

MEDTRONIC PLC

Q3 FY20

EARNINGS PRESENTATION
FEBRUARY 18, 2020

- Q3 FY20 CONSOLIDATED RESULTS & GROUP REVENUE HIGHLIGHTS
- FREE CASH FLOW
- Q4 FY20 GUIDANCE & OTHER ASSUMPTIONS

Medtronic
Further, Together

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Financial Comparisons

References to quarterly results increasing, decreasing, or remaining flat are in comparison to Q3 FY19, and references to annual results increasing, decreasing, or remaining flat are in comparison to FY19. References to organic revenue growth exclude the impact of significant acquisitions and currency. Unless stated otherwise, quarterly and annual rates and ranges are given on a constant currency basis, which adjusts for the impact of currency.

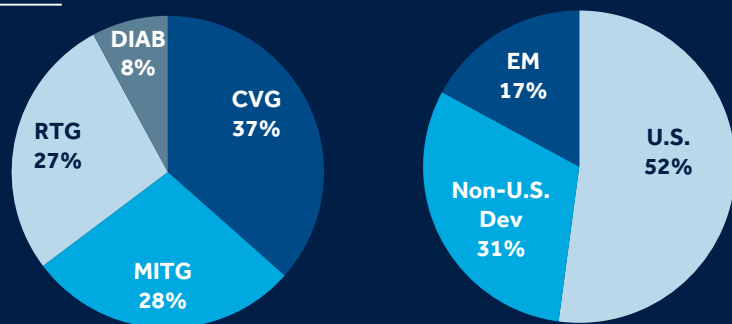
Q3 FY20 CONSOLIDATED RESULTS & GROUP REVENUE HIGHLIGHTS

MDT

Q3 FY20 HIGHLIGHTS

TOP-LINE SOFTNESS, BUT LARGELY TRANSIENT; OP MARGIN, EPS, & FCF ALL COMFORTABLY BEAT

Revenue:



	Revenue \$M ¹	As Rep Y/Y %	CC ² Y/Y %	Organic Y/Y %
CVG	2,819	1.2	1.8	--
MITG	2,176	2.4	3.2	--
RTG	2,111	4.2	4.6	3.6
Diabetes	610	0.0	0.8	--
Total	\$7,717	2.3%	2.9%	2.6%

U.S.	4,021	0.5	0.5
Non-U.S. Dev	2,377	0.4	1.5
EM	1,318	12.0	13.6
Total	\$7,717	2.3%	2.9%

Other Financial Highlights:

	Diluted EPS	As Rep Y/Y	CC ² Y/Y%	Cash Flow from Ops	Free Cash Flow ²
GAAP	\$1.42	51.1%	NC	\$2.4B	\$2.1B
Non-GAAP	\$1.44	11.6%	11.6%		

REVENUE: 2.9% constant currency, 2.6% organic

- **CVG:** grew 1.8% reflecting HSD pacing growth and mid-teens TAVR growth, below market in the U.S.; offset by customers curbing purchasing ahead of new CRHF product launches, slower-than-expected recovery in LVADs
- **MITG:** grew 3.2% driven by HSD growth in Advanced Energy, offset by upgrade of U.S./Canada ERP system affecting product availability and growth this quarter; upgrade and resulting product availability issues are now fully resolved
- **RTG:** organic growth of 3.6%, reflecting customer buying patterns in BMP, a sluggish Pain Therapies market and slight share loss in ahead of the Stingenics DTM™ launch on Intellis™ platform; solid quarter in Brain Therapies, including mid-teens growth in Neurovascular and double digit growth in Neurosurgery
- **Diabetes:** growth of 0.8% driven by continued strong International growth of 16%, offsetting challenges in the U.S.
- **Emerging Markets:** grew 13.6%, driven by mid-teens growth in China, Southeast Asia, and Eastern Europe

OP MARGIN: Delivered +90 bps non-GAAP operating margin expansion

EPS: Delivered 11.6% non-GAAP diluted EPS growth; 6 cents above guidance mid-point

FREE CASH FLOW³: Delivered \$2.1B vs. \$1.8B LY this quarter, growth of 21%; YTD, delivered \$4.9B vs \$4.1B, reflecting growth of 19% and 90% conversion

Q4 FY20 GUIDANCE:

- Organic Revenue Growth: Approx. 4.5%, excluding the impact of COVID-19
- Non-GAAP EPS: \$1.62 - \$1.64, excluding the impact of COVID-19

¹ Data has been intentionally rounded to the nearest million and, therefore, may not sum.

² Figures represent comparison to Q3 FY19 on a constant currency basis.

³ Operating cash flows less property, plant, and equipment additions.

	Q3 FY19	Q3 FY20	Y/Y Growth / Change	FX Impact / Change	Q3 FY20 Constant Currency	Q3 FY20 CC Growth / Change ¹
Net Sales (\$M)	7,546	7,717	2.3%	(46)	7,763	2.9%
Operating Profit²	2,204	2,321	5.3%	3	2,318	5.2%
Operating Margin²	29.2%	30.1%	90 bps	20 bps	29.9%	70 bps
Diluted EPS² (\$)	1.29	1.44	11.6%	--	1.44	11.6%



¹ Figures represent comparison to Q3 FY19 on a constant currency basis.

² Non-GAAP.

Q3 FY20 GAAP TO NON-GAAP SELECT FINANCIAL INFORMATION

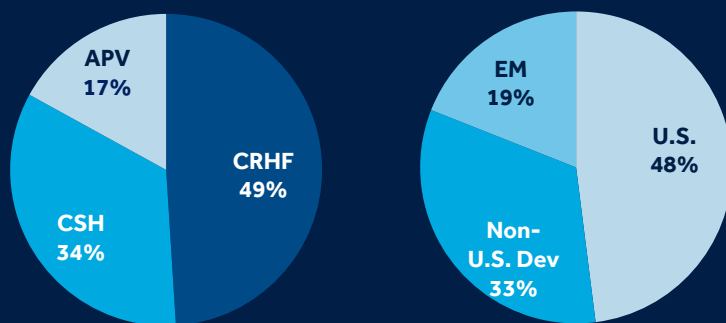
	Non-GAAP Adjustments										Q3 FY20 Non-GAAP	Q3 FY19 Non-GAAP	Y/Y Growth / Change
	Q3 FY20 GAAP	Amortization	Restructuring	Litigation	Acquisition-Related	Gain/Loss on Minority Investments	Medical Device Regulations	Exit of Business	Contribution to MDT Foundation	Certain Tax Adjustments			
Net Sales (\$M)	7,717										7,717	7,546	2.3%
Cost of Products Sold	2,400		(50)		(2)		(6)				2,342	2,243	4%
<i>Gross Margin</i>	<i>68.9%</i>										69.7%	70.3%	(60 bps)
SG&A	2,587		(34)		(23)						2,530	2,500	1%
<i>% of Sales</i>	<i>33.5%</i>										32.8%	33.1%	30 bps
R&D	573						(7)				566	561	1%
<i>% of Sales</i>	<i>7.4%</i>										7.3%	7.4%	10 bps
Other Operating (Income) Expense, Net	(39)				(3)						(42)	38	-211%
<i>% of Sales</i>	<i>-0.5%</i>										-0.5%	0.5%	100 bps
Amortization of Intangible Assets	436	(436)									0	0	0
Restructuring Charges, Net	13		(13)								0	0	0
Certain Litigation Charges	108			(108)							0	0	0
Operating Profit	1,639	436	97	108	28	--	13	--	--	--	2,321	2,204	5%
Operating Margin	21.2%										30.1%	29.2%	90 bps
Other Non-Operating Income, Net	(96)										(96)	(64)	50%
Net Income Attributable to MDT (\$M)	1,949	368	81	107	25	--	11	--	--	(558)	1,949	1,751	11%
Diluted EPS (\$)¹	1.44	0.27	0.06	0.08	0.02	--	0.01	--	--	(0.41)	1.44	1.29	11.6%

¹ The data in this row has been intentionally rounded to the nearest \$0.01 and, therefore, may not sum.

SLOWER GROWTH AHEAD OF NEW PRODUCT LAUNCHES

CONTINUED STRENGTH IN PACING

Growth Driven by CSH and Emerging Markets



	Revenue \$M	As Rep Y/Y %	CC ¹ Y/Y %
CRHF	1,393	(0.3)	0.3
CSH	948	3.8	4.6
APV	478	0.4	1.1
Total	\$2,819	1.2%	1.8%

U.S.	1,366	(0.2)	(0.2)
Non-U.S. Dev	915	(1.0)	0.2
EM	538	9.1	10.5
Total	\$2,819	1.2%	1.8%

Coronary & Structural Heart: +4.6% growth driven by TAVR in Structural Heart and guide catheters in Coronary

- **TAVR:** Mid-teens growth, below global market growth
 - Continued rollout of Evolut™ Pro+ with aggressive expansion of field presence to enhance coverage into NCD sites
 - Modest int'l TAVR market share gain
- **Cardiac Surgery:** LSD growth driven by continued strength in cardiopulmonary
- **Coronary:** LSD declines as LDD strength in guide catheters was offset by declines in DES
- **Renal Denervation:** OFF-MED pivotal data to be presented at ACC on March 29

Cardiac Rhythm & Heart Failure: +0.3% as growth in Pacing, AF, and CRT-P is offset by High Power and LVADs

- **Arrhythmia Management:** LSD growth led by Pacing and AF
 - HSD Pacing growth fueled by strong Micra™ high-20's U.S. growth
 - U.S. Micra™ AV approval received EOQ
 - LDD ICD declines, driven by continued replacement cycle headwinds & ramping TYRX supply, and customers waiting for Cobalt™/Crome™ approval; CE Mark for Cobalt™/Crome™ EOQ
 - HSD growth in AF, driven by Arctic Front™ cryoballoon
 - MSD Diagnostics growth from continued adoption of Reveal LINQ™, and customers waiting for LINQ™ 2.0 approval
- **Heart Failure:** LSD declines as mid-teens CRT-P strength offset by continued CRT-D replacement headwinds; LVADs stabilizing, down LSD WW and U.S.

Aortic, Peripheral & Venous: +1.1% growth behind continued strength in TAA, partially offset by DCB headwinds

- HSD TAA growth despite difficult comp, reflecting strong demand for Valiant Navion™
- MSD Venous growth driven strong uptake of the VenaSeal™ closure system
- Mid-30's WW DCB declines; down low-30's U.S. & mid-30's int'l; sequential growth in the U.S.

CoreValve™ Evolut™ PRO+



Bio-Medicus™ NextGen Cannulae



Micra™ Transcatheter Pacing System



Arctic Front Advance Pro™



Valiant Navion™



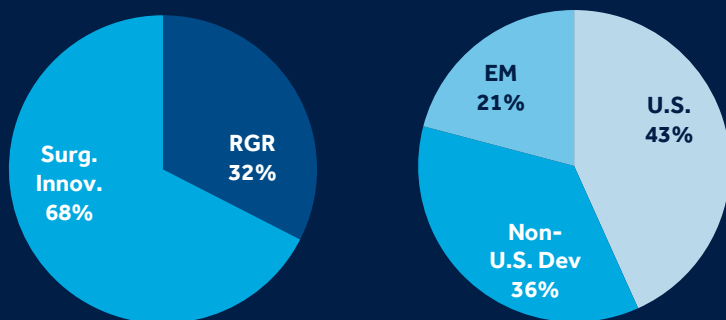
VenaSeal™ Closure System



¹ Figures represent comparison to Q3 FY19 on a constant currency basis.

TRANSIENT ITEMS WEIGH ON QUARTER ISSUES RESULTING FROM ERP UPGRADE NOW FULLY RESOLVED

Strong Emerging Markets Growth



	Revenue \$M	As Rep Y/Y %	CC ¹ Y/Y %
SI	1,474	2.8	3.6
RGR	702	1.7	2.2
Total	\$2,176	2.4%	3.2%

U.S.	934	0.4	0.4
Non-U.S. Dev	791	(0.6)	0.3
EM	451	13.3	15.3
Total	\$2,176	2.4%	3.2%

- **ERP Upgrade:** U.S. & Canada business ERP implementation resulted in supply constraints; resulting issues fully resolved
- **Surgical Innovations (SI):** +3.6% growth driven by Advanced Energy
 - **Advanced Surgical:** MSD growth from continued conversion of surgical procedures from open to minimally invasive
 - **Advanced Energy:** Strong HSD growth led by continued strength from new innovations:
 - LigaSure™ Exact Dissector and L-Hook™ Laparoscopic Sealer/Divider
 - Sonicision™ Curved Jaw Cordless Ultrasonic Dissection System
 - Valleylab™ FT10 Energy Platform
 - **Advanced Stapling:** LSD, led by the Endo GIA™ platform with Tri-Staple™ technology
 - **General Surgical:** Flat performance, as MSD growth in Sutures offset by Instruments & Access
- **Respiratory, Gastrointestinal, & Renal (RGR):** +2.2% growth led by strength in GI Solutions and Patient Monitoring
 - **GI Solutions:** LDD growth driven by strength across the portfolio, including mid-twenties growth in the reflux care continuum product lines, which include Bravo™ calibration-free & EndoFLIP™ imaging systems; another quarter of above market growth in our PillCam™ portfolio
 - **Patient Monitoring:** MSD performance driven by Nellcor™ Pulse Oximetry, BIS™ brain monitoring consumables, and INVOS™ cerebral oximetry sensor consumables
 - **Respiratory:** LSD, in-line with the market, with notable strength from Puritan Bennett™ 980 ventilators and McGRATH™ MAC video laryngoscopes
 - **Renal Care Solutions:** Down MSD, primarily due to supply constraints in the Chronic and Renal Access business

Valleylab™ FX8 Energy Platform



LigaSure™ Exact Dissector



Puritan Bennett™ 980

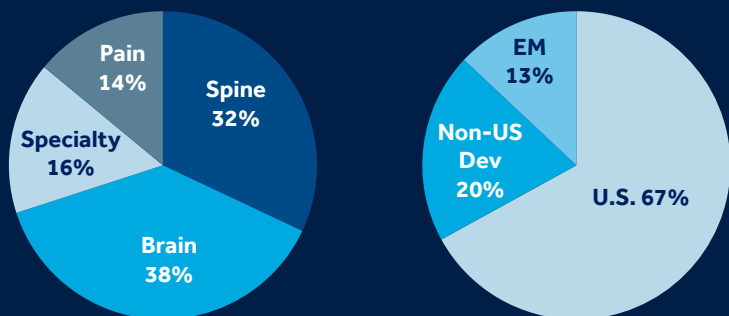


INVOS™ 7100



¹ Figures represent comparison to Q3 FY19 on a constant currency basis.

Growth led by Continued Strength in Neurovascular and Neurosurgery



	Revenue \$M	As Rep Y/Y %	CC ¹ Y/Y %	Organic Y/Y %
Brain	795	8.6	9.2	--
Spine	674	2.9	3.1	(0.2)
Specialty	340	4.6	4.9	--
Pain	303	(3.5)	(3.2)	--
Total	\$2,111	4.2%	4.6%	3.6%

U.S.	1409	4.1	4.1
Non-U.S. Dev	436	0.2	1.1
EM	266	12.2	13.5
Total	\$2,111	4.2%	4.6%

INFUSE AND PAIN STIM DROVE BELOW TREND QUARTER

STRENGTH IN SPINE + ENABLING TECH, ISCHEMIC STROKE

Brain Therapies: +9.2% growth driven by Neurovascular & Neurosurgery

- Neurovascular:** Mid-teens growth, with double-digit growth in Ischemic Stroke therapy products
 - Ischemic: Mid-20's growth on strong adoption of the Solitaire™ X stent retriever, as well as the Riptide™ aspiration system and React™ aspiration catheters
 - Hemorrhagic: HSD growth led by mid-teens growth in flow diversion
- Neurosurgery:** LDD growth driven by continued healthy capital equipment sales
 - Strong Mazor X Stealth™ unit sales; meaningfully outpaced competition
 - Midas Rex™ MR8™ powered surgical instruments delivered robust growth
- DBS:** End of quarter launch for Percept™ with BrainSense™ technology

Spine: -0.2% with +2.3% U.S. Core Spine organic growth offset by customer buying patterns driving HSD declines in WW BMP

- Spine revenue combined with enabling tech²:** 3.1% organic growth; U.S. Spine plus enabling tech grew 2.4% organic despite Infuse softness
- Core Spine:** LSD organic growth aided by Mazor™, which is increasing sales of Core Spine implants, and continued new product penetration, including the T2 Stratosphere™, Infinity™ OCT, and Prestige LP™ systems

Specialty Therapies: +4.9% led by LDD growth in ENT

- ENT:** LDD growth driven by sales of the StealthStation® ENT surgical navigation system, intraoperative NIM® nerve monitoring disposables, and powered ENT instruments
- Pelvic Health:** LSD decline; received CE Mark for InterStim™ Micro Neurostimulator and InterStim™ SureScan™ MRI Leads in January 2020; awaiting FDA approval

Pain Therapies: LDD Emerging Market growth offset by U.S. and Non-U.S. Developed Market declines

- Pain Stim:** Declined, reflecting the slowdown of the SCS market and slight share loss; Intellis™ sales grew, offset by primary cell device declines
 - Launched DTM™ at NANS; starting DTM indication expansion trials in upper limb & pre-op spine
- Targeted Drug Delivery:** LSD growth on strong SynchroMed™ II system sales; launched Efficio™

Solitaire™ X
Revascularization
Device



Mazor X Stealth™
Edition



DTM™ SCS Therapy
on Intellis™ Platform



Efficio™ Software
for SynchroMed™ II



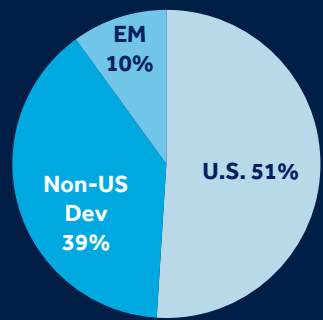
¹ Figures represent comparison to Q3 FY19 on a constant currency basis.

² Spine-related enabling technologies revenue reflected in Neurosurgery business within Brain division.

DIABETES

Q3 FY20 HIGHLIGHTS

WW CGM & International Pump Growth; MiniMed™ 670G Installed Base Expands



	Revenue \$M	As Rep Y/Y %	CC ¹ Y/Y %
U.S.	312	(10.3)	(10.3)
Non-U.S. Dev	236	10.8	12.7
EM	63	28.6	30.6
Total	\$610	0.0%	0.8%

16% INTERNATIONAL GROWTH OFFSET U.S. PRESSURES CONTINUED INTERNATIONAL ADOPTION OF MINIMED™ 670G

- **International Revenue:** Accounting for approximately half of total sales, continued its double digit momentum with 16% growth
- **U.S. Revenue:** Declined LDD, as anticipated, primarily due to competitive challenges while awaiting new product launches
- **CGM:** Growth driven by WW strength in both Integrated and Stand Alone CGM
 - **Integrated CGM:** Strong global growth driven by increased CGM penetration & new patient acquisitions
 - **Stand Alone CGM:** Guardian™ Connect Smart CGM system continues momentum with approximately 50% growth
- **Insulin Pumps:** Performance driven by the ongoing MiniMed™ 670G system launch in international markets, offset by competitive pressures in the U.S.
 - Next Tech Pathway program positively received
 - Provides 670G buyers an upgrade to MDT's next generation pump technology when launched
 - HSD growth in Western Europe due to strong MiniMed™ 670G sales
 - DD growth in Germany and Italy
 - MiniMed™ 670G installed base increased sequentially to ~237,000 trained, active users benefiting from SmartGuard™ technology

MiniMed™ 670G



MiniMed™ 640G



Guardian™ Sensor 3



Guardian™ Connect w/ Sugar.IQ™



¹ Figures represent comparison to Q3 FY19 on a constant currency basis.

FREE CASH FLOW

COMPONENTS OF FREE CASH FLOW

	FY16	FY17	FY18	FY19	FY20 YTD
<i>\$ Billions</i>					
Operating Cash Flow	\$5.2	\$6.9	\$4.7	\$7.0	\$5.8
CAPEX	(\$1.0)	(\$1.3)	(\$1.1)	(\$1.1)	(\$0.9)
Free Cash Flow	\$4.2	\$5.6	\$3.6	\$5.9	\$4.9
Non-GAAP Net Income	\$6.2	\$6.4	\$6.5	\$7.1	\$5.4
Conversion Ratio⁴	67%	88%	55%	83%	90%
<i>Conversion Ratio adjusted to include post-tax amortization</i>	<i>88%</i>	<i>114%</i>	<i>72%</i>	<i>105%</i>	<i>114%</i>
<i>Included in Operating Cash Flow:</i>					
Pre-Tax					
Certain Litigation Payments, net ^{1,2}	\$0.2	\$0.3	\$0.3	\$0.5	\$0.1
Restructuring Payments ¹	\$0.2	\$0.2	\$0.2	\$0.4	\$0.4
Other Payments ^{1,3}	\$0.2	\$0.3	\$0.3	\$0.2	--
Puerto Rico IRS Pre-Payment	--	--	\$1.1	--	--
Certain Other Tax Payments	\$0.8	\$0.4	\$0.4	\$0.4	\$0.1

1 Cash flow impact does not reflect associated tax cost / benefit, as timing and amount are difficult to estimate.

2 Includes payments accrued as "Non-GAAP" charges, as well as COV acquisition opening balance sheet adjustments.

3 Includes acquisition-related, divestiture-related, and European Union medical device regulations charges, as well as contributions to the Medtronic Foundation.

4 Conversion Ratio = Free Cash Flow divided by Non-GAAP Net Income.

Q4 FY20 GUIDANCE & OTHER ASSUMPTIONS

REVENUE	Q4 FY19 Base	Organic Growth Guidance	FX ¹	Implied Revenue Range
	\$7,546M	~ 4.5%	(1.4%) – (0.8%)	~ \$8.4 – 8.5B

EPS	Q4 FY19 Base	Implied Constant Currency	FX ¹	EPS Guidance
	\$1.54	7.1 – 8.4%	(\$0.03)	\$1.62 - \$1.64

¹ While FX rates are fluid, assumptions above are based on recent rates.

APPENDIX

ACRONYMS / ABBREVIATIONS

Growth

DD	Double Digit
HSD	High-Single Digit
LDD	Low-Double Digit
LSD	Low-Single Digit
MSD	Mid-Single Digit

Other

~ or Approx.	Approximately
bps	Basis Points
CAPEX	Capital Expenditures
CC	Constant Currency
COV	Covidien
Dev	Developed
EM	Emerging Markets
EPS	Earnings Per Share
FDA	Food and Drug Administration
ERP	Enterprise Resource Planning System
FX	Foreign Exchange
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles

Other

Int'l	International
IRS	Internal Revenue Service
Op	Operating
Ops	Operations
NC	Not Comparable
PLC	Public Limited Company
Q	Quarter
Q/Q	Quarter-over-Quarter
R&D	Research & Development
Rep	Reported
SEC	U.S. Securities & Exchange Commission
SG&A	Selling, General & Administrative
Tech	Technology
U.S.	United States
WW	Worldwide
YTD	Year to Date
Y/Y	Year-over-Year
\$B	Billions of Dollars
\$M	Millions of Dollars

Business Specific

ACC	American College of Cardiology
AF	Atrial Fibrillation
APV	Aortic, Peripheral & Venous
BMP	Bone Morphogenetic Protein
CGM	Continuous Glucose Monitoring
CRHF	Cardiac Rhythm & Heart Failure
CRT-D	Cardiac Resynchronization Therapy - Defibrillator
CRT-P	Cardiac Resynchronization Therapy - Pacemaker
CSH	Coronary & Structural Heart
CVG	Cardiac & Vascular Group
DBS	Deep Brain Stimulation
DES	Drug Eluting Stents
DIAB	Diabetes
DCB	Drug Coated Balloon
DTM	Differential Target Multiplexed Waveform
Endo	Endoscopic
ENT	Ear, Nose, & Throat
GI	Gastrointestinal
ICD	Implantable Cardioverter Defibrillator

Business Specific

LVAD	Left Ventricular Assist Device
MDT	Medtronic
MITG	Minimally Invasive Therapies Group
MRI	Magnetic Resonance Imaging
NCD	National Coverage Determination
OCT	Occipitocervical-Upper Thoracic
PMA	Premarket Approval
RGR	Respiratory, Gastrointestinal, & Renal
RTG	Restorative Therapies Group
SCS	Spinal Cord Stimulation
Stim	Stimulation
Surg Innov / SI	Surgical Innovations
TAA	Thoracic Aortic Aneurysm
TAVR	Transcatheter Aortic Valve Replacement