

BAXTER INTERNATIONAL INC.
Preliminary Condensed Consolidated Financial Information
For The Three and Twelve Months Ended December 31, 2019
(unaudited, in millions)

Net sales by operating segment were:

	Three Months Ended December 31, 2019			Twelve Months Ended December 31, 2019		
	Sales Growth ¹			Sales Growth ¹		
	As Reported	Constant Currency		As Reported	Constant Currency	
AMERICAS	\$1,632	9%	10%	\$6,094	2%	3%
EMEA	789	2% - 3%	5%	2,968	0% - 1%	6%
APAC	618	7% - 8%	9%	2,300	4%	8%
TOTAL	<u>\$3,039</u>	7%	8% - 9%	<u>\$11,362</u>	2%	5%

Net sales by GBU were:

	Three Months Ended December 31, 2019					Twelve Months Ended December 31, 2019				
				Sales Growth ¹					Sales Growth ¹	
				As Reported	Constant Currency				As Reported	Constant Currency
	U.S.	International	Total			U.S.	International	Total		
RENAL CARE ²	\$204	\$756	\$960	1%	2%	\$791	\$2,848	\$3,639	(1%) - (0%)	3%
MEDICATION DELIVERY ³	514	261	775	17% - 18%	19%	1,822	977	2,799	5%	7%
PHARMACEUTICALS ⁴	250	330	580	7% - 8%	9%	940	1,215	2,155	3%	6%
CLINICAL NUTRITION ⁵	84	149	233	8%	10%	320	552	872	(1%) - (0%)	3%
ADVANCED SURGERY ⁶	138	93	231	8%	9% - 10%	535	342	877	10%	12%
ACUTE THERAPIES ⁷	48	96	144	5% - 6%	7%	184	351	535	3% - 4%	7%
OTHER ⁸	51	65	116	(5%) - (4%)	(3%) - (2%)	234	251	485	(5%)	(2%)
TOTAL	<u>\$1,289</u>	<u>\$1,750</u>	<u>\$3,039</u>	7%	8% - 9%	<u>\$4,826</u>	<u>\$6,536</u>	<u>\$11,362</u>	2%	5%

¹ The company previously reported on October 24, 2019 that, as part of any corrections to its previously issued financial statements after completion of its internal investigation related to certain intra-company transactions undertaken for the purpose of generating non-operating foreign exchange gains or avoiding losses, the company also expects to correct certain items that affect operating income and were immaterial to its previously reported results of operations. Because one of those items relates to the foreign exchange rate convention historically used to translate the results of the company's foreign operations into U.S. dollars, ranges are presented herein for certain of its year-over-year sales growth rates.

² Includes sales of the company's peritoneal dialysis (PD), hemodialysis (HD) and additional dialysis therapies and services.

³ Includes sales of the company's intravenous (IV) therapies, infusion pumps, administration sets and drug reconstitution devices.

⁴ Includes sales of the company's premixed and oncology drug platforms, inhaled anesthesia and critical care products and pharmacy compounding services.

⁵ Includes sales of the company's parenteral nutrition (PN) therapies and related products.

⁶ Includes sales of the company's biological products and medical devices used in surgical procedures for hemostasis, tissue sealing and adhesion prevention.

⁷ Includes sales of the company's continuous renal replacement therapies (CRRT) and other organ support therapies focused in the intensive care unit (ICU).

⁸ Includes primarily sales of contract manufacturing services from the company's pharmaceutical partnering business.

For more information on the company's use of Non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

BAXTER INTERNATIONAL INC.
Description of Adjustments and Reconciliation of Preliminary GAAP to Non-GAAP Measures
(unaudited)

The following is a reconciliation of net sales growth as reported to operational sales growth for the three months ended December 31, 2019:

	Net Sales Growth as Reported	U.S. Cyclophosphamide	FX	Operational Sales Growth*
Total	7%	0%	1% - 2%	9%

The following is a reconciliation of net sales growth as reported to operational sales growth for the year ended December 31, 2019:

	Net Sales Growth as Reported	U.S. Cyclophosphamide	FX	Operational Sales Growth
Total	2%	0%	3%	5%

The following is a reconciliation of projected net sales growth as reported to projected constant currency sales growth for the year ending December 31, 2020:

	Net Sales Growth as Reported	FX	Net Sales Growth at Constant Currency
Total	4% - 5%	0%	4% - 5%

In its preliminary earnings release on October 24, 2019, the company provided guidance on reported and adjusted operating margin for the quarter ending December 31, 2019. While the company now expects to exceed that guidance on both a reported and adjusted basis, below is the guidance as originally presented in that October 24, 2019 press release.

	Operating Margin
Reported	15.2% - 15.9%
Estimated intangible asset amortization	1.6%
Estimated business optimization items	0.6% - 0.8%
Estimated acquisition and integration expenses	0.4%
Estimated European medical devices regulation	0.3%
Estimated investigation costs	0.2%
Adjusted	18.5% - 19.0%

The following is a reconciliation of projected operating margin as reported to projected adjusted operating margin for the year ending December 31, 2020:

	Operating Margin
Reported	16.7% - 17.7%
Estimated intangible asset amortization	1.6%
Estimated business optimization items	0.3%
Estimated acquisition and integration expenses	0.0%
Estimated European medical devices regulation	0.3%
Estimated investigation costs	0.1%
Adjusted	19.0% - 20.0%

*Totals may not foot due to rounding

For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.