



# 2020 Baxter

Matyas Balej  
Parenteral Nutrition Patient  
Ústí nad Labem, Czech Republic

# Investor Conference

**Brik Eyre**

Corporate Vice President and  
President, Hospital Products

May 9, 2016

***Baxter***

# Creating Significant Value In The Safe And Effective Preparation And Delivery Of Medication

## Drug Preparation

## Drug Delivery

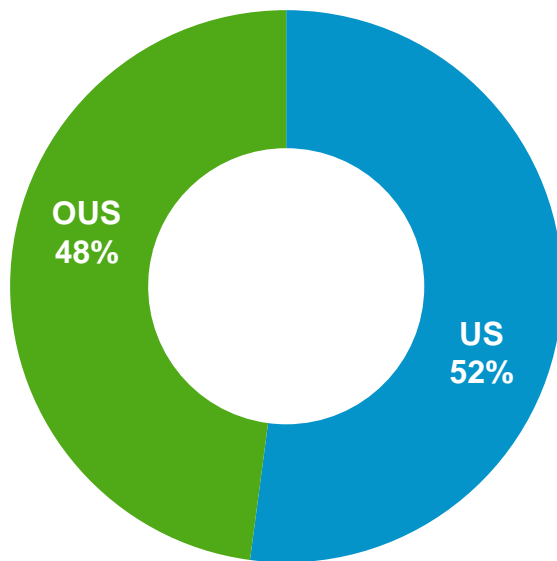


<b>Baxter Value</b>	Chemotherapy Agents	Reconstitution Devices		Needle-Free Connectors	Large Volume Infusion Pumps
	Premixed Drugs				
	Compounding Services			IV Administration Sets	
	Parenteral Nutrition Products				
	IV Solutions	Automation / Software	Closed System Flexible IV Bags		
		Elastomeric Devices			

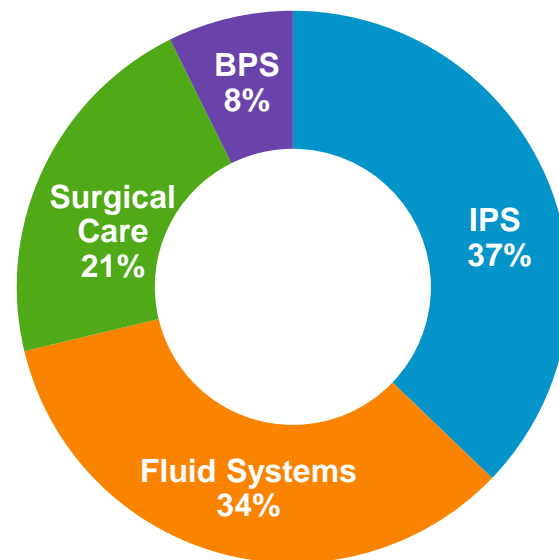
# Global Hospital Products Leader

**2015  
Sales  
\$6.2B**

## Geographic Mix



## Product Mix



➤ **Innovator In Acute And Critical Care Products**

# Global Hospital Products Leader

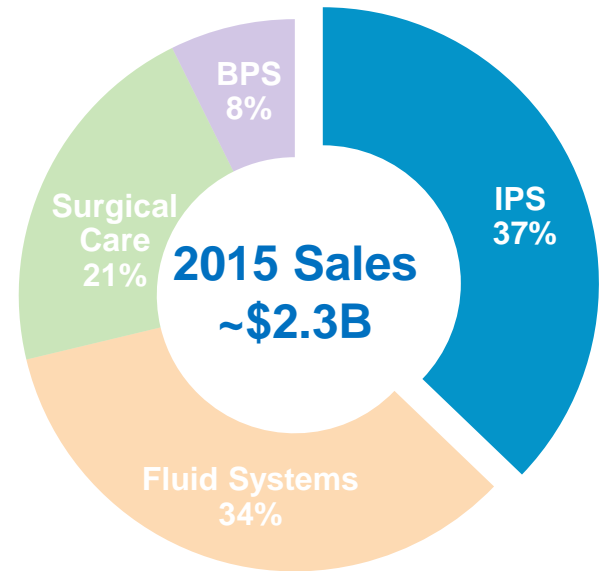
## Integrated Pharmacy Solutions

Advancing Safety And Efficacy  
In The Preparation And Delivery  
Of IV Pharmaceuticals And  
Parenteral Nutrition

➤ Innovator In Acute And Critical Care Products

**Baxter**

## Product Mix



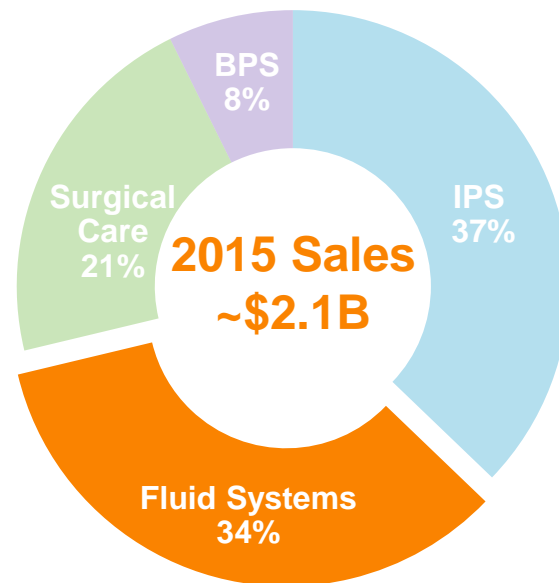
# Global Hospital Products Leader

## Fluid Systems

Driving Global Leadership In The  
Safe And Effective Delivery  
Of Infusion Therapy

➤ Innovator In Acute And Critical Care Products

## Product Mix



# Global Hospital Products Leader

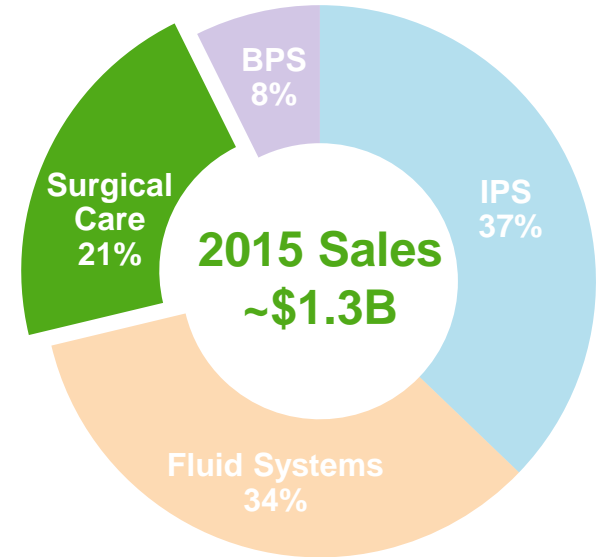
## Surgical Care

Transforming Surgical Efficiency,  
Safety And Recovery

➤ Innovator In Acute And Critical Care Products

**Baxter**

## Product Mix



# Global Hospital Products Leader

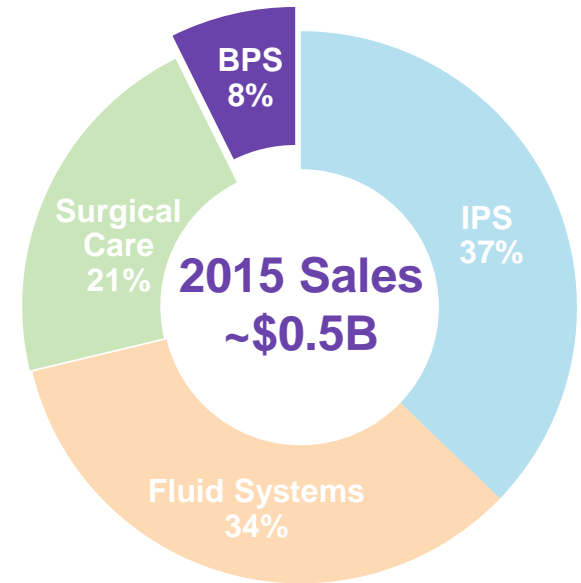
## BioPharma Solutions

Providing World-Class Contract  
Manufacturing Of Complex  
Injectable Therapies

➤ Innovator In Acute And Critical Care Products

**Baxter**

## Product Mix



# Overview Of Integrated Pharmacy Solutions



## Nutrition

Providing Life-Sustaining Products To Malnourished Patients

**\$3.3B Market**  
**3% - 4% Market Growth**



## Injectable Drugs

Eliminating Medication Errors And Increasing Pharmacy Efficiency

**\$42B Market**  
**9% - 10% Market Growth**



## Pharmacy Reconstitution And Accessories

Aiding Preparation Of Doses In The Pharmacy

**\$0.6B Market**  
**6% - 8% Market Growth**



## Sterile Drug Compounding

Improving IV Workflow And Automation In The Pharmacy

**\$5B Market**  
**4% - 6% Market Growth**



# Overview Of Fluid Systems



## Infusion Devices

Delivering Safe Infusion  
Of IV Therapy

\$2B Market  
3% - 4% Market Growth



## IV Access

Providing Safe IV Access

\$4B Market  
3% - 4% Market Growth



## Solutions

Meeting Clinical Needs With  
Essential, Lifesaving  
Products

\$17B Market  
4% - 6% Market Growth

# Overview Of Surgical Care



## BioSurgery

Reducing Post-Surgical  
Complications Due To Bleeds

**\$2B Hemostat And  
Sealant Market**  
**2% - 3% Market Growth**



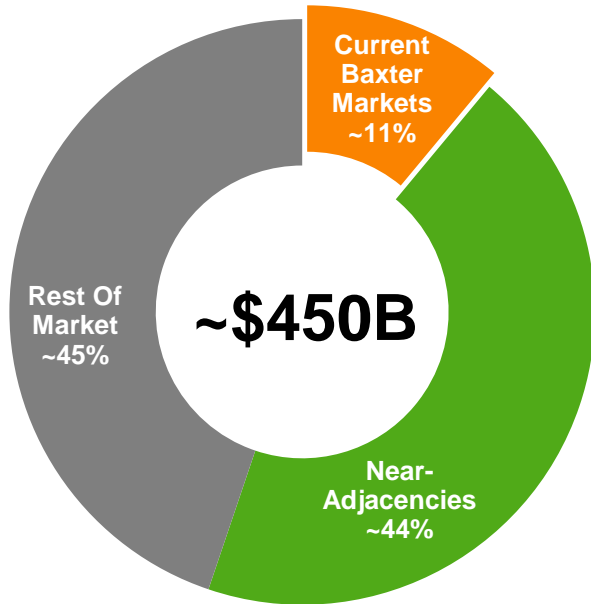
## Anesthesia And Peri-Operative Care

Enhancing Surgical Safety  
And Efficiency

**\$1.3B Inhaled Gas Market**  
**1% - 2% Market Growth**

# Hospital Products: Large And Growing Global Market

## Global Market Size

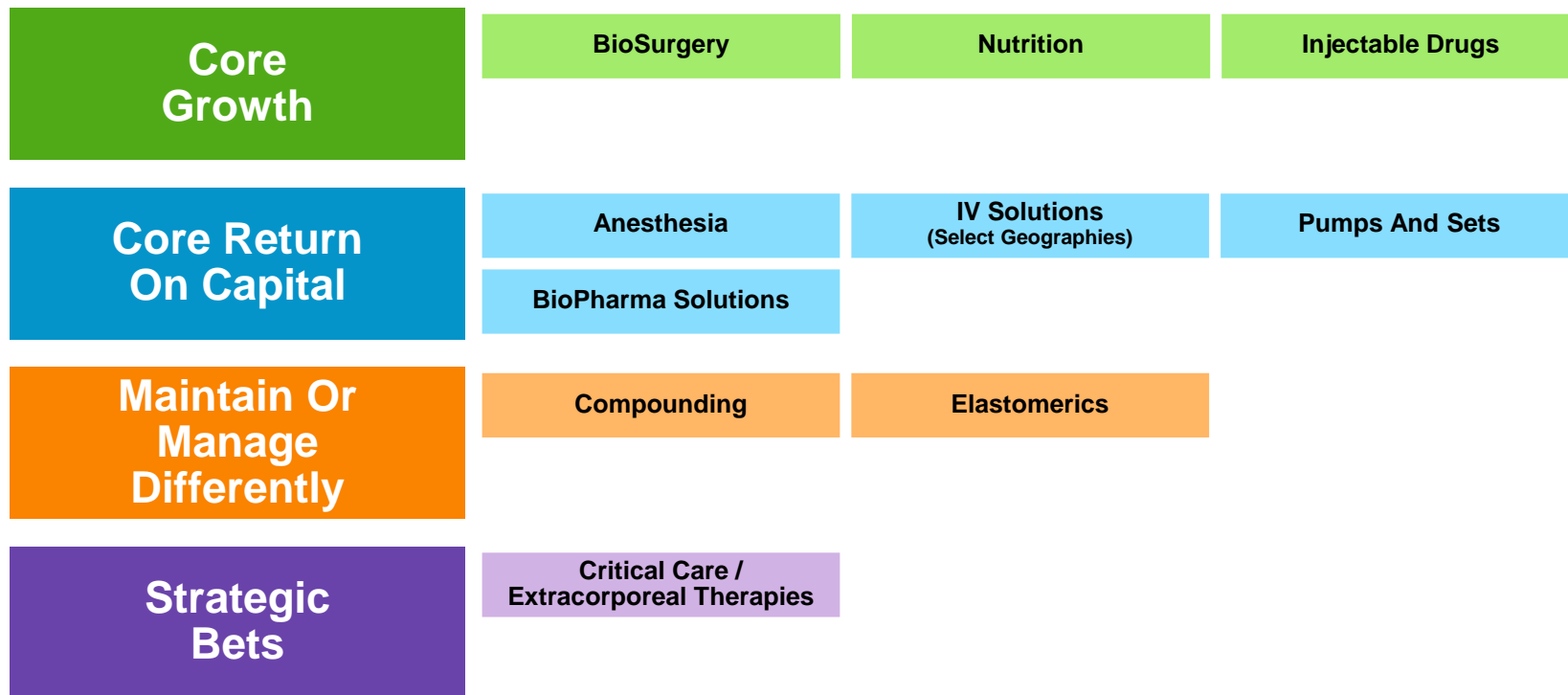


## Market Characteristics

- Baxter Participates In Markets Of ~\$50B
- Near-Adjacencies Of ~\$200B Provide Significant Growth Opportunities, E.G.:
  - Generic Injectables
  - Surgical Products

➤ #1 Or #2 In Nearly Every Category In Which Baxter Participates

# Hospital Products Strategic Business Groupings



# Today's Focus

## Key Growth Engines



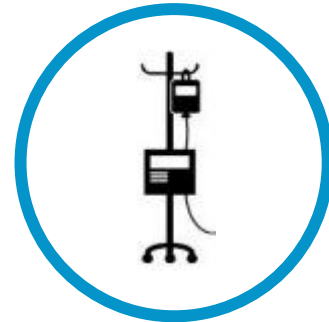
**Nutrition**



**Generic  
Injectables**



**BioSurgery**



**Pumps And  
Sets**

Core Growth

Core Return On Capital

# Today's Focus

## Key Growth Engines



**Nutrition**



**Generic  
Injectables**



**BioSurgery**



**Pumps And  
Sets**

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# Providing Essential Nutrients



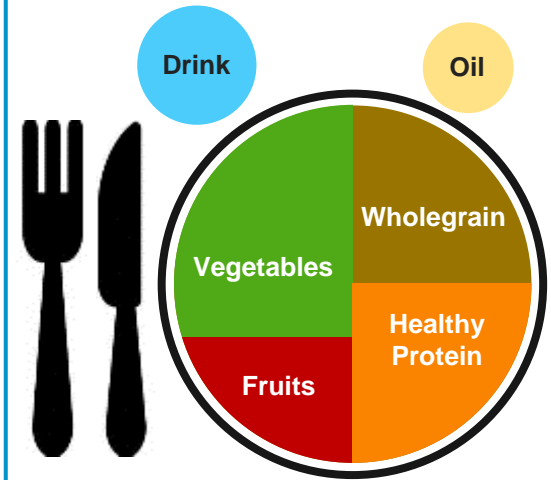
## Macronutrients



## Micronutrients



## Parenteral Nutrition



Healthy Eating Plate

➤ Advancing Efficacy Of Parenteral Nutrition

# Leadership Position In The Hospital Pharmacy

Category Leader



Growth Opportunity



Category Leader



Category Leader







## Market And Baxter Position

**Large Global Market**

**Attractive Margins**












## Strategic Objectives

- Optimize Product Portfolio Globally
  - New Product Launches
  - Geographic Expansion
- Expand Nutrition Market
  - New Patient Segments
  - Undiagnosed Patients

# Optimize Product Portfolio Globally



	Multi-Chamber Bags	Vitamins	Trace Elements	1 <sup>st</sup> Gen Lipids (Soy And MCT / LCT)	Olive Lipid	Fish Oil Lipid	Amino Acids	Compounder	Outsourced Compounding
Current Baxter Portfolio									
	✓	✓	✓	✓	✓		✓	✓	✓
New Products / Enhancements	✓		✓		✓	✓		✓	



Geographic Expansion



New Products



## Impact Of Malnutrition

- Increase In **Length Of Hospital Stay** Of Up To 90%<sup>1</sup>
- Increase In **Complications** Of 17% - 27%<sup>2</sup>
- Increase In **Cost Of Care** From 21% - 133%<sup>3</sup>
- Increase In **Mortality** Of 2.5 Times<sup>4</sup>



Parenteral Nutrition (PN)

➤ Up To 70% Of Hospitalized Patients Experience Malnutrition<sup>5</sup>

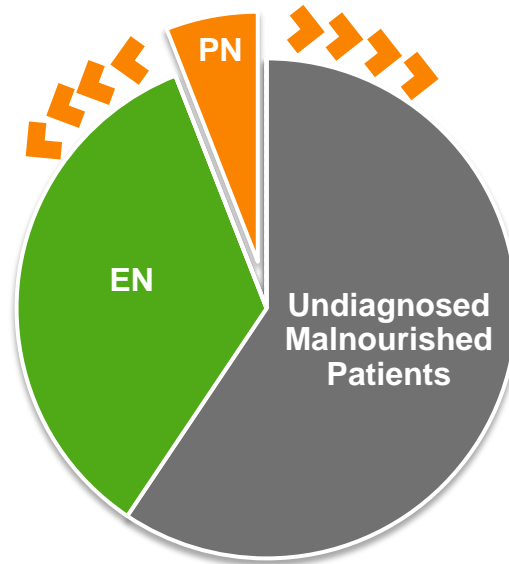
# Expand Nutrition Market: Treating Malnourished Patients



## New Treatment Modality

### Benefit Of Parenteral Nutrition In Specific Patients

Supplementing When GI Tract Is Functioning, But Enteral Nutrition (EN) Is Inadequate To Meet Patient Needs



## Therapeutic Benefit

### Treating Undiagnosed Patients With Parenteral Nutrition

Estimated That 60% Of Patients That Could Benefit From Intervention Go Undiagnosed<sup>1</sup>

➤ Increasing Parenteral Nutrition Utilization Can Add Significant Market Growth



## Market Development

- Clinician Education
- Diagnostic Tools
  - Sarcopenia
- Health Economics And Outcomes Research (HEOR) Data To Support Increased Utilization
  - Specific Patient Populations

➤ Accelerate Adoption Of Parenteral Nutrition



# Nutrition: Global Growth Opportunity



## Market And Baxter Position

**\$3.3B Market**

**3% - 4% Market Growth**



## Strategic Objectives

- Optimize Product Portfolio Globally
- Expand Nutrition Market

➤ **Accelerate Therapy Adoption While Increasing Global Share**

# Today's Focus

## Key Growth Engines



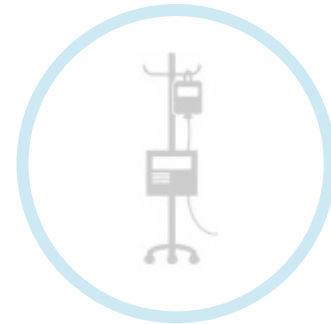
Nutrition



**Generic  
Injectables**



BioSurgery



Pumps And  
Sets

Core Growth

Core Return On Capital

# Generic Injectables: Growth Opportunity



## Market And Baxter Position

Large, Rapidly Growing Market

Attractive Margins

Strong Existing Foundation



## Strategic Objectives

- Expand The Core
  - New Premixes And Generic Oncology Molecules
- Enter Into Near-Adjacencies
  - Broad Line Of Generic Injectables



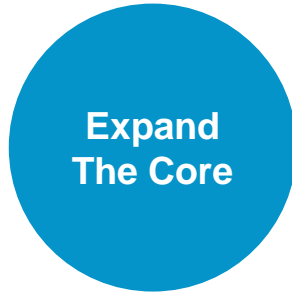
# A Strong Foundation For Growth



## Current



- Premix Drugs (RTU Bags)
- Oncology (Vials)
- Reconstitution Devices



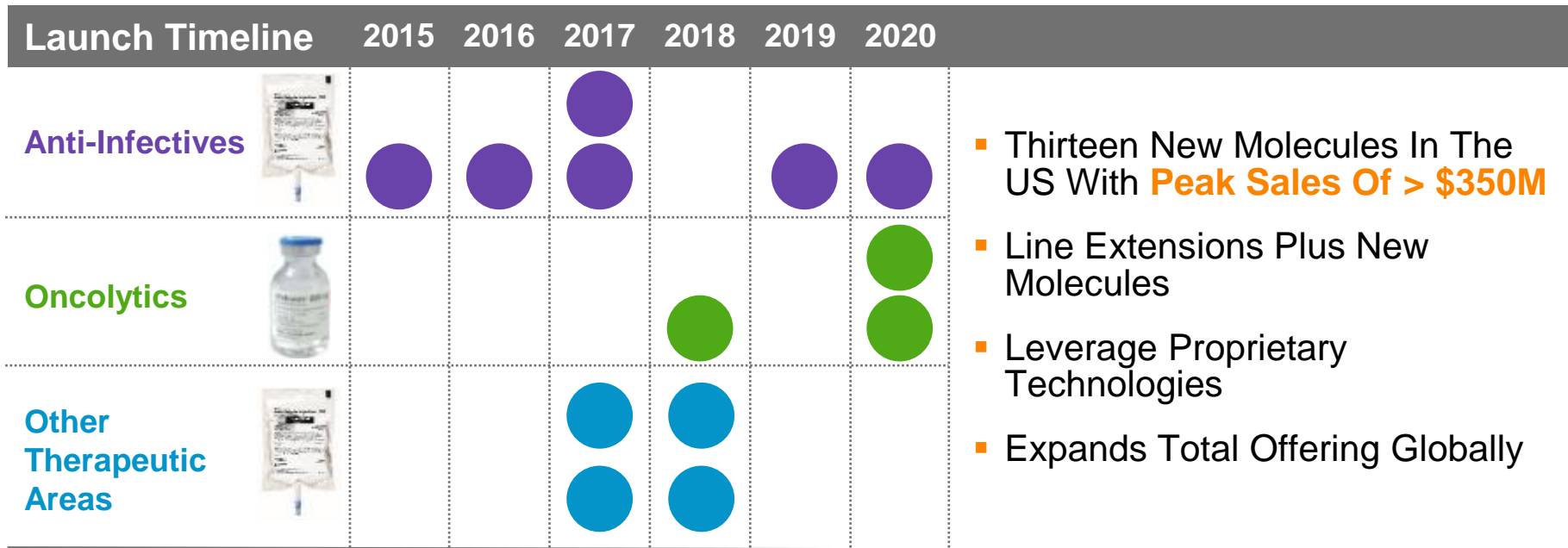
- New Premix And Oncology Products Via Partnership And Internal Development

Core Business Accelerating Growth

## Market Leader In Premixed Drugs And Generic Oncology

- Enhanced Packaging Platform
- Proprietary Technology
- Cytotoxic Manufacturing Expertise

# Expand The Core



- Thirteen New Molecules In The US With **Peak Sales Of > \$350M**
- Line Extensions Plus New Molecules
- Leverage Proprietary Technologies
- Expands Total Offering Globally

➤ Regular Cadence Of Launches

# Build Upon Existing Capabilities



## Commercial Footprint

Broad Pharmacy Portfolio

Secondary Portfolio Enablers



## Operational Footprint



Manufacturing Expertise



R&D Capabilities



Channel Leader

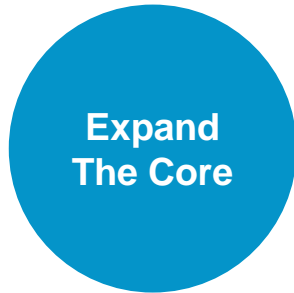
➤ Well-Positioned To Grow Generic Injectables Business

# Expand Into Near-Adjacencies



## Current

## Future



- Premix Drugs (RTU bags)
- Oncology (Vials)
- Reconstitution Devices

- New Premix And Oncology Products Via Partnership And Internal Development

- Expand Portfolio To Further Align With Customer Needs
- Build On Channel Strength And Add Scale

- Strengthen Organizational And Infrastructure Capabilities To Extend Market Leadership Position

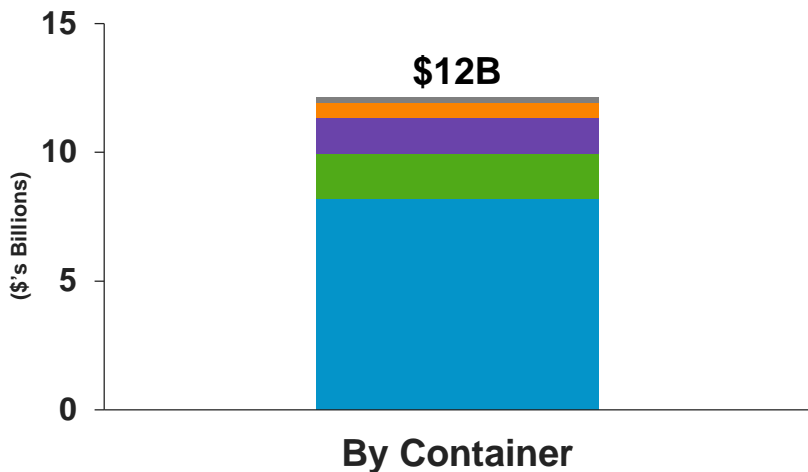
**Core Business Accelerating Growth**

**Additional Products And Capabilities Strengthen And Grow The Business**

# Expand Into Near-Adjacencies

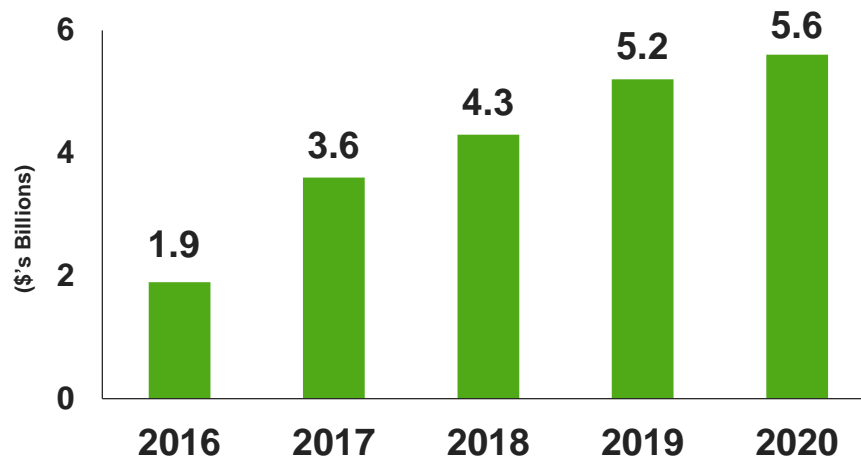


## 2015 US Generic Injectables Market



■ Vials ■ Premix ■ Prefilled Syringes ■ Ampoules ■ Other

## Cumulative Value Of Off-Patent Injectables

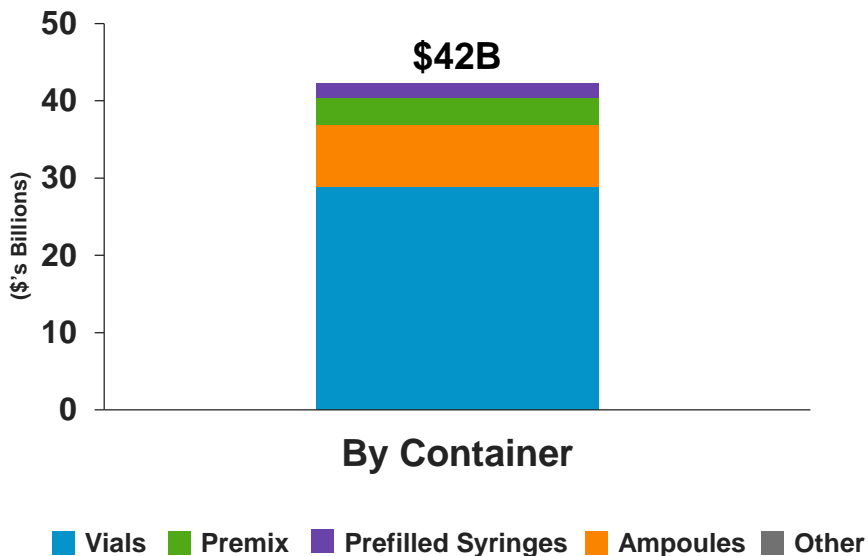


➤ US Market Historically Growing ~10% Annually

# Attractive Global Market



## 2015 Global Generic Injectables Market



## Attractive Category

- Natural Adjacency
- Accretive To Growth And Profitability
- Selectively Expand Outside The US

➤ **Selective Portfolio Expansion Outside Of The US**

# Generic Injectables: Growth Opportunity



## Market And Baxter Position

Large, Rapidly Growing Market

Attractive Margins

Strong Existing Foundation



## Strategic Objectives

- Expand The Core
  - New Premixes And Generic Oncology Molecules
- Enter Into Near-Adjacencies
  - Broad Line Of Generic Injectables

➤ Aspiration Is To Become A Leader In Generic Injectable Market

# Today's Focus

## Key Growth Engines



Nutrition



Generic  
Injectables



BioSurgery



Pumps And  
Sets

Core Growth

Core Return On Capital





## Market And Baxter Position

**Highly Profitable Market**

**Significant Organic And Inorganic Growth Opportunities**



## Strategic Objectives

- Strengthen Existing Portfolio
  - Augment Existing Hemostasis Portfolio
  - Expand Indications On Current Products
  - Geographic Expansion
  - Stabilize Non-Core Products
- Increase Commercial Effectiveness

# Core Hemostat And Sealant Portfolio



## Hemostats And Sealants



**Floseal**  
*Hemostatic Matrix*

- Gelatin Matrix + Thrombin For Fast And Effective Hemostasis

**#1 Flowable Hemostat Globally**



**TISSEEL**  
*[Fibrin Sealant]*

- Human Fibrinogen + Thrombin Based Hemostat For Diffuse Surface Areas

**#1 Fibrin Sealant Globally**



**Hemopatch**  
*Sealing Hemostat*

- Ready-To-Use Patch Flexible And Adherent Collagen Coated

Collagen Patch For Hemostasis And Sealing



**Celstat**  
*Oxidised Cellulose*

- Oxidized Cellulose Hemostat

Basic Hemostat



**Coseal**  
*Surgical Sealant*

- Synthetic Sealant For High Pressure Anastomotic Sites In CV Surgery

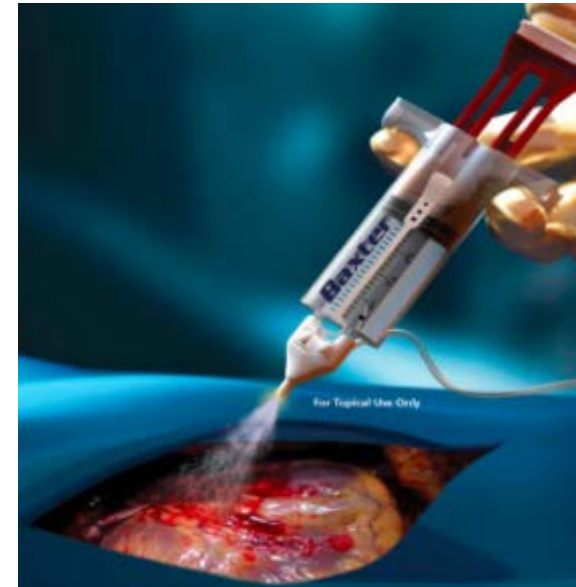
Synthetic Sealant For Complex CV Surgery

# Strengthening Existing BioSurgery Portfolio



## Broadening Product Reach

- Improve Existing Products
  - Ease Of Use
  - Handling
- Drive Penetration Through Expansion Of New Indications
  - FLOSEAL Japan
  - TISSEEL US
  - HEMOPATCH EU
- Expanding Geographic Reach
  - Right Portfolio For The Right Market



**TISSEEL**

➤ **Global Portfolio Augmentation Will Accelerate Growth**

# Increase Commercial Effectiveness



Building A  
Global  
Leading  
Commercial  
Organization



**Strong Access** Management



**Focused / On-Target** Marketing Execution



Dedicated Sales Team With **OR Selling Skills**



Sales And Marketing **Alignment**



**Best-In-Class** Professional Training Program

➤ Strengthening Competencies And Capabilities Of Execution



## Market And Baxter Position

**\$2B Hemostat And  
Sealant Market**

**2% - 3% Market Growth**



## Strategic Objectives

- Strengthen Existing Portfolio
- Increase Commercial Effectiveness

➤ **Aspiration To Become The Category Leader In BioSurgery**

# Today's Focus

## Key Growth Engines



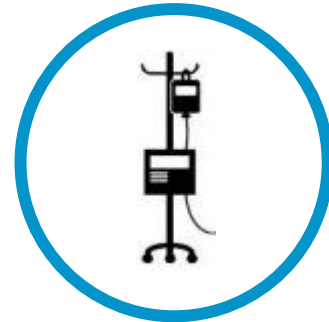
Nutrition



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# IV Pump At The Center Of Safe Medication Delivery



**RX Prep**



**Nutrition**



**Injectables**



**IV Solutions**



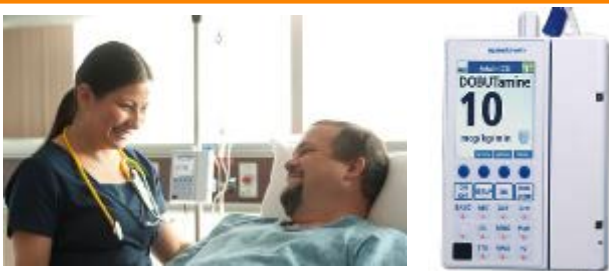
# Infusion Pumps: Leadership Through Innovation



## Market And Baxter Position

**Highly Successful  
SIGMA SPECTRUM Launch**

**Building Leading  
Technology Platform**



## Strategic Objectives

- Establish Market Leadership With SIGMA SPECTRUM
  - Execute On Key Product Development Initiatives
- Advance New Pump Platform
  - Platform For Advanced Clinical Workflows



# Establish Market Leadership With SIGMA SPECTRUM



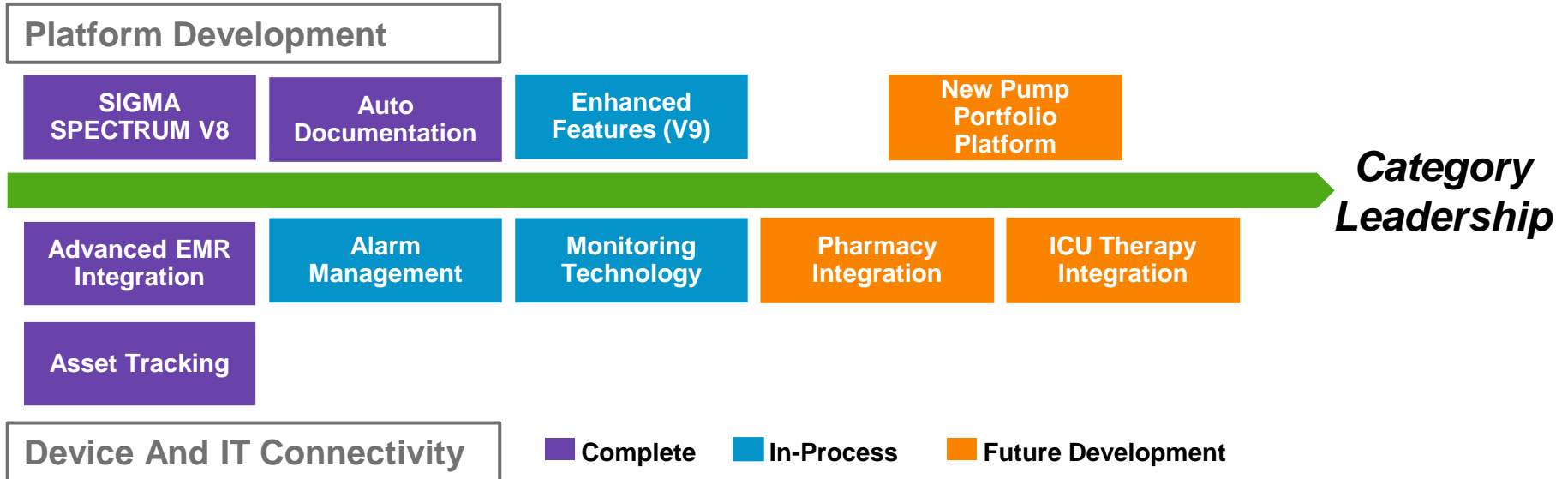
## Clear Customer Value

- The Only Smart Pump With ***Built-In Titration Error Prevention***
- **~97% Compliance Rate** With Medication Safety Software
- Integrated With Electronic Medical Record (EMR) To Enable ***Auto-Documentation***
- Standard Set Technology
- The Only ***Smart Pump*** With Built-In ***Tagless Asset Tracking***



SIGMA SPECTRUM

# Advancing Infusion Innovation



➤ Driving Market Share Growth

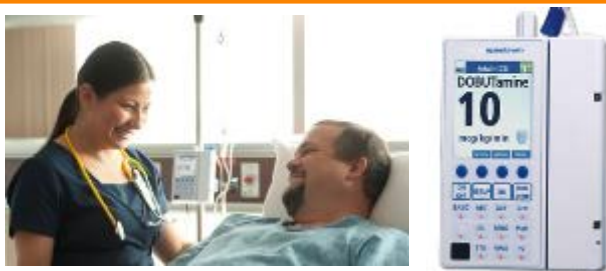
# Infusion Pumps: Leadership Through Innovation



## Market And Baxter Position

**\$2B Market**

**3% - 4% Market Growth**



## Strategic Objectives

- Establish Market Leadership With SIGMA SPECTRUM
- Advance New Pump Platform

➤ **Regain Market Position In US And Selectively Grow Outside The US**

# Key Takeaways

Essential, Life-Saving Products

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Strong, Global Brand And Hospital Channel

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Attractive Organic And Inorganic Opportunities To Accelerate Growth

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➤ Patients At The Core Of What We Do





# **Baxter**

# **2020**



# **Investor Conference**

New York City, New York

May 9, 2016

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