according to Disability Equality Index benchmarking.

2021 Investor Conference

Baxter will host its 2021 Investor Conference on Monday, September 20, 2021, in Deerfield, Ill. Members of the senior leadership team will outline the company's strategies to help accelerate



innovation, drive growth and build shareholder value in support of Baxter's Mission for patients.

[Attendee registration for the event is now live.](#)

2021 Financial Outlook

For full-year 2021: Based on first-half 2021 performance, Baxter now expects U.S. GAAP earnings of \$2.82 to \$2.88 per diluted share and adjusted earnings, before special items, of \$3.49 to \$3.55 per diluted share. The company expects sales growth of approximately 8% on a reported basis, 5% to 6% on a constant currency basis and 4% to 5% on an operational basis.

For third-quarter 2021: The company expects sales growth of approximately 9% on a reported basis, approximately 7% on a constant currency basis and approximately 6% on an operational basis. The company expects U.S. GAAP earnings of \$0.79 to \$0.81 per diluted share and adjusted earnings, before special items, of \$0.93 to \$0.95 per diluted share.

Full-year and quarterly operational sales estimates for 2021 have been adjusted to exclude the impact of foreign exchange and the acquisition of specified OUS rights to **Caelyx/Doxil**.

A webcast of Baxter's second-quarter 2021 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 July 29, 2021. 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 90 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 and six months ended June 30, 2021, operational sales growth excludes the impact of foreign exchange and the company's recent acquisition of specified OUS rights to **Caelyx/Doxil**. 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 specified OUS rights to **Caelyx/Doxil**.

For the quarter and six months ended June 30, 2021, special items include intangible asset amortization, business optimization charges, acquisition and integration expenses, expenses related to European medical devices regulation, investigation and related costs and a tax matter. 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 ongoing coronavirus (COVID-19) pandemic, on the company and its customers and suppliers, including foreign governments in countries in which the company operates; 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 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 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 the company's 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, ethylene oxide litigation and litigation related to the company's internal investigation of foreign exchange gains and losses; 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 the company's 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; **Seprafilm Adhesion Barrier**; specified OUS rights to **Caelyx/Doxil**; and full U.S. and specific OUS rights to **Transderm Scop**); 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.*

Baxter, Caelyx, Doxil, PrisMax 2, PrismaLung+, Seprafilm, Sharesource and TrueVue are registered trademarks of Baxter International Inc. Transderm Scop is a registered trademark of Novartis AG.

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