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FOR IMMEDIATE RELEASE

MEDTRONIC REPORTS THIRD QUARTER FINANCIAL RESULTS

- *Revenue of \$7.3 Billion Grew 5% as Reported; 6% at Constant Currency*
- *GAAP Diluted EPS of \$0.59; Non-GAAP Diluted EPS of \$1.12*
- *GAAP Diluted EPS Declined 23%; Non-GAAP EPS Grew 10% at Constant Currency*
- *GAAP Operating Margin Declined 380 bps; Non-GAAP Operating Margin Improved 130 bps at Constant Currency*
- *GAAP Cash Flow from Operations of \$2.1 Billion; Free Cash Flow of \$1.8 Billion*

DUBLIN – February 21, 2017 – Medtronic plc (NYSE: MDT) today announced financial results for its third quarter of fiscal year 2017, which ended January 27, 2017.

The company reported third quarter worldwide revenue of \$7.283 billion, an increase of 5 percent, or 6 percent on a constant currency basis. Foreign currency exchange had a negative \$40 million impact on revenue. Third quarter GAAP net income and diluted earnings per share (EPS) were \$821 million and \$0.59, decreases of 25 percent and 23 percent, respectively. Third quarter non-GAAP net income and diluted EPS were \$1.553 billion and \$1.12, representing increases of 3 percent and 6 percent, respectively. After adjusting for the negative 5 cent impact from foreign currency exchange, non-GAAP diluted EPS increased 10 percent.

“In Q3, we achieved solid results across all of our business groups and geographies,” said Omar Ishrak, Medtronic chairman and chief executive officer. “At the same time, we

produced meaningful operating profit growth based largely on our synergy programs from the Covidien integration, as well as our focus on operating excellence initiatives.”

The third quarter GAAP operating margin was 15.7 percent, a 380 basis point decline. The third quarter non-GAAP operating margin was 28.2 percent, a 40 basis point improvement. After adjusting for the 90 basis point negative impact from foreign currency exchange, the third quarter non-GAAP operating margin was 29.1 percent, representing a 130 basis point improvement.

U.S. revenue of \$4.106 billion represented 56 percent of company revenue and increased 4 percent. Non-U.S. developed market revenue of \$2.193 billion represented 30 percent of company revenue and increased 6 percent, or 7 percent on a constant currency basis. Emerging market revenue of \$984 million represented 14 percent of company revenue and increased 9 percent, or 11 percent on a constant currency basis.

Cardiac and Vascular Group

The Cardiac and Vascular Group (CVG) includes the Cardiac Rhythm & Heart Failure (CRHF), Coronary & Structural Heart (CSH), and Aortic & Peripheral Vascular (APV) divisions. CVG worldwide revenue of \$2.548 billion increased 5 percent, or 6 percent on a constant currency basis, driven by high-single digit constant currency growth in CRHF and APV, and low-single digit constant currency growth in CSH.

- CRHF revenue of \$1.371 billion increased 7 percent, or 8 percent on a constant currency basis, with mid-single digit constant currency growth in Arrhythmia Management, high-teens constant currency growth in Heart Failure, and low-double digit constant currency growth in Services & Solutions. Arrhythmia Management growth was driven in part by the continued adoption of the Arctic Front Advance[®] cryoballoons and Reveal LINQ[®] insertable cardiac monitoring systems. Heart Failure growth was driven in part by the company's first quarter acquisition of HeartWare International, Inc.

- CSH revenue of \$751 million increased 2 percent, or 3 percent on a constant currency basis, with low-double digit constant currency growth in Structural Heart, partially offset by mid-single digit constant currency declines in Coronary. Structural Heart growth was driven in part by the recent U.S. launch of the CoreValve[®] Evolut[®] R 34 mm transcatheter aortic heart valve. Coronary had double-digit constant currency declines in drug-eluting stents in the U.S. and Japan.
- APV revenue of \$426 million increased 6 percent on both a reported and constant currency basis, with high-single digit growth in Peripheral Vascular and mid-single digit growth in Aortic. Growth was driven by the continued adoption of the company's Endurant[®] IIs stent graft, IN.PACT[®] Admiral[®] drug-coated balloon, as well as the recent launch of the HawkOne[™] 6 French directional atherectomy system.

Minimally Invasive Therapies Group

The Minimally Invasive Therapies Group (MITG) includes the Surgical Solutions and the Patient Monitoring & Recovery (PMR) divisions. MITG worldwide revenue of \$2.417 billion increased 5 percent, or 6 percent on a constant currency basis, with high-single digit constant currency growth in Surgical Solutions and mid-single digit constant currency growth in PMR.

- Surgical Solutions revenue of \$1.343 billion increased 6 percent, or 7 percent on a constant currency basis, driven primarily by its Open to Minimally Invasive Surgery growth initiative, including innovative new products in Advanced Stapling and Advanced Energy, including endo stapling specialty reloads, the Valleylab[™] FT10 energy platform, and LigaSure[™] vessel sealing instruments. The division also benefitted from the second quarter acquisition of Smith & Nephew's gynecology business.
- PMR revenue of \$1.074 billion increased 5 percent on both a reported and constant currency basis. This is a result of strong growth in the Airways and Ventilation business, driven by continued adoption of the Puritan Bennett[™] 980 ventilator, and

in the Patient Monitoring business, driven by strength in Nellcor™ pulse oximetry. PMR also benefitted from the fiscal year 2016 fourth quarter acquisition of Bellco in the Renal Care Solutions business.

Restorative Therapies Group

The Restorative Therapies Group (RTG) includes the Spine, Brain Therapies, Specialty Therapies, and Pain Therapies divisions. RTG worldwide revenue of \$1.817 billion increased 4 percent on both a reported and constant currency basis. Group results were driven by high-single digit growth in Brain Therapies, mid-single digit growth in Specialty Therapies, and low-single digit growth in Spine, offsetting declines in Pain Therapies, all on a constant currency basis.

- Spine revenue of \$657 million increased 3 percent on both a reported and constant currency basis, the division's strongest growth in over 7 years. Core Spine grew in the low-single digits on a constant currency basis, as the focus on "Speed-to-Scale" new product launches continues to drive improved results. BMP also grew in the low-single digits on a constant currency basis.
- Brain Therapies revenue of \$518 million increased 7 percent, or 8 percent on a constant currency basis. Neurovascular grew in the low-double digits on a constant currency basis, driven in part by sales of the Axiom™ Prime Extra Soft detachable coil and the Pipeline™ Flex embolization device. Neurosurgery grew in the high-single digits on a constant currency basis, driven by strong growth in navigation capital equipment and disposables, as well as continued solid adoption of the O-arm® O2 surgical imaging system. Brain Modulation grew in the low-single digits on a constant currency basis on the strength of the company's MR conditional Activa® DBS portfolio.
- Specialty Therapies revenue of \$370 million increased 4 percent, or 5 percent on a constant currency basis. All three businesses contributed to growth, with Advanced Energy growing in the low-double digits, Pelvic Health growing in the mid-single digits, and ENT growing in the low-single digits, all on a constant currency basis.

- Pain Therapies revenue of \$272 million decreased 3 percent, or 2 percent on a constant currency basis. After adjusting for the divestiture of the division's drug business, which occurred in the third quarter of fiscal year 2016, Pain Therapies revenue was flat on both a reported and constant currency basis. Pain Therapies had low-single digit constant currency declines in Spinal Cord Stimulation, as the business faced competitive pressures, and low-single digit constant currency declines in Drug Pumps, partially offset by high-single digit constant currency growth in the Interventional business.

Diabetes Group

The Diabetes Group includes the Intensive Insulin Management (IIM), Non-Intensive Diabetes Therapies (NDT), and Diabetes Service & Solutions (DSS) divisions. Diabetes Group worldwide revenue of \$501 million increased 6 percent, or 7 percent on a constant currency basis, with all three divisions contributing to growth.

- IIM grew in the low double-digits on a constant currency basis, with low double-digit growth in the U.S. driven by strong interest in the MiniMed[®] 630G system and the Priority Access Program for the MiniMed[®] 670G system. In addition, the division delivered high-single digit constant currency growth in international markets as a result of continued strong sales in Europe and Asia Pacific of the MiniMed[®] 640G system. The division continues to be on track for a spring U.S. launch of the MiniMed[®] 670G system, the world's first hybrid closed loop insulin delivery system.
- NDT grew in the high-teens on a constant currency basis, led by the sales of the iPro[®]2 Professional Continuous Glucose Monitor (CGM) technology with Pattern Snapshot to primary care physicians.
- DSS grew in the low-single digits on a constant currency basis, with double-digit constant currency growth in international markets as a result of strong growth in consumables and Diabeter clinic revenue, offsetting low-single digit U.S. declines.

Outlook and Guidance

The company today reiterated its fiscal year 2017 revenue outlook, EPS guidance, and free cash flow outlook.

The company continues to expect fiscal year 2017 revenue growth to be within the mid-single digit range on a constant currency, constant weeks basis, which is consistent with the company's long-term, mid-single digit constant currency revenue growth expectation. The company expects revenue growth for the fourth quarter of fiscal year 2017 to be in the lower half of the mid-single digit range on a constant currency basis. While the impact from foreign currency exchange is fluid, if current exchange rates remain similar for the remainder of the fiscal year, the company's full year revenue and fourth fiscal quarter would both be negatively affected by approximately \$20 million to \$40 million.

The company continues to expect fiscal year 2017 diluted non-GAAP EPS growth to be in the double digits on a constant currency, constant week basis, which is consistent with the company's long-term, double digit constant currency EPS growth expectation. Taking into account the estimated 8 to 10 cent impact from the extra week in the first quarter last fiscal year, the estimated negative impact from foreign currency exchange of approximately 20 cents, and assuming current exchange rates remain similar for the rest of the year, this growth guidance implies fiscal year 2017 non-GAAP diluted EPS in the range of \$4.55 to \$4.60.

For fiscal year 2017, the company continues to expect free cash flow to be in the range of \$5 billion to \$6 billion.

"We remain confident in our ability to deliver mid-single digit constant currency revenue growth and double-digit constant currency EPS growth, not only in our current fiscal year, but also into the future," said Ishrak. "With our differentiated growth platforms and leadership in strong healthcare growth markets, we believe we are well positioned to create long-term, dependable value for our shareholders."

Webcast Information

Medtronic will host a webcast today, February 21, at 8:00 a.m. EST (7:00 a.m. CST) to provide information about its businesses for the public, investors, analysts, and news media. This quarterly webcast can be accessed by clicking on the Investor Events link at investorrelations.medtronic.com and this earnings release will be archived at newsroom.medtronic.com. Medtronic will be live tweeting during the webcast on our Newsroom Twitter account, @Medtronic. 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 Investor Events link at investorrelations.medtronic.com.

Financial Schedules

To view the third quarter financial schedules and non-GAAP reconciliations, [click here](#). To view the third quarter earnings presentation, [click here](#). Both of these documents can also be accessed by visiting newsroom.medtronic.com.

About Medtronic

Medtronic plc (www.medtronic.com), headquartered in Dublin, Ireland, is among the world's largest medical technology, services and solutions companies – alleviating pain, restoring health and extending life for millions of people around the world. Medtronic employs more than 88,000 people worldwide, serving physicians, hospitals and patients in approximately 160 countries. The company is focused on collaborating with stakeholders around the world to take healthcare Further, Together.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements related to product and service growth drivers, market position and opportunities, the transforming healthcare environment, strategies for and sustainability of growth, benefits from collaborations and acquisitions, availability of and plans for cash, the creation of shareholder value and shareholder returns, product launches, and Medtronic's future results of operations, which are subject to risks and uncertainties, such as competitive factors, difficulties and delays inherent in the development, manufacturing, marketing and sale of medical

products, challenges with respect to third-party collaborations and integration of acquired businesses, effectiveness of growth and restructuring strategies, challenges relating to our worldwide operations, challenges or unforeseen risks in implementing our growth strategies, government regulation, fluctuations in foreign currency exchange rates, future revenue and earnings growth, and general economic conditions and other risks and uncertainties described in Medtronic's periodic reports and other filings with the U.S. Securities and Exchange Commission (the "SEC"). Anticipated results only reflect information available to Medtronic at this time and may differ from actual results. Medtronic does not undertake to update its forward-looking statements or any of the information contained in this press release. Certain information in this press release includes calculations or figures that have been prepared internally and have not been reviewed or audited by our independent registered public accounting firm, including but not limited to, certain information in the financial schedules accompanying this press release. Use of different methods for preparing, calculating or presenting information may lead to differences and such differences may be material.

NON-GAAP FINANCIAL MEASURES

This press release contains financial measures and guidance, including free cash flow figures (defined as operating cash flows less property, plant and equipment additions), revenue and growth rates on a constant currency basis, net income, and diluted EPS, all of which are considered "non-GAAP" financial measures under applicable SEC rules and regulations. Unless otherwise noted, all revenue amounts given in this press release are stated in accordance with U.S. generally accepted accounting principles (GAAP). References to quarterly figures increasing or decreasing are in comparison to the third quarter of fiscal year 2016.

Medtronic management believes that in order to properly understand its short-term and long-term financial trends, including period over period comparisons of the company's operations, investors may find it useful to 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 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 revenue growth and EPS projections exclude the impact of foreign currency exchange fluctuations. Forward-looking 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, such as amortization of intangible assets and acquisition-related, certain tax and litigation, and restructuring charges or gains. 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, we believe 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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[View FY17 Third Quarter Financial Schedules & Non-GAAP Reconciliations](#)

[View FY17 Third Quarter Earnings Presentation](#)