



Baxter

**ADVANCED
SURGERY**

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GM, Advanced Surgery

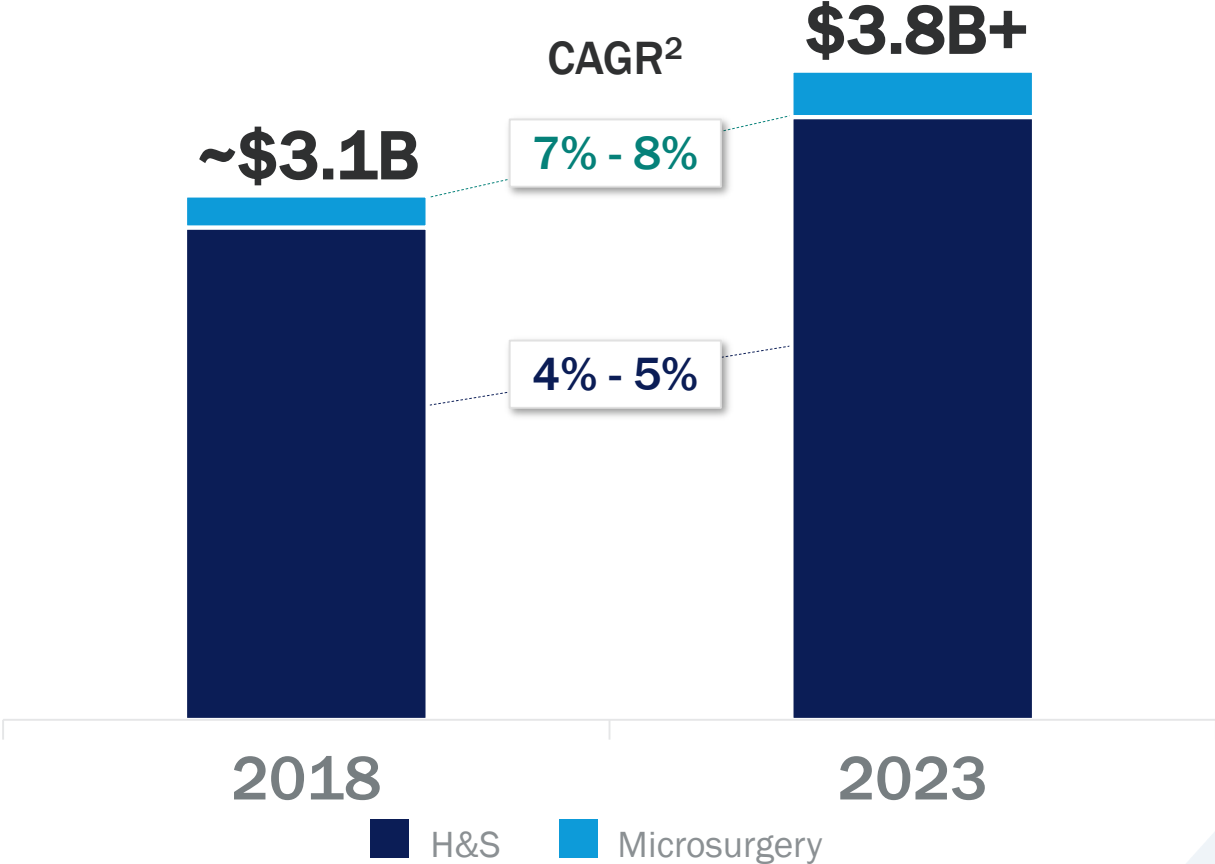
May 21, 2018

Safe Harbor Statement

This presentation includes forward-looking statements concerning Baxter's financial results, R&D pipeline, including planned product launches (many of which are subject to regulatory approval) and results of clinical trials, business development activities, capital structure, cost savings initiatives, Baxter's long range plan (which includes financial outlook for 2018, 2020 and 2023) and other growth strategies. 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 Baxter'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 Baxter'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.

Advanced Surgery Market Overview¹

Global Market Size



MicroSurgery

Implants and instruments for microvascular anastomosis

#1

Baxter Position

Hemostats & Sealants (H&S)

Absorbable surgical hemostats, sealants and adhesion prevention products

#2

Baxter Position

Advanced Surgery Market Is Expected To Grow 4% - 5% Through 2023²

Market Dynamics¹



Global Demographic Trends

Support stable long-term surgical procedure growth



Health Expenditure

Growth of 4% - 5% on a global per capita basis



Outpatient Utilization

Outpacing inpatient surgeries for ortho, spine and gyn in U.S.



Minimally Invasive Growth

In robotics and laparoscopic outpacing open procedures

Positioned To Capitalize On Market Trends, Drive Growth And Address Customer Needs

Advanced Surgery Portfolio

Hemostats and Sealants



Floseal
Hemostatic Matrix



TISSEEL
Fibrin Sealant



Coseal
Surgical Sealant



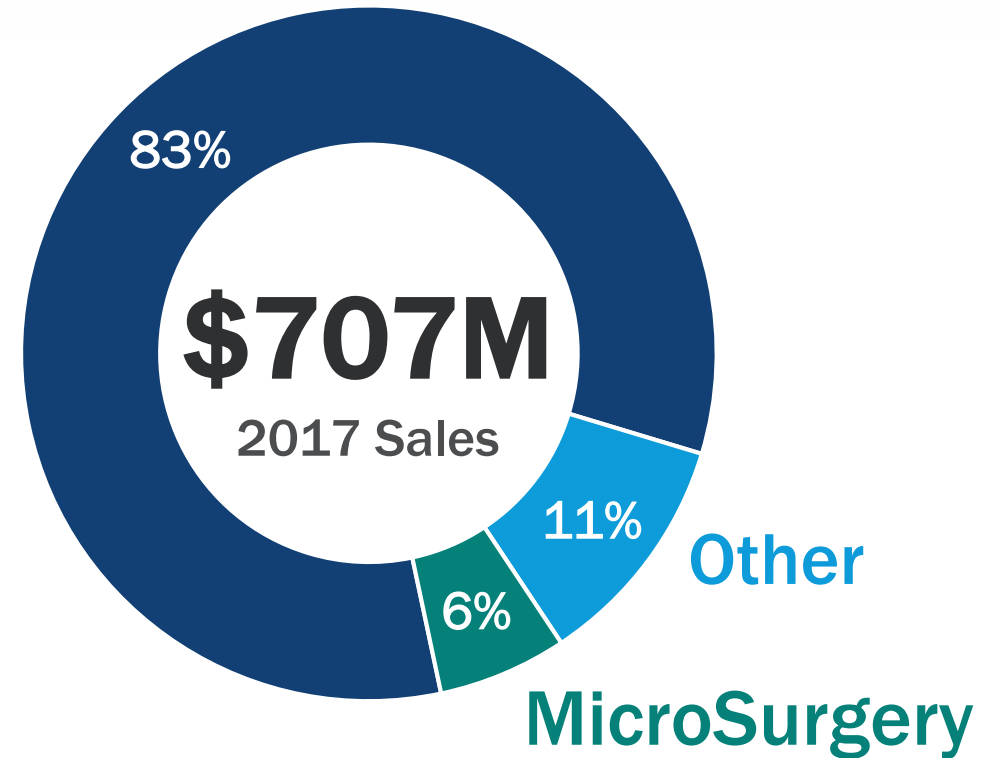
Hemopatch
Sealing Hemostat



RECOTHROM[®]
Thrombin topical
(Recombinant)



PREVELEAK
Surgical sealant



Peace of Mind You Can Hear



Broad Portfolio To Address Multiple Surgical Applications

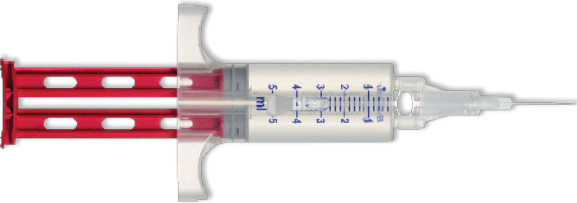
Strategic Growth Drivers

Portfolio Innovation

~\$80M

2023 New Product Revenue¹

Rebuilt product pipeline to establish annual launch cadence



Market Development

Optimized commercial organization



Generating evidence of clinical & economic outcomes

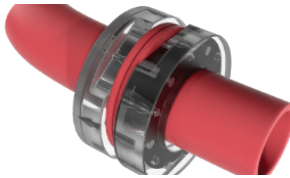


Enter Adjacencies

Enter Basic Hemostat and Synthetic segments



Expand MicroSurgery offering



Innovation, Market Development And Commercial Excellence Drive Above-Market Growth Of 6% - 7% Through 2023²

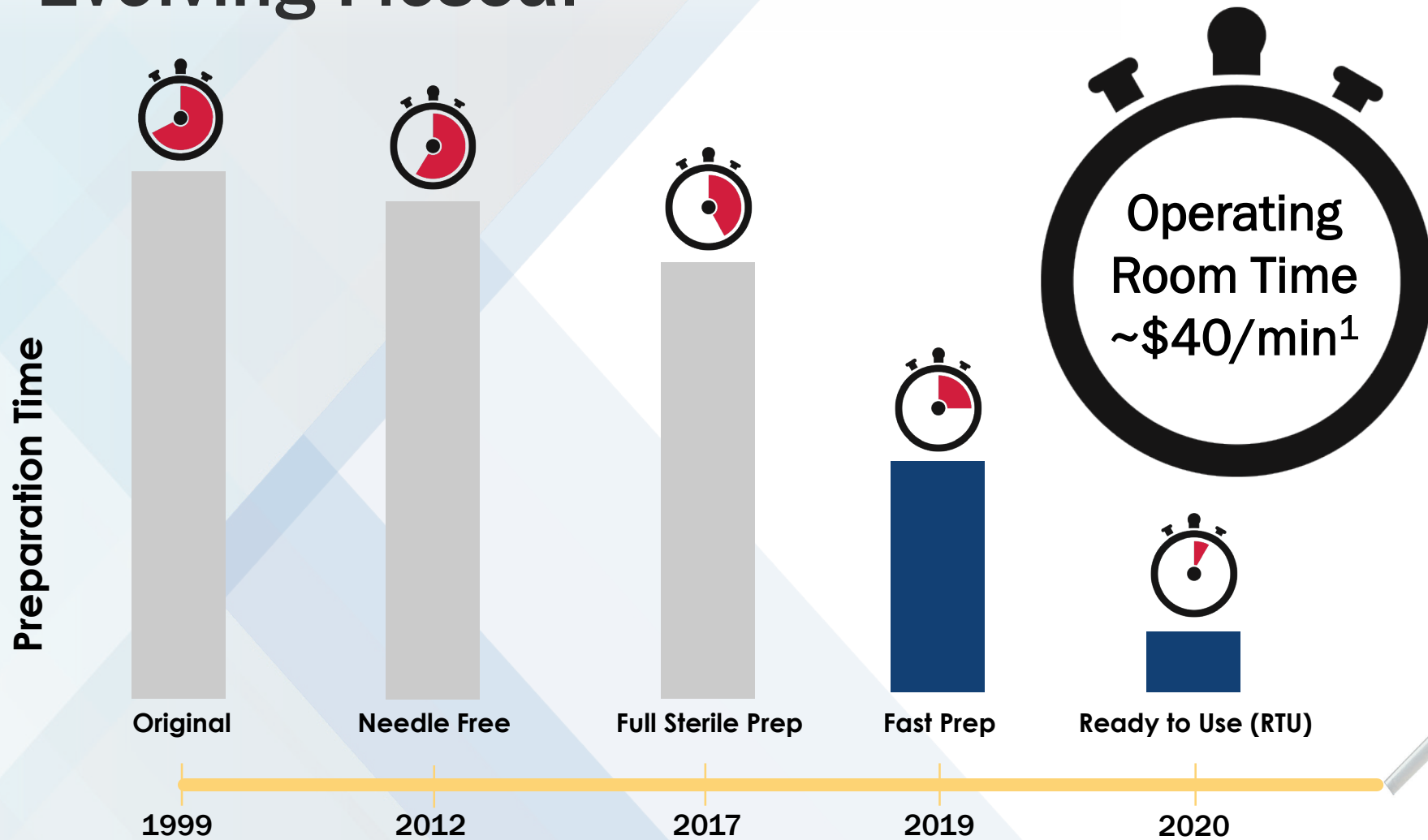
¹All references to “new products” in this presentation include new product launches, line extensions and geographic expansions, unless otherwise noted. ²All references in this presentation to future financial expectations assume commercial execution and regulatory approvals, as applicable, consistent with Baxter’s plans. CAGRs for years 2018 -2023 assume constant foreign exchange rates.

Advanced Surgery Pipeline

Actifuse Flow	Altapore Shape	Next Generation Hemostats & Sealants
Floseal Advanced Applicators	Advanced Buttress	Hemostats & Sealants Advanced Delivery Systems
TISSEEL PRIMA Syringe	TISSEEL Advanced Applicators	Sealing Indication Expansion
Neurotube	Floseal Fast Prep	Next Generation Tissue & Orthobiologics Products
Flow Coupler Remote Monitor	Floseal Advanced Delivery System	MicroSurgery Product Expansions
Altapore Spine	Arterial Coupling	Japan / China: Hemostats & Sealants
2018	2019	2020 - 2023
	New Product	GEO Expansion Key Launch

Delivering ~\$80 Million Of New Product Sales In 2023

Evolving Floseal



Reducing Time To Table Will Increase Floseal Utilization



Optimize Commercial Organization



Intensified Focus On Performance Management

- Built a new leadership team; restructured U.S. and OUS salesforce
- Restructured compensation program to better align with KPIs¹



Concentration On Medical Education And Clinical Evidence

- Trained 5,000 HCPs in 2017; trained 4,000 HCPs in Q1 2018
- Launched web-based engagement platform



Expand Presence In Japan & China

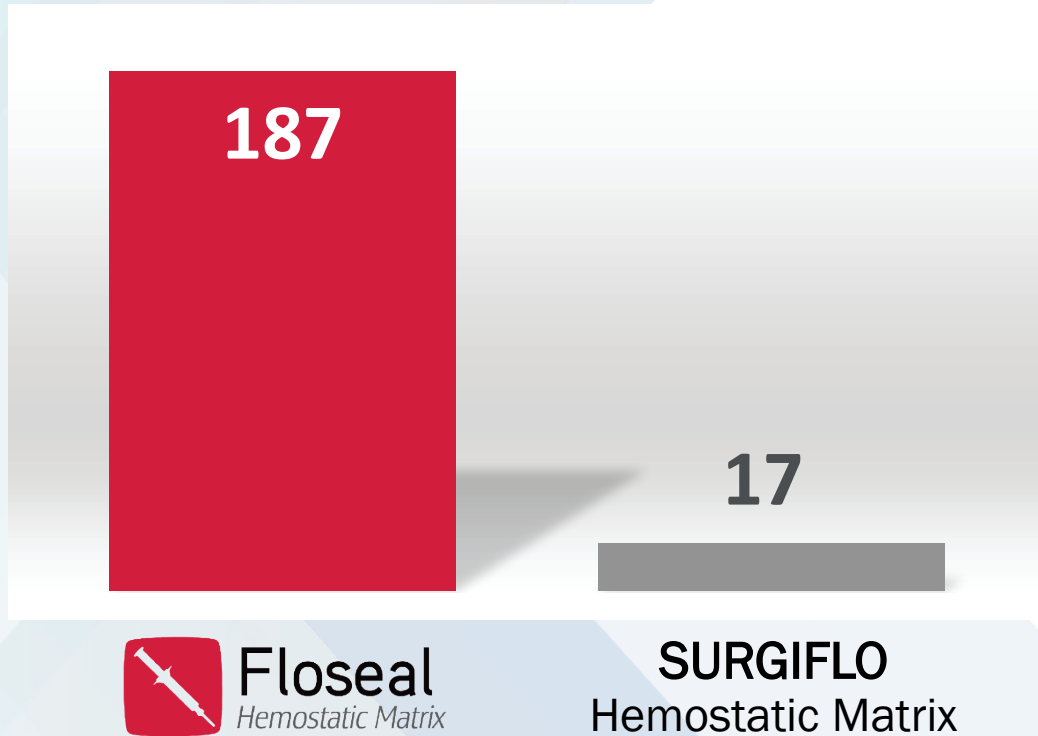
- Two largest H&S markets OUS
- Currently only 1 product in China and in Japan, respectively

Optimized Organization, Education And Geo-Expansion Yields Enhanced Performance

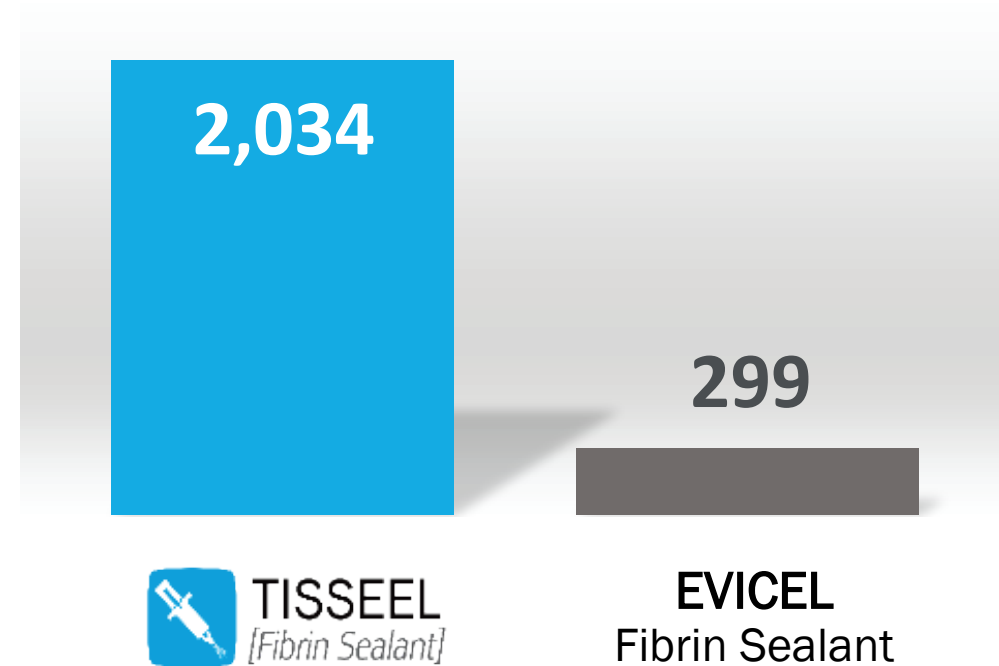
Strong Evidence Story



Published Clinical Studies¹



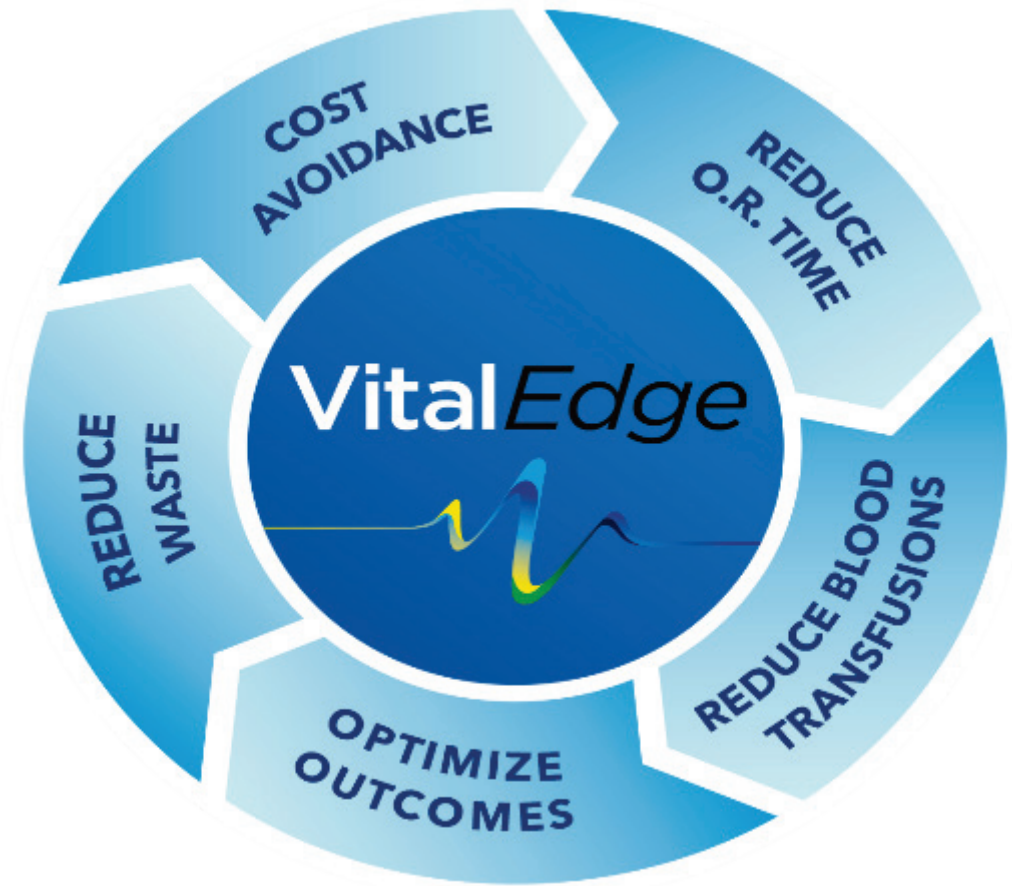
Published Clinical + Preclinical Studies²





Strong Evidence Story

Net Cost Benefit^{1,2}
 From Using FLOSEAL:
~\$5 Million Potential Annual Savings



Vital Edge Expands Our Customer Base Beyond the Operating Room Surgeon

Enter Adjacencies

Portfolio
Innovation



Market
Development

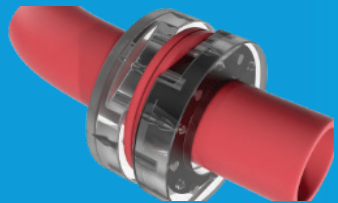


Enter
Adjacencies



Recothrom & Preveleak

Entrance into the U.S. Basic Hemostat segment
Complementary to existing portfolio



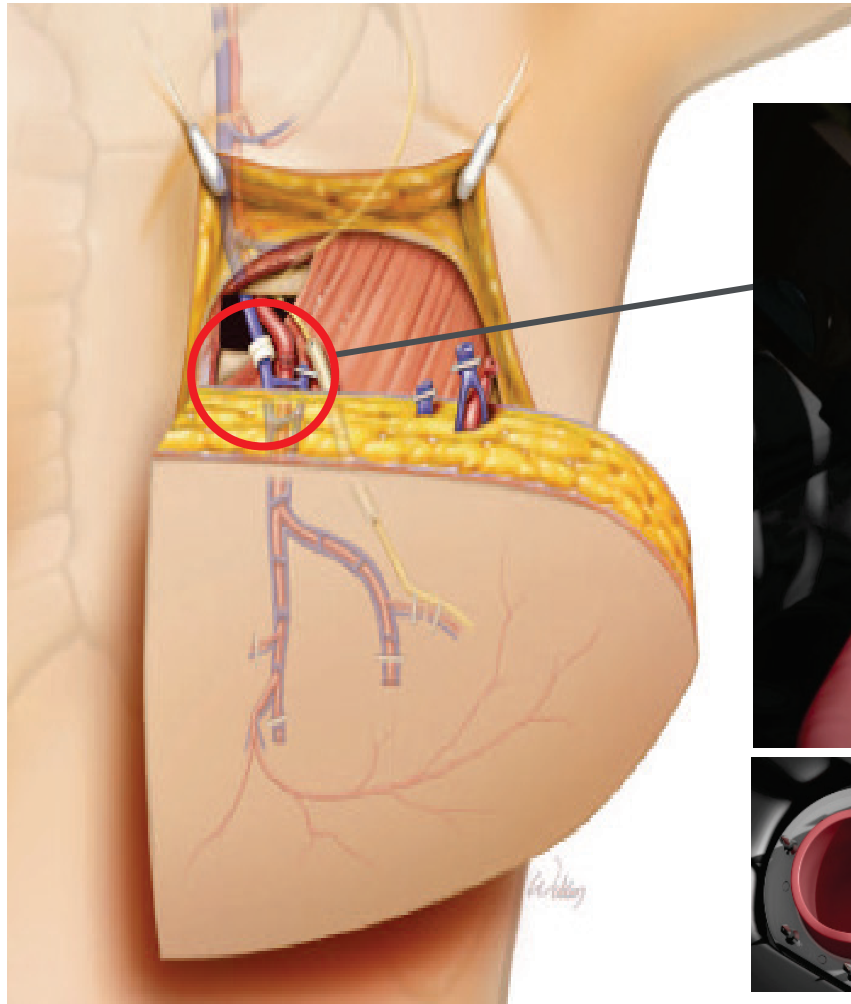
MicroSurgery

Utilize well-established MicroSurgery footprint to expand the portfolio and enter new segments

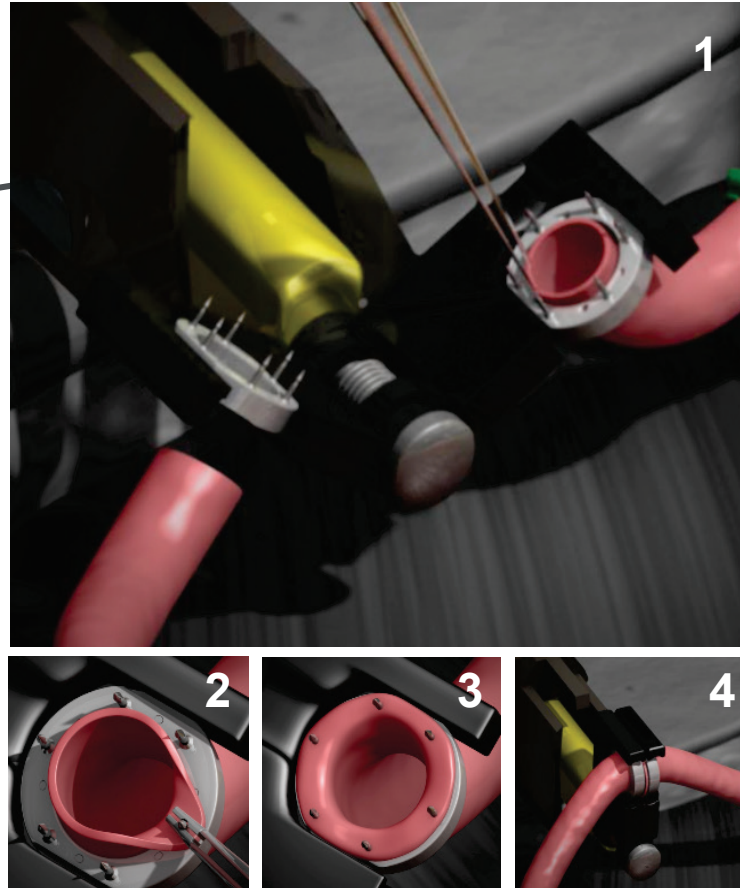
Augmenting Portfolio Through Acquisition And Internal R&D To Yield New Opportunities



Reconstructive MicroSurgery



Venous Connection



Baxter Benefit¹



minutes

Suturing
Standard of Care

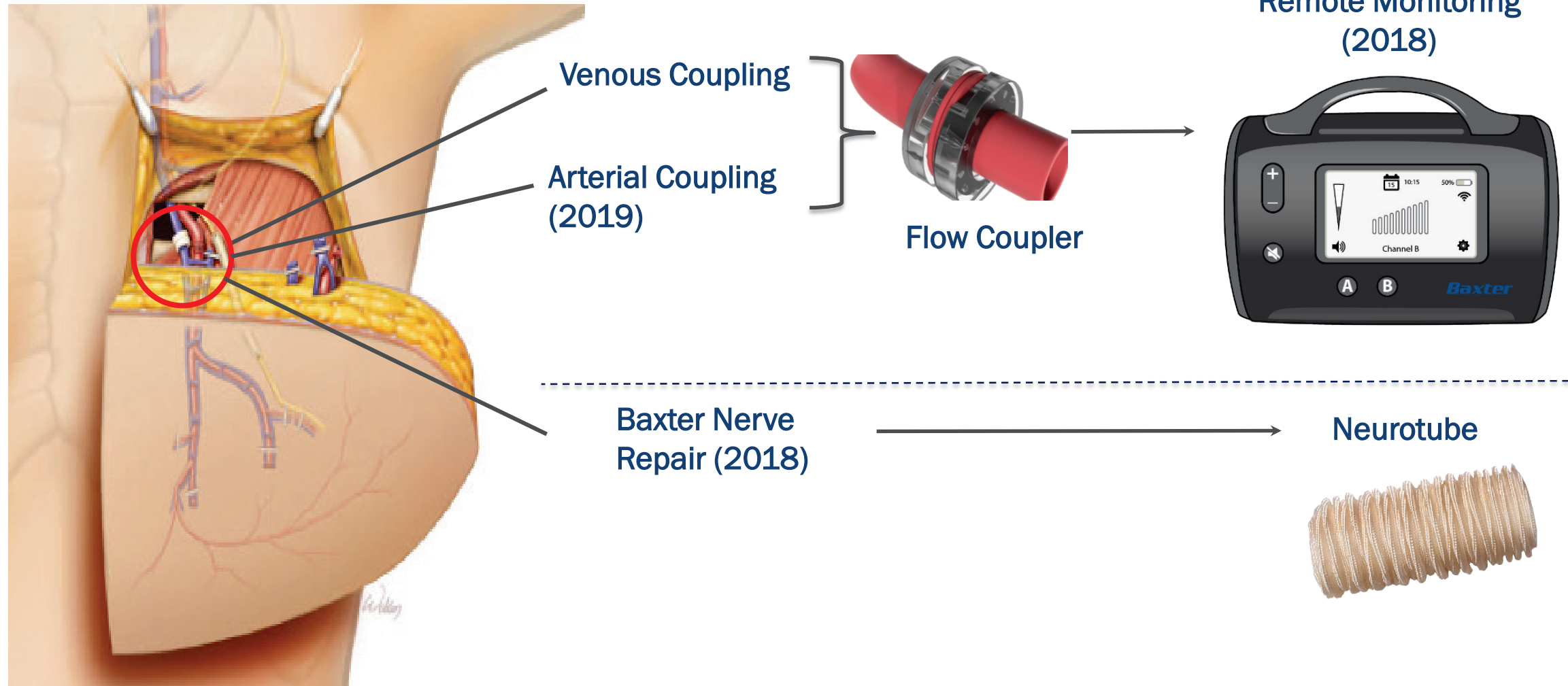


minutes

Baxter
Flow Coupler

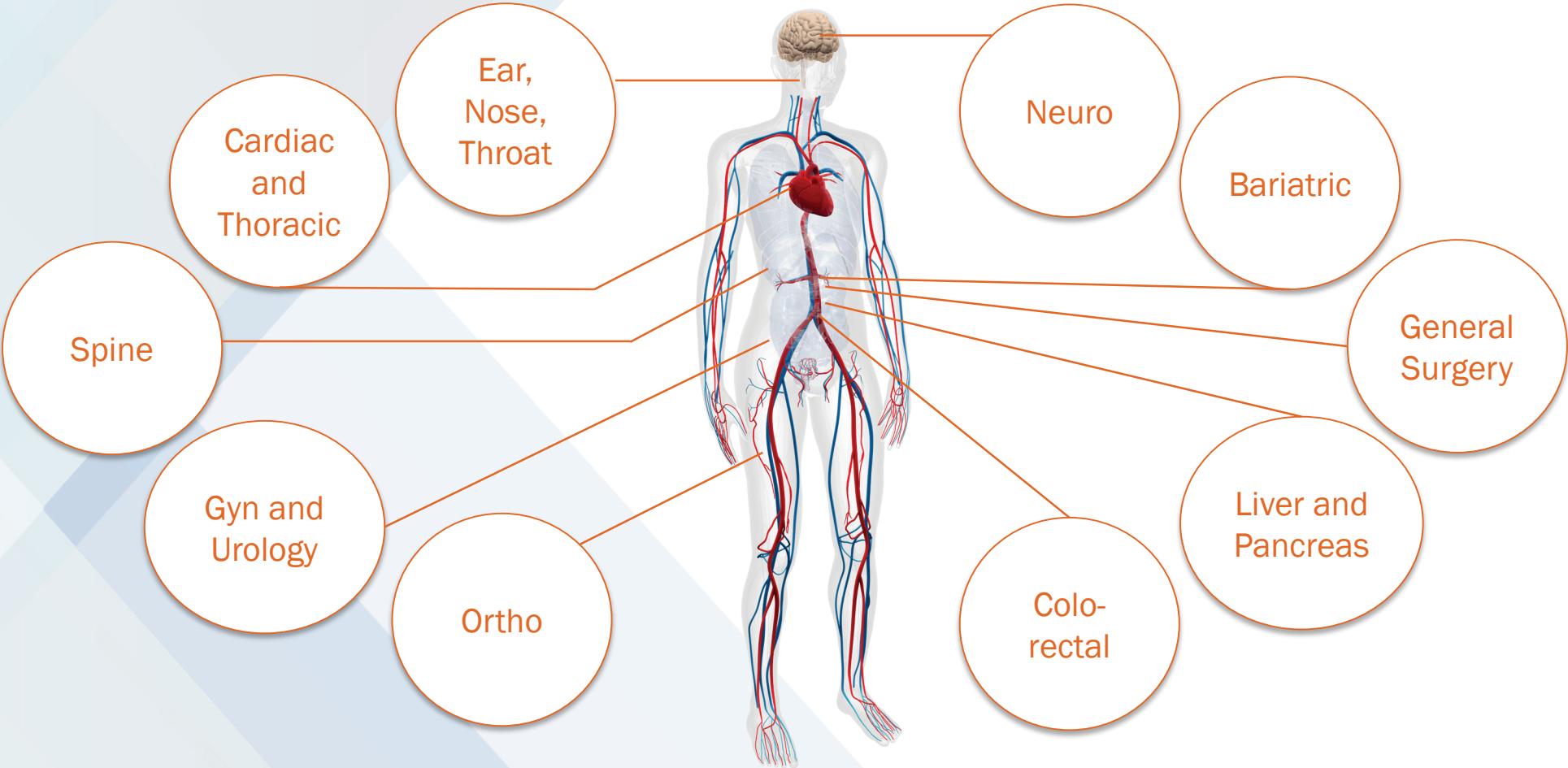
Reduces Vein Anastomoses Time And Improves Patient Outcomes

Reconstructive MicroSurgery



Potential To Double MicroSurgery Annual Revenue By 2023

Transformative Innovation



Deepen Penetration In Targeted Surgical Specialties By Utilizing Robust Salesforce

Advanced Surgery Summary

Leadership position in growing markets with multiple expansion opportunities

Well-positioned to deliver on sustainable **growth of 6% - 7%** through **innovation, market development & commercial excellence**¹

Targeting key growth segments to **accelerate the portfolio reach** and deliver above planned commitments

Focused on **transforming the business** to extend deeper into specific medical device segments

References

Market Dynamics (Slide 4)

- 1) References: WHO, Global aging report, Weisser TG. “An estimation of the global volume of surgery: a modelling strategy based on available data.” Lancet, Truven MarketScan data. ISRG investor conferences

Evolving Floseal (Slide 8)

- 1) Childers CP, Maggard-Gibbons M. Understanding Costs of Care in the Operating Room. JAMA Surg. 2018;153(4):e176233. doi:10.1001/jamasurg.2017.6233

Optimize Commercial Organization (Slide 9)

- 1) Key Performance Indicators

Strong Evidence Story (Slide 10)

- 1) Source: Brand name search in PubMed (filters: human, as of 12-Apr-2018)
- 2) Source: Brand name search in Medline (1946-Jan 2018) and Embase (1974-Jan 2018)

Strong Evidence Story (Slide 11)

- 1) Nasso G, Piancone F, Bonifazi R, et al. Prospective, randomized clinical trial of the FloSeal matrix sealant in cardiac surgery. Ann Thorac Surg 2009;88:1520-6
- 2) Tackett SM, Sugarman R, Kreuwel HT, Alvarez P, Nasso G. Hospital economic impact hemostatic matrix usage in cardiac surgery. J Med Econ. 2014 Sep;17(9):670-6.

Reconstructive Microsurgery (Slide 13)

- 1) Reference: Head LK, McKay DR, Economic Comparison of Hand Sutured and Coupler Assisted Microvascular Anastomoses, J Reconstr Microsurg, 2018 Jan;34(1):71-76

The background features a geometric pattern of overlapping triangles in various shades of blue, ranging from light sky blue to dark navy blue. The word "Baxter" is centered in a white, bold, italicized sans-serif font.

Baxter

2018 Investor Conference