



NEWS RELEASE

Contacts:

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

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

FOR IMMEDIATE RELEASE

MEDTRONIC REPORTS FIRST QUARTER FINANCIAL RESULTS

- *Q1 Revenue of \$6.5 Billion Decreased 13% Reported and Approximately 17% Organic*
- *Q1 GAAP Diluted EPS of \$0.36; Q1 Non-GAAP Diluted EPS of \$0.62*

DUBLIN – August 25, 2020 – Medtronic plc (NYSE:MDT) today announced financial results for its first quarter of fiscal year 2021, which ended July 31, 2020.

The company reported first quarter worldwide revenue of \$6.507 billion, a decrease of 13 percent as reported. After adjusting for the \$104 million negative impact of foreign currency translation, the \$15 million partial quarter inorganic benefit of the company's acquisition of Titan Spine in the Cranial and Spinal Technologies division in the Restorative Therapies Group, and the approximate \$360 to \$390 million benefit the company received from an extra week compared to the first quarter of fiscal year 2020, the company's first quarter revenue decreased by approximately 17 percent organic. Unless otherwise stated, all revenue growth rates in this press release are stated on this organic basis, which adjusts for the impact of foreign currency translation, the inorganic benefit of the Titan Spine acquisition, and the benefit of the extra week.

As reported, first quarter GAAP net income and diluted earnings per share (EPS) were \$487 million and \$0.36, respectively. As detailed in the financial schedules included through the link at the end of this release, first quarter non-GAAP net income and non-GAAP diluted EPS were \$836 million and \$0.62, respectively, both decreases of 51 percent.

The company's first quarter of fiscal year 2021 contained 14 weeks, one more week than the first quarter of fiscal year 2020. The extra week occurs every five or six years as a result of the company's 52-53 week fiscal year calendar. While it is difficult to calculate an exact impact from the extra week, which occurred in the first fiscal month of the quarter, the company estimates that it resulted in a benefit to revenue as stated above and an approximate \$0.06 to \$0.10 benefit to non-GAAP diluted earnings per share (EPS) in the first quarter of this fiscal year.

First quarter U.S. revenue of \$3.351 billion represented 52 percent of company revenue and decreased 14 percent as reported and low-twenties organic. Non-U.S. developed market revenue of \$2.175 billion represented 33 percent of company revenue and decreased 8 percent as reported and low-double digit organic. Emerging Markets revenue of \$981 million represented 15 percent of company revenue and decreased 18 percent as reported and high-teens organic.

"We reported solid improvement from last quarter, and our results reflect a faster than expected recovery from the depths of the pandemic we saw back in April," said Geoff Martha, Medtronic chief executive officer. "Procedure volumes began to recover around the world, and we're leveraging our pipeline of innovative products to drive share gains in a number of key businesses."

Cardiac and Vascular Group

The Cardiac and Vascular Group (CVG) includes the Cardiac Rhythm & Heart Failure (CRHF), Coronary & Structural Heart (CSH), and Aortic, Peripheral & Venous (APV) divisions. CVG first quarter revenue of \$2.433 billion decreased 13 percent as reported and high-teens organic. CVG's revenue reflected a year-over-year decline in procedure volumes as a result of the COVID-19 pandemic; however, revenue did improve sequentially. CVG's organic performance was impacted by mid-teens declines in CRHF, low-twenties declines in CSH, and high-teens declines in APV.

- **Cardiac Rhythm & Heart Failure** first quarter revenue of \$1.247 billion decreased 10 percent as reported and mid-teens organic. Arrhythmia Management revenue, including implantable defibrillators (ICDs), Pacemakers, Implantable Diagnostics, and Cardiac Ablation Solutions (previously called AF Solutions) declined in the mid-teens. This included low-forties growth in Leadless Pacemakers, and specifically low-sixties growth in the United States, on the continued adoption of the company's Micra™ transcatheter pacing systems. Heart Failure declined in the low-double digits organic, reflecting declines in cardiac resynchronization therapy defibrillators (CRT-Ds), cardiac resynchronization therapy pacemakers (CRT-Ps), and left ventricular assist devices (LVADs).
- **Coronary & Structural Heart** first quarter revenue of \$780 million decreased 17 percent as reported and low-twenties organic, reflecting low-twenties declines in drug-eluting stents and transcatheter aortic valves (TAVR).
- **Aortic, Peripheral & Venous** first quarter revenue of \$405 million decreased 13 percent as reported and high-teens organic. Aortic declined in the high-teens, Peripheral declined in the low-double digits, and Venous declined in the low-thirties.

Minimally Invasive Therapies Group

The Minimally Invasive Therapies Group (MITG) includes the Surgical Innovations (SI) and the Respiratory, Gastrointestinal & Renal (RGR) divisions. MITG first quarter revenue of \$1.801 billion decreased 14 percent as reported and high-teens organic. MITG's revenue reflected a year-over-year decline in procedure volumes as a result of the COVID-19 pandemic. SI's mid-twenties organic decline was partially offset by flat organic results in RGR.

- **Surgical Innovations** first quarter revenue of \$1.080 billion decreased 24 percent as reported and mid-twenties organic. The decline of worldwide surgical procedures

resulted in lower demand for Advanced Stapling and Advanced Energy products, which declined in the high- and low-twenties, respectively. General Surgery products declined in the mid-twenties.

- **Respiratory, Gastrointestinal & Renal** first quarter revenue of \$720 million increased 5 percent as reported and was flat on an organic basis, reflecting the increased demand for Respiratory Interventions products. Respiratory & Patient Monitoring grew in the mid-single digits, with sales of ventilators more than doubling as production increased to address global needs.

Restorative Therapies Group

The Restorative Therapies Group (RTG) was reorganized into the Cranial and Spinal Technologies, Specialty Therapies, and Neuromodulation divisions starting this quarter. RTG first quarter revenue of \$1.712 billion decreased 15 percent as reported and low-twenties organic. RTG's revenue reflected a year-over-year decline in procedure volumes as a result of the COVID-19 pandemic; however, revenue did improve sequentially. RTG's organic performance this quarter included mid-teens declines in Cranial and Spinal Technologies, low-twenties declines in Specialty Therapies, and mid-twenties declines in Neuromodulation.

- **Cranial and Spinal Technologies** first quarter revenue of \$944 million decreased 10 percent as reported and mid-teens organic, including mid-teens declines in Spine and high-teens declines in Enabling Technology. Core Spine declined in the low-double digits globally, including high-single digit declines in the U.S. Sales of bone morphogenetic protein (BMP) declined in the low-twenties.
- **Specialty Therapies** first quarter revenue of \$453 million decreased 20 percent as reported and low-twenties organic. ENT declined in the mid-twenties and Neurovascular declined in the low-single digits, with low-single digit declines in

Hemorrhagic Stroke and high-single digit declines in Ischemic Stroke.

- **Neuromodulation** first quarter revenue of \$314 million decreased 21 percent as reported and mid-twenties organic, including mid-twenties declines in Pain Therapies.

Diabetes Group

Diabetes Group first quarter revenue of \$562 million decreased 5 percent as reported and high-single digit organic. Diabetes Group revenue performance was impacted by a delay in new patient starts on insulin pumps and continued competitive pressure. CGM grew in the mid-single digits.

Guidance

Given the uncertainty on near-term financial results caused by the COVID-19 pandemic, the company is not providing formal annual or quarterly financial guidance at this time.

“We’re playing offense and finding a new gear at Medtronic,” said Martha. “We are driving toward faster and broader topline growth, not just as we emerge from the pandemic, but sustainable growth over the long-term.”

Webcast Information

Medtronic will host a webcast today, August 25, 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 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 its 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.

Medtronic plans to report its fiscal year 2021 second, third, and fourth quarter results on Tuesday, November 24, 2020, Tuesday, February 23, 2021, and Thursday, May 27, 2021, respectively.

Financial Schedules

To view the first quarter financial schedules and non-GAAP reconciliations, [click here](#). To view the first quarter earnings presentation, [click here](#). Both 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 90,000 people worldwide, serving physicians, hospitals and patients in more than 150 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 within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties, including risks related to the impact COVID-19 has had and is expected to continue to have on our business, operations and production, as well as demand for our offerings, and on our employees, medical professional and healthcare system, communities in which we operate, and our financial results and condition, 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 figures increasing, decreasing or remaining flat are in comparison to the first quarter of fiscal year 2020.

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.

-end-

[View First Quarter Financial Schedules & Non-GAAP Reconciliations](#)

[View First Quarter Earnings Presentation](#)