

Contacts:

Erika Winkels  
Public Relations  
+1-763-526-8478

Ryan Weispenning  
Investor Relations  
+1-763-505-4626

FOR IMMEDIATE RELEASE

## Medtronic reports full year and fourth quarter fiscal 2023 financial results; announces dividend increase

**Mid-single digit fourth quarter revenue growth exceeded expectations on  
broad-based strength across the company**

**DUBLIN - May 25, 2023** - Medtronic plc (NYSE:MDT) today announced financial results for its fourth quarter and fiscal year 2023, which ended April 28, 2023.

### **Fourth Quarter (Q4) Key Highlights**

- Q4 revenue of \$8.5 billion increased 5.6% as reported and organic, ahead of expectations
- Q4 GAAP diluted EPS of \$0.88 decreased 20%; non-GAAP diluted EPS of \$1.57 increased 3% in the quarter, ahead of expectations
- Q4 revenue growth acceleration was broad-based, driven by procedure volume recovery, supply improvements, and innovative product introductions

- Strength in international markets in Q4, with high-single digit organic growth in non-U.S. developed markets and low-double digit organic growth in emerging markets
- Pipeline momentum in Q4 with CE Mark of the Affera™ mapping and navigation system and Aurora™ extravascular ICD, and U.S. FDA approval of the MiniMed™ 780G system with Guardian™ 4 sensor
- Announced strategic collaboration with NVIDIA to accelerate AI innovation for healthcare
- Completed divestiture of Renal Care Solutions business to Mozarc Medical, a joint venture with DaVita

### **Additional Key Highlights**

- Dividend increased to \$0.69 per share quarterly, annual \$2.76 per share; 46th consecutive year of dividend increases
- Named one of the 2023 World's Most Ethical Companies® by Ethisphere and increased ranking to #2 on DiversityInc's 2023 Top 50 Companies for Diversity
- Company issues FY24 guidance

### **Fourth Quarter (Q4) Financial Results**

Medtronic reported Q4 worldwide revenue of \$8.544 billion, an increase of 5.6% both as reported and on an organic basis. The company's Q4 organic revenue results reflect strong performances in the Cardiovascular, Medical Surgical, and Neuroscience portfolios, and in Diabetes markets outside the United States. The Q4 organic revenue growth comparison excludes:

- a \$250 million negative impact from foreign currency translation;
- \$265 million of revenue from a one-time intellectual property (IP) agreement, which is reported in the Structural Heart & Aortic division in the Cardiovascular Portfolio;
- \$44 million of current year revenue and \$83 million of prior year revenue from the Renal Care Solutions business in the Respiratory, GI, & Renal division in the

Medical Surgical Portfolio, which was divested and became part of Mozarc Medical during the quarter; and

- \$27 million of revenue from the company's first quarter acquisition of Intersect ENT, which is reported in the Specialty Therapies division in the Neuroscience Portfolio.

Medtronic received \$300 million in the quarter from an IP agreement with a competitor in the Structural Heart space. Pre-tax income of \$35 million was recorded in Certain Litigation Charges, Net, for prior period royalties, with the remaining \$265 million recognized as inorganic revenue. The \$265 million of inorganic revenue was offset by certain expenses, including commitments to funding the Medtronic Foundation and LABS, and certain inventory related charges. The net result is a neutral benefit to Q4 adjusted net income and adjusted diluted earnings per share (EPS).

As reported, Q4 GAAP net income and diluted EPS were \$1.179 billion and \$0.88, respectively, decreases of 21% and 20%, respectively. As detailed in the financial schedules included at the end of this release, Q4 non-GAAP net income and non-GAAP diluted EPS were \$2.093 billion and \$1.57, respectively, both increases of 3%.

### **Fiscal Year 2023 (FY23) Financial Results**

Medtronic reported FY23 worldwide revenue of \$31.227 billion, a decrease of 1.4% as reported and an increase of 2.1% on an organic basis. The FY23 organic revenue growth comparison excludes:

- a \$1.437 billion negative impact from foreign currency translation;
- \$98 million of revenue from the company's acquisition of Intersect ENT;
- \$44 million of fourth quarter revenue and \$83 million of prior year fourth quarter revenue from the Renal Care Solutions divestiture; and
- \$265 million of revenue from a one-time IP agreement in the fourth quarter.

Fiscal year 2023 GAAP net income and diluted earnings per share (EPS) were \$3.758 billion and \$2.82, respectively, decreases of 25% and 24%, respectively. As detailed in the financial schedules included at the end of this release, fiscal year 2023 non-GAAP net income and non-GAAP diluted EPS were \$7.045 billion and \$5.29, respectively, decreases of 6% and 5%, respectively. The company's FY23 earnings results reflected the continued unfavorable macroeconomic impact of foreign currency translation and inflation.

Fiscal year 2023 cash flow from operations of \$6.039 billion decreased 18%. Fiscal year 2023 free cash flow of \$4.580 billion decreased 23%, representing free cash flow conversion from non-GAAP net earnings of 65%. Free cash flow was primarily affected by the decline in net earnings.

"We had a strong finish to our fiscal year, with our fourth quarter top- and bottom-line results coming in ahead of expectations. Our accelerating revenue growth was broad-based, driven by procedure volume recovery, supply improvements, and innovative product introductions," said Geoff Martha, Medtronic chairman and chief executive officer. "We're confident in delivering durable revenue growth in the year ahead as we drive execution across our businesses."

### **Cardiovascular Portfolio**

The Cardiovascular Portfolio includes the Cardiac Rhythm & Heart Failure (CRHF), Structural Heart & Aortic (SHA), and Coronary & Peripheral Vascular (CPV) divisions. FY23 revenue of \$11.573 billion increased 1.3% as reported and 4.0% organic, with a high-single digit increase in SHA, mid-single digit increase in CRHF, and a low-single digit increase in CPV, all on an organic basis. Q4 revenue of \$3.316 billion increased 12.0% as reported and 6.5% organic, with a low-double digit increase in SHA, mid-single digit increase in CRHF, and a low-single digit increase in CPV, all on an organic basis.

- CRHF Q4 results driven by low-double digit growth in Micra™ transcatheter pacing systems and high-single digit growth in the LINQ™ family of insertable cardiac monitors
- SHA demonstrated strength in Q4 with mid-twenties growth in Aortic on supply recovery, high-single digit growth in Cardiac Surgery, and mid-single digit growth in transcatheter aortic valves (TAVR) on Evolut™ FX launches in U.S. & Japan; continued TAVR share gains in the U.S.
- CPV Q4 results driven by mid-teens growth in drug-coated balloons (DCB) on the continued launch of the IN.PACT™ 018
- Received CE Mark in March for the Affera™ mapping and ablation system, including the Sphere-9™ catheter with pulsed field ablation (PFA), radiofrequency (RF), and high density (HD) mapping capabilities; successfully completed first commercial case and beginning limited market release
- Impressive results of the landmark PULSED AF global IDE trial for the PulseSelect™ PFA System presented at ACC.23/WCC in March

### **Medical Surgical Portfolio**

The Medical Surgical Portfolio includes the Surgical Innovations (SI) and the Respiratory, Gastrointestinal & Renal (RGR) divisions. FY23 revenue of \$8.433 billion decreased 7.7% as reported and 2.4% organic, with a low-single digit decline in SI and mid-single digit decline in RGR, both on an organic basis. Excluding the unfavorable impact of ventilator sales given the increased COVID-19 related demand in the prior year, and sales in China given the unfavorable impact of provincial VBP tenders and COVID-19 impacts on procedure volumes, revenue increased 1.5% organic. Q4 revenue of \$2.224 billion decreased 0.3% as reported and increased 4.8% organic, with mid-single digit organic increases in both SI and RGR. Excluding sales in China given the unfavorable impact of provincial VBP tenders, revenue increased 7.0% organic.

- SI captured share in Q4 on supply improvement and procedure recovery, led by high-teens growth in Advanced Energy

- Momentum continued in Q4 for Hugo™ robotic-assisted surgery system sales; Expand URO U.S. pivotal trial progressing as planned
- Gastrointestinal grew mid-teens in Q4, on procedure recovery and strength in GI Genius™ intelligent endoscopy module sales
- Renal Care Solutions divested to Mozarc Medical, a new, independent kidney health technology joint venture formed by Medtronic and DaVita

### **Neuroscience Portfolio**

The Neuroscience Portfolio includes the Cranial & Spinal Technologies (CST), Specialty Therapies, and Neuromodulation divisions. FY23 revenue of \$8.959 billion increased 2.0% as reported and 4.1% organic, with a high-single digit increase in Specialty Therapies and low-single digit increases in CST and Neuromodulation, all on an organic basis. Q4 revenue of \$2.410 billion increased 4.8% as reported and 6.0% organic, with a low-double digit increase in Specialty Therapies, mid-single digit increase in CST, and a low-single digit increase in Neuromodulation, all on an organic basis.

- CST growth in Q4 driven by mid-single digit Core Spine growth globally and in the U.S. on continued adoption of the Aible™ spine technology ecosystem
- Specialty Therapies broad-based strength in Q4 on low-double digit growth in Neurovascular and ENT, as well as mid-single digit growth in Pelvic Health
- Neuromodulation growth in Q4 driven by mid-single digit growth in Pain Stim on increased therapy trials and market recovery

### **Diabetes**

FY23 revenue of \$2.262 billion decreased 3.3% as reported and increased 2.4% organic. Q4 revenue of \$595 million decreased 0.3% as reported and increased 3.0% organic.

- Low-double digit growth in Western Europe in Q4 on strong continued adoption of the MiniMed™ 780G system and associated increase in CGM attachment rates on the strength of the Guardian™ 4 sensor

- Received U.S. FDA approval for the MiniMed™ 780G system with the Guardian™ 4 sensor; shipments planned starting June 1
- Resolved U.S. FDA warning letter, clearing path for future innovations
- Announced today definitive agreement to acquire EOFlow Co. Ltd., manufacturer of the EOPatch® device, a tubeless, wearable and fully disposable insulin delivery device

## **Guidance**

The company today issued fiscal year 2024 revenue growth and EPS guidance.

The company is guiding to fiscal year 2024 organic revenue growth in the range of 4.0% to 4.5%, which excludes the impact of foreign currency and revenue related to certain businesses that will be reported as Other going forward. If foreign currency exchange rates as of the beginning of May hold, fiscal year 2024 revenue would be positively affected by approximately \$110 million to \$210 million from foreign currency.

The company is guiding to fiscal year 2024 non-GAAP EPS in the range of \$5.00 to \$5.10, including an estimated 6% unfavorable impact from foreign currency exchange rates at the beginning of May.

“We’re encouraged by the procedure recovery we are seeing in many of our markets, our product availability is improving, we like our competitive positions across our businesses, and we have many new, innovative products coming to the market,” said Karen Parkhill, Medtronic chief financial officer. “We’ve also been taking measures to reduce costs across the company to lessen the impact from macro factors like inflation and currency to our earnings. And we’re enhancing our capital allocation and portfolio management processes to create long-term durable growth.”

## **Dividend Increase**

The company today announced that effective May 24, 2023, the Medtronic board of directors approved an increase in Medtronic's cash dividend for the first quarter of fiscal year 2024, raising the quarterly amount to \$0.69 per ordinary share. This would translate into an annual amount of \$2.76 per ordinary share. Medtronic has a long history of dividend growth, and the company is a constituent of the S&P 500 Dividend Aristocrats index. Today's announcement marks the 46th consecutive year of an increase in the dividend payment. Including today's increase, Medtronic's dividend per share has grown by 38% over the past 5 years, 146% over the past 10 years, and has grown at a 16% compounded annual growth rate over the past 46 years.

Medtronic has a strong track record of returning capital to its shareholders, including \$4.0 billion in fiscal year 2023. The company remains committed to returning a minimum of 50% of its free cash flow to shareholders, primarily through dividends, and to a lesser extent, share repurchases. The dividend is payable on July 14, 2023, to shareholders of record at the close of business on June 23, 2023.

"We continue to prioritize innovation-driven growth investments while at the same time delivering a strong and growing dividend, an important part of the total return we generate for our shareholders. Today's dividend increase reflects the confidence our Board has in our long-term strategy and growth trajectory," said Martha.

### **Video Webcast Information**

Medtronic will host a video webcast today, May 25th, at 8:00 a.m. EDT (7:00 a.m. CDT) to provide information about its businesses for the public, investors, analysts, and news media. This webcast can be accessed by clicking on the Events icon at [investorrelations.medtronic.com](https://investorrelations.medtronic.com), and this earnings release will be archived at [news.medtronic.com](https://news.medtronic.com). Within 24 hours of the webcast, a replay of the webcast and transcript of the company's prepared remarks will be available by clicking on the Events icon at [investorrelations.medtronic.com](https://investorrelations.medtronic.com).



Medtronic plans to report its fiscal year 2024 first, second, third, and fourth quarter results on Tuesday, August 22, 2023; Tuesday, November 21, 2023; February 20, 2024; and Thursday, May 23, 2024, respectively. Confirmation and additional details will be provided closer to the specific event.

### **Financial Schedules**

The fourth quarter and fiscal year 2023 financial schedules and non-GAAP reconciliations can be viewed by clicking on the Investor Events link at [investorrelations.medtronic.com](https://investorrelations.medtronic.com). To view a printable PDF of the financial schedules and non-GAAP reconciliations, [click here](#). To view the fourth quarter and fiscal year 2023 earnings presentation, [click here](#).

### **About Medtronic**

Bold thinking. Bolder actions. We are Medtronic. Medtronic plc, headquartered in Dublin, Ireland, is the leading global healthcare technology company that boldly attacks the most challenging health problems facing humanity by searching out and finding solutions. Our Mission – to alleviate pain, restore health, and extend life – unites a global team of 95,000+ passionate people across 150 countries. Our technologies and therapies treat 70 health conditions and include cardiac devices, surgical robotics, insulin pumps, surgical tools, patient monitoring systems, and more. Powered by our diverse knowledge, insatiable curiosity, and desire to help all those who need it, we deliver innovative technologies that transform the lives of two people every second, every hour, every day. Expect more from us as we empower insight-driven care, experiences that put people first, and better outcomes for our world. In everything we do, we are engineering the extraordinary. For more information on Medtronic (NYSE:MDT), visit [www.Medtronic.com](https://www.Medtronic.com) and follow [@Medtronic](#) on Twitter and [LinkedIn](#).

### **FORWARD LOOKING STATEMENTS**

**This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties, including**

risks related to competitive factors, difficulties and delays inherent in the development, manufacturing, marketing and sale of medical products, government regulation and general economic conditions and other risks and uncertainties described in the company's periodic reports on file with the U.S. Securities and Exchange Commission including the most recent Annual Report on Form 10-K of the company, as filed with the U.S. Securities and Exchange Commission. In some cases, you can identify these statements by forward-looking words or expressions, such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "looking ahead," "may," "plan," "possible," "potential," "project," "should," "going to," "will," and similar words or expressions, the negative or plural of such words or expressions and other comparable terminology. Actual results may differ materially from anticipated results. Medtronic does not undertake to update its forward-looking statements or any of the information contained in this press release, including to reflect future events or circumstances.

#### **NON-GAAP FINANCIAL MEASURES**

This press release contains financial measures, including adjusted net income, adjusted diluted EPS, and organic revenue, which are considered "non-GAAP" financial measures under applicable SEC rules and regulations. References to quarterly or annual figures increasing, decreasing or remaining flat are in comparison to fiscal year 2022.

Medtronic management believes that non-GAAP financial measures provide information useful to investors in understanding the company's underlying operational performance and trends and to facilitate comparisons with the performance of other companies in the med tech industry. Non-GAAP net income and diluted EPS exclude the effect of certain charges or gains that contribute to or reduce earnings but that result from transactions or events that management believes may or may not recur with similar materiality or impact to operations in future periods (Non-GAAP Adjustments). Medtronic generally uses non-GAAP financial measures to facilitate management's review of the operational performance of the company and as a basis for strategic planning. Non-GAAP financial measures should be considered supplemental to and not a substitute for financial information prepared in accordance with U.S. generally accepted accounting principles (GAAP), and investors are cautioned that Medtronic may calculate non-GAAP financial measures in a way that is different from other companies. Management strongly encourages investors to review the company's consolidated financial statements and publicly filed reports in their entirety. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the financial schedules accompanying this press release.

**Medtronic calculates forward-looking non-GAAP financial measures based on internal forecasts that omit certain amounts that would be included in GAAP financial measures. For instance, forward-looking organic revenue growth guidance excludes the impact of foreign currency fluctuations, as well as significant acquisitions or divestitures. Forward-looking diluted non-GAAP EPS guidance also excludes other potential charges or gains that would be recorded as Non-GAAP Adjustments to earnings during the fiscal year. Medtronic does not attempt to provide reconciliations of forward-looking non-GAAP EPS guidance to projected GAAP EPS guidance because the combined impact and timing of recognition of these potential charges or gains is inherently uncertain and difficult to predict and is unavailable without unreasonable efforts. In addition, the company believes 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.**

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