

2020 MDT INVESTOR DAY

Session 1: Going on the Offensive & Taking Share

Key Takeaways

OCTOBER 14, 2020

Medtronic

Cardiac Rhythm Management

Key Takeaways

- Medtronic is going on the offensive in its CRM business with a big opportunity in front of it to win share in an otherwise mature market
 - We gained 2-3% points of U.S. initial implant share over the last two years in both Low Power & High Power and now have a multi-year opportunity for share gains on the back of Micra and EV-ICD (see Session 2)
 - Replacement cycle headwinds, which masked the gains of the past two years, are now behind us, so share gains going forward should be more impactful and visible
- It's not just Micra. MDT is leading in Digital Health, having created and revolutionized the entire category of digital and remote patient management
 - These investments have been especially prescient during COVID-19, as we've helped reduce the exposure of patients, doctors and our field representatives to disease
 - We are the only company with the ability to program devices from a distance, and the only company whose entire device portfolio allows monitoring from patients' own smart phones

Market Data and Medtronic's Position

- \$9B+ Global CRM Implantables Market; growing modestly
- #1 Product Leader in Pacemakers, Defibrillators, CRT HF Devices and Diagnostics

Digital Solutions and Remote Patient Management

- App-based Monitoring: Patients can use their own smart phones to monitor their implanted devices on our proprietary apps
 - Only Medtronic can offer this capability across our entire device portfolio
- Patient's compliance to remote monitoring improves around 20% when they use their own smartphones with our app compared to traditional bedside monitors
- Only company with ability to program devices from a distance

Cobalt & Crome ICD & CRT-D Portfolio

- Introduced Bluetooth connectivity which enables distance programming – feature exclusive to Medtronic
- Improved battery longevity by 25% and enhanced heart failure diagnostic capabilities

- Patients who receive our devices have been shown to:
 1. Have an improved response to cardiac resynchronization therapy
 2. Experience a reduced risk of atrial fibrillation
 3. Live longer

LINQ II Insertable Cardiac Monitor

- First Medtronic technology to leverage the wafer scale platform, allowing for a new level of precision and will be a platform to maximize longevity, sensor capabilities, and manufacturing efficiency
- LINQ II now offers:
 1. 50% greater longevity than Boston Scientific and Abbott's devices
 2. Market leading accuracy
 3. Exclusive new detection capabilities that help identify high risk patients
- Remote capabilities reduce need for patients to return to hospital or clinic for reprogramming
- Designed for future expansion into new, chronic disease states
 - Hold 90%+ share in stroke population
 - Next big opportunity is Heart Failure. ALLEVIATE HF trial started enrolling patients earlier this year

TAVR

Key Takeaways

- Global TAVR market expected to exceed \$7B by FY25, growing at a low-teens CAGR
 - The Evolut hemodynamic and valve durability story gets stronger with each medical meeting, as evidenced by this year's ACC and EuroPCR
 - Data from ACC and EuroPCR is driving increased clinician awareness and focus on the issues surrounding valve hemodynamics and long-term durability
- Medtronic is investing to win
 - Adding reps and funding new clinical trials
 - Announced head-to-head SMART trial vs. Sapien 3 to evaluate hemodynamic superiority and clinical noninferiority

Market Data and Medtronic's Position

- Global TAVR Market: \$5B+ Market Size in FY22
- TAVR market: low-teens CAGR growth, reaching over \$7B by FY25
- #1 EMEA Share FY21Q1; +1% sequential share gain in U.S. in FY21Q1

Evolut PRO+

- Hemodynamics are the key determinant of durable valve performance and is a priority in device selection to help reduce the risk of reintervention due to early valve failure
- Evolut is the only transcatheter valve to show larger aortic valve areas and lower gradients than surgery up to 8 years post-procedure. By comparison, Edwards valve showed no reduction in mean gradient relative to surgery after five years.
- Evolut has also shown low rates of clinically significant valve thrombosis, a potential precursor to structural valve deterioration. Conversely, in the Partner III study presented at this year's American College of Cardiology, there was an increase in valve thrombosis from 1% at 1 year to 2.6% at 2 years in Edwards' Sapien 3 valve, which is higher than in patients treated with surgery, and higher than observed in the Evolut Low Risk Trial.
- In the VIVID Registry presented at EuroPCR in June, Evolut demonstrated significantly less valve reintervention compared to Sapien at 8 years
- The need for a permanent pacemaker has continued to fall with the Medtronic Evolut PRO+ platform, now 10% in real-world patients in the TVT registry
- Finally, Medtronic is the first company to report TAVR outcomes in patients with bicuspid aortic valve at low surgical risk. TAVR using the Evolut PRO platform demonstrated excellent procedural success in bicuspid patients, as evidenced by low gradients, no cases of moderate PVL, and no cases of annular rupture.

SMART Trial

- Initiating Head-to-Head randomized comparison of Medtronic Evolut Pro/Pro+ and Edwards Sapien 3/Ultra
 - 700 patients with a small native annulus and in those undergoing TAVR for surgical valve failure
 - These groups represent ~40% of TAVR patients
 - Trial will compare 1-year co-primary endpoints that include clinical noninferiority, all-cause mortality, disabling stroke, repeat rehospitalization and hemodynamic superiority

Evolut EXPAND TAVR I Feasibility Study

- Evaluate our self-expanding, supra-annular valve in new patient populations outside of current guidelines for aortic valve replacement
- Expect the study to begin in CY21

Surgical Innovations

Key Takeaways

- Our SI business is going on the offensive. Our \$5.4 billion surgical business has outpacing competitors driven by differentiated technologies, but we see multiple opportunities to accelerate growth and drive incremental share.
- We're leading in endostapling (\$3B+) and advanced energy (\$3B+) markets and innovating to expand on our leadership positions
 - Share opportunity in open and circular stapling (>\$1B+): bringing Tri-Staple technology that's driven share gains in core endostapling business
 - Share opportunity in ultrasonic market (\$1B+); launch of 2nd gen Sonicision, much more competitive with J&J
- Entering the \$2B visualization market with EleVision portfolio
 - EleVision HD2 provides an optimized, customizable minimally invasive surgery solution
 - TipVision - the world's first surgical videoscope with dual chip-on-tip technology

Surgical Stapling

- #1 in the \$3B+ endostapling market
- Open and circular stapling market >\$1B combined
 - ~35-40% of all global stapling procedures
 - Medtronic share ~40%, >\$500M of opportunity

Advanced Energy

- Leader in \$3B+ advanced energy market
 - Medtronic leading RF segment, ~60% of Advanced Energy market
 - Ultrasonic market >\$1B, ~40% of market; Medtronic share only high-single digits

Visualization

- \$2B, fast-growing market

Diabetes

Key Takeaways

- We've taken a number of bold steps to get this business back on track over the past 12 months:
 - Installed a new leadership team
 - Accelerated R&D spend
 - Partnering with Blackstone Life Sciences to further lever our R&D and expand and accelerate our pipeline

- Acquired Companion Medical to increase our total addressable market and widen our growth opportunities
- We're aggressively working to close competitive gaps in CGM and are working on developing and then bringing to market Zeus and Synergy in rapid succession
- InPen + Smart CGM combination will provide meaningful market differentiation in the larger and faster multiple daily injections (MDI) type 1 and type 2 market

Zeus CGM

- Pivotal results look very good. Looking for venue to share data with the clinical community and the Street.
- Zeus data exceeded iCGM standards for hypoglycemic performance and showed improved accuracy
- Pivotal results should support a non-adjunctive claim in the U.S. and the substantial reduction or elimination of fingersticks.
- With both Zeus and Synergy, we've used advances in machine learning technology along with our proprietary electro impedance spectroscopy which enables self-calibration at the point-of-care.

Synergy CGM

- Disposable, merges sensor and transmitter into 1 device
- 7-day wear, 50% smaller in profile than Zeus
- Easy 3 step insertion, no over tape
- Pivotal trial enrollment nearing completion

Companion Medical

- With the Companion Medical acquisition, we're expanding into the largest segment of patients who choose multiple daily injections (MDI) instead of automated insulin delivery
 - Nearly 12 times larger than the segment of mostly type 1 patients we serve today
- The InPen is the first and only FDA cleared smart insulin pen on the market
- Ultimately, our goal is to "close the loop for MDI" patients. We acquired Nutrino and Klue to enable the future of diabetes therapy through artificial intelligence
 - Nutrino: helps improve our predictive analytic capabilities around mealtimes and helps with the identification of what's being consumed with greater accuracy
 - Klue: gesture technology helps identify when food is consumed

MiniMed 770G

- Recently approved in U.S.

- Only HCL system with 2+ age indication
- Bluetooth connectivity, enables software upgradability to 780G

MiniMed 780G

- Launched in Europe
- Delivers micro-tailored doses every 5 minutes
- Provides lowest blood glucose target of any automated insulin delivery system
- FDA filing a supplement on 770G with addition of pediatric data

Neurovascular

Key Takeaways

- The Neurovascular market represents a huge, underpenetrated market sustainably growing double-digits
- We are the undisputed leader of stroke care with an unparalleled breadth of products
- We have the momentum and strategy to remain ahead of the competition by investing in new technology, establishing partnerships across the care continuum, and expanding access to our therapies

Market Data and Medtronic's Position

- Neurovascular market: \$3.4B; grown double-digits for the past 6 years
- Medtronic the market leader in stroke since 2009

Strategy & Pipeline

- 3 Growth Vectors: (1) Investing in new technology, (2) Partnering across care continuum, and (3) Expanding access globally
- Medtronic's emerging markets presence is a competitive advantage in Neurovascular
- Medtronic has launched 4 major technologies in the last 5 years
- Medtronic will introduce a new stent, new aspiration catheters, and new access technology in next 12-months (Ischemic)
- Viz.ai Partnership: Uses AI to automatically identify large vessel occlusion on brain imaging to alert stroke time simultaneously and irrespective of present location

Clinical Trials

- RESILIENT trial (Brazil): first randomized evaluation of AIS in underdeveloped healthcare system; demonstrated that treatment can be implemented for 80% of the population who live in low / middle-income countries

Cranial & Spine Technologies

Key Takeaways

- We are on the offensive in Spine.
- The future of Spine surgery is one driven not just by metal implants and instrumentation, but a series of enabling technologies - robotics, navigation, advanced imaging, and increasingly pre-operative planning aided by artificial intelligence
- And this combination of technology all must work together, resulting in Spine procedures that are more efficient and reproduceable, and ultimately creating value through improved patient outcomes
- Medtronic has market leadership in all of these categories, and our newly reorganized CST business allows us to better unleash the clinical value of our technologies to drive more efficient and reproduceable procedures
- Medtronic has committed \$2B+ in the past two years to accelerate innovation
- We believe that our ecosystem of enabling technology will result in multi-year share gains, market expansion, and revenue growth acceleration for Medtronic

Mazor

- Expect approval and launch this fiscal year for:
 - Midas Rex high-speed powered drills integrated with Mazor
 - Navigated interbody devices with Mazor

Spine

- Launching Adaptix Interbody System - fully navigated and builds off Titan Spine acquisition
- Launching CD Horizon Modular screw system
- Voyager minimally invasive pedicle screw system – growing double-digits
- T2 Stratosphere expandable corpectomy cage – have doubled our market share within 1-year; fully navigated
- Announced Medicrea acquisition in July
 - Powered by AI database of 5,000+ surgical cases
 - Anticipate transaction close by end of the calendar year

Pelvic Health

Key Takeaways

- Pelvic Health is on the offensive, driving market growth and taking back share in the Sacral Neuromodulation market.

- Our InterStim Micro is the world's smallest, most advanced Sacral Neuromodulation device, powered by our OverDrive battery technology that has almost zero battery capacity fade over time and charges 4x faster than the competition
- Medtronic is the only company to offer physicians and patients the choice between recharge-free *and* rechargeable options

Market Data and Medtronic's Position

- Incontinence Market: 400M+ people worldwide
 - Less than 5 percent have access to advanced therapies
- Overactive Bladder (OAB): 37.5M people in the U.S. alone
 - Of those, 4.5M are indicated for a 3rd-line therapy; only 5% pursue treatment
- Total Medtronic Implants: 325k+ patients worldwide
- Medtronic has the only 5-year data for all four indications
- Option of recharge or recharge-free systems

InterStim Micro

- 2.8 cubic centimeters; nearly 50% smaller than AXNX
- OverDrive battery is 4x faster than AXNX; charging from 0 to 100 percent in less than an hour
 - Practically zero capacity fade over time
 - Eliminates battery-death risk, a key competitive advantage

InterStim Smart Programmer

- Customizable so patients can change settings without having to see their physician
- AXNX key fob comparable to Medtronic's device 25 years ago

InterStim Basic Evaluation Lead

- Introduce significant upgrade earlier this year. Now the preferred trial lead in the market
 - Moves less than AXNX's trialing lead

Neuromodulation

Key Takeaways

- Neuromodulation is on the offensive and poised for share capture after a period of significant reinvestment to re-establish our technological leadership
- Two of our most transformative innovations include BrainSense in Deep Brain Stimulation (DBS), and DTM in Spinal Cord Stimulation (SCS)

DBS

- This is a market where Medtronic was ceding share the past few years, as new competitors entered the market
- But Medtronic doubled down on its investments in DBS and is now leapfrogging the competition with a disruptive cadence of product launches starting with Percept
- Multi-year opportunity to capture share and accelerate market growth
- Percept PC with BrainSense
 - CE Mark in January 2020, FDA approval in late June
 - Breakthrough technology - brings the ability to monitor brain signals, while delivering therapy stimulation
 - Priced at a premium to traditional devices
 - 1.5T and 3.0T compatible . . . first 3.0T system on the market, an advantage vs competition
- Sets the stage for Medtronic closing the loop in DBS
 - Will be the first and only adaptive DBS (aDBS) system on the market
 - aDBS adapts stimulation amplitude to account for fluctuations in signal and patient state
 - Clinical trial set to begin in January 2021
- Approval for directional leads expected in CY21

Pain Stim (SCS)

- Stimpsons acquisition and launch of Intellis with DTM has reinvigorated the business and put us on the offensive.
- DTM Level-one RCT: Demonstrated superior pain relief vs. conventional stim at 3-months
 - 80% of patients responded to DTM SCS therapy vs. 51% for conventional stimulation
 - 63% of patients showed profound back pain relief (i.e. 80% or greater reduction in pain) vs. 28% for conventional stimulation
 - 12-month RCT results to be released next Monday, October 19
- Overdrive battery technology: 1-hour empty to full charge times; less than 5% fade at 9 years; 9-year warranty
- Gained market share in Q1 FY21, despite COVID disruption
- 3 RCTs underway for DTM in (1) Surgical naive chronic back and leg pain; (2) Upper-limb & neck chronic pain; and (3) Painful diabetic neuropath (PDN); Added indications to more than double the size of existing market