Medtronic Reports First Quarter Earnings

August 19, 2014 6:15 AM CT

- **Revenue of $4.3 Billion Grew 4% on Constant Currency Basis; 5% as Reported**
- **Non-GAAP Diluted EPS of $0.93, Growth of 6%; GAAP Diluted EPS of $0.87, Decline of 6%**
- **Company Reiterates FY15 Revenue Growth Outlook and EPS Guidance**
- **Company Reaffirms Commitment to Covidien Transaction**

MINNEAPOLIS - Aug. 19, 2014 - Medtronic, Inc. (NYSE: MDT) today announced financial results for its first quarter of fiscal year 2015, which ended July 25, 2014.

The company reported worldwide first quarter revenue of $4.273 billion, compared to the $4.083 billion reported in the first quarter of fiscal year 2014, an increase of 4 percent on a constant currency basis after adjusting for a $34 million foreign currency benefit or 5 percent as reported.Â As reported, first quarter net earnings were $871 million, or $0.87 per diluted share, a decrease of 9 percent and 6 percent, respectively, over the same period in the prior year.Â First quarter net earnings and diluted earnings per share on a non-GAAP basis were $934 million and $0.93, an increase of 4 percent and 6 percent, respectively, over the same period in the prior year.

U.S. revenue of $2.333 billion increased 6 percent.Â International revenue of $1.940 billion increased 2 percent on a constant currency basis or 3 percent as reported. Â International sales accounted for 45 percent of Medtronic's worldwide revenue in the quarter. Â Emerging market revenue of $539 million increased 11 percent on a constant currency basis or 9 percent as reported and represents 13 percent of company revenue.

"Our first quarter results are a solid start to fiscal year 2015," said Omar Ishrak, Medtronic chairman and chief executive officer. "Our growth was broad based across businesses and geographies.Â I was especially pleased that our innovation pipeline is delivering strong results, particularly in the U.S., which had its highest revenue growth performance in 5 years."

Cardiac and Vascular Group

The Cardiac and Vascular Group includes the Cardiac Rhythm & Heart Failure, Coronary & Structural Heart, and Aortic & Peripheral businesses.Â The Group had worldwide sales in the quarter of $2.254 billion, representing an increase of 3 percent on a constant currency basis or 4 percent as reported.Â Group revenue performance was driven by growth in Low Power, Structural Heart, Aortic & Peripheral, and AF & Other - which included growth from Hospital Solutions and Cardiocom - partially offset by declines in High Power and Coronary.Â Group international sales of $1.235 billion declined 1 percent on a constant currency basis and grew 1 percent as reported.

Cardiac Rhythm & Heart Failure revenue of $1.256 billion grew 4 percent on a constant currency basis or 5 percent as reported.Â High Power revenue was $627 million, a decrease of 5 percent on a constant currency basis.Â The company expects improved performance in High Power going forward as a result of the recent U.S. FDA approval of the company's Viva(TM) XT CRT-D, with its AdaptiveCRT(TM) algorithm and AttainÂ® Performa(TM) quadripolar lead.Â Low Power revenue was $525 million, an increase of 10 percent on a constant currency basis.Â Results were driven by the strong ongoing global launch of the Reveal LINQ(TM) insertable cardiac monitor.

Coronary & Structural Heart revenue of $766 million grew 1 percent on a constant currency basis or 2 percent as reported. Â Coronary revenue of $428 million declined 2 percent on a constant currency basis.Â This above-market performance was driven by sales of drug-eluting stents, which grew 2 percent on a constant currency basis on the strength of the company's ResoluteÂ® IntegrityÂ® drug-eluting stent. Â Structural Heart revenue of $338 million grew 6 percent on a constant currency basis.Â After adjusting for the German customer advance purchases of CoreValveÂ® in Q1 of last fiscal year in anticipation of the since resolved injunction, Structural Heart grew in the upper teens on a constant currency

basis.Â Q1 results were driven by strong execution on the ongoing U.S. launch of the CoreValveÂ® transcatheter aortic heart valve.

Aortic & Peripheral revenue of $232 million grew 5 percent on a constant currency basis or 6 percent as reported.Â In Aortic, the company's market-leading EndurantÂ® II and ValiantÂ® CaptiviaÂ® stent grafts have each gained 2 points of share in the AAA and Thoracic markets, respectively.Â In Peripheral, the IN.PACTÂ® AdmiralÂ® and PacificÂ® drug-coated balloons for the SFA continued to deliver strong growth in international markets.

Restorative Therapies Group

The Restorative Therapies Group includes the Spine, Neuromodulation, and Surgical Technologies businesses. Â The Group had worldwide sales in the quarter of $1.603 billion, representing an increase of 3 percent on both a constant currency and reported basis.Â Group revenue performance was driven by growth in Neuromodulation and Surgical Technologies, offset by declines in Spine.Â Group international sales of $531 million increased 7 percent on a constant currency basis or 8 percent as reported.

Spine revenue of $743 million declined 3 percent on both a constant currency and reported basis, with declines in Core Spine and BMP offsetting growth in Interventional Spine. Â Core Spine revenue of $552 million declined 2 percent on a constant currency basis. Â Going forward, the company believes new product launches will result in improved performance.Â Interventional Spine revenue of $81 million grew 4 percent on a constant currency basis.Â BMP revenue of $110 million declined 11 percent on a constant currency basis, although the company did see sequential stability in underlying demand for BMP.

Neuromodulation revenue of $479 million increased 11 percent on a constant currency basis or 12 percent as reported, driven by solid growth in Pain Stim, DBS, and Gastro/Uro.Â The business continues to see traction from the RestoreSensorÂ® SureScanÂ® MRI system, growth in ActivaÂ® deep brain stimulation systems as a result of both the continued referral development in the U.S. and international momentum from the EARLYSTIM data, and strong implant rates for InterStimÂ® Therapy.

Surgical Technologies revenue of $381 million grew 5 percent on a constant currency basis or 6 percent as reported with steady growth across all three businesses:Â ENT, Neurosurgery, and Advanced Energy.Â The acquisition of Visualase, Inc. was completed at the end of the quarter, a promising MRI-guided laser ablation technology for neurosurgery, adding to the Restorative Therapies Group's broad suite of neuroscience solutions.Â

Diabetes Group

Diabetes revenue of $416 million grew 12 percent on a constant currency basis or 13 percent as reported.Â Growth in the quarter continued to be driven by strong performance in the U.S. from the MiniMedÂ® 530G with EnliteÂ®, the first and only system that automatically stops insulin delivery if glucose levels fall below a predetermined threshold.Â Â Â Â

Revenue Outlook and Earnings per Share Guidance

The company reiterated its revenue outlook and diluted earnings per share (EPS) guidance for fiscal year 2015.Â In fiscal year 2015, the company continues to expect full-year revenue growth in the range of 3 to 5 percent on a constant currency basis, and diluted non-GAAP EPS in the range of $4.00 to $4.10, which implies annual diluted non-GAAP EPS growth in the range of 6 to 9 percent after adjusting for certain items.

"We are confident that our strategies - therapy innovation, globalization, and economic value - will further strengthen, diversify, and expand our market-leading competitive position," said Ishrak.Â "We believe we can accelerate these strategies with the Covidien acquisition, which we are fully committed to completing in the calendar fourth quarter of 2014 or early 2015."

Webcast Information

Medtronic will host a webcast today, August 19, at 8 a.m. EDT (7 a.m. CDT), to provide information about its businesses for the public, analysts, and news media.Â This quarterly webcast can be accessed by clicking on the

Investors link on the Medtronic home page at www.medtronic.com and this earnings release will be archived at www.medtronic.com/newsroom. Within 24 hours, a replay of the webcast and a transcript of the company's prepared remarks will be available in the "Events & Presentations" section of the Investors portion of the Medtronic website.

Financial Schedules

To view the first quarter financial schedules, click here or visit www.medtronic.com/newsroom.

About Medtronic

Medtronic, Inc., headquartered in Minneapolis is the global leader in medical technology - alleviating pain, restoring health, and extending life for millions of people around the world.

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This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the acquisition, the merger or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

IMPORTANT ADDITIONAL INFORMATION

Medtronic Holdings Limited, which will be renamed Medtronic plc ("New Medtronic"),Â has filed with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4 that includes the preliminary Joint Proxy Statement of Medtronic, Inc. ("Medtronic") and Covidien plc ("Covidien") that also constitutes a preliminary Prospectus of New Medtronic. The registration statement is not complete and will be further amended. Medtronic and Covidien plan to make available to their respective shareholders the final Joint Proxy Statement/Prospectus (including the Scheme) in connection with the transactions. INVESTORS AND SHAREHOLDERS ARE URGED TO READ THE PRELIMINARY JOINT PROXY STATEMENT/PROSPECTUS (INCLUDING THE SCHEME) AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT MEDTRONIC, COVIDIEN, NEW MEDTRONIC, THE TRANSACTIONS AND RELATED MATTERS. Investors and security holders are able to obtain free copies of the preliminary Joint Proxy Statement/Prospectus (including the Scheme) and other documents filed with the SEC by New Medtronic, Medtronic and Covidien through the website maintained by the SEC at www.sec.gov. In addition, investors and shareholders are able to obtain free copies of the preliminary Joint Proxy Statement/Prospectus (including the Scheme) and other documents filed by Medtronic and New Medtronic with the SEC by contacting Medtronic Investor Relations at investor.relations@medtronic.com or by callingÂ 763-505-2696, and will be able to obtain free copies of the preliminary Joint Proxy Statement/Prospectus (including the Scheme) and other documents filed by Covidien by contacting Covidien Investor Relations at investor.relations@covidien.com or by calling 508-452-4650.

PARTICIPANTS IN THE SOLICITATION

Medtronic, New Medtronic and Covidien and certain of their respective directors and executive officers and employees may be considered participants in the solicitation of proxies from the respective shareholders of Medtronic and Covidien in respect of the transactions contemplated by the Joint Proxy Statement/Prospectus. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of the respective shareholders of Medtronic and Covidien in connection with the proposed transactions, including a description of their direct or indirect interests, by security holdings or otherwise, will be set forth in the final Joint Proxy Statement/Prospectus when it is filed with the SEC. Information regarding Medtronic's directors and executive officers is contained in Medtronic's Annual Report on Form 10-K for the

fiscal year ended April 25, 2014 and its Proxy Statement on Schedule 14A, dated July 11, 2014, which are filed with the SEC. Information regarding Covidien's directors and executive officers is contained in Covidien's Annual Report on Form 10-K for the fiscal year ended September 27, 2013 and its Proxy Statement on Schedule 14A, dated January 24, 2014, which are filed with the SEC.

Cautionary Statement Regarding Forward-Looking Statements

Statements contained in this communication that refer to New Medtronic's, Medtronic's and/or Covidien's estimated or anticipated future results, including estimated synergies, or other non-historical facts are forward-looking statements that reflect Medtronic's and/or Covidien's current perspective of existing trends and information as of the date of this communication. Forward-looking statements generally will be accompanied by words such as "anticipate," "believe," "plan," "could," "should," "estimate," "expect," "forecast," "outlook," "guidance," "intend," "may," "might," "will," "possible," "potential," "predict," "project," or other similar words, phrases or expressions. It is important to note that these goals and expectations are not predictions of actual performance.Â Actual results may differ materially from current expectations depending upon a number of factors affecting New Medtronic's business, Medtronic's business, Covidien's business and risks associated with the proposed transactions. These factors include, among others, the inherent uncertainty associated with financial projections; restructuring in connection with, and successful close of, the Covidien acquisition; subsequent integration of the Covidien acquisition and the ability to recognize the anticipated synergies and benefits of the Covidien acquisition; the risk that the required regulatory approvals for the proposed transactions are not obtained, are delayed or are subject to conditions that are not anticipated; the anticipated size of the markets and continued demand for Medtronic's and Covidien's products; the impact of competitive products and pricing; access to available financing (including financing for the acquisition or refinancing of Medtronic or Covidien debt) on a timely basis and on reasonable terms; the risks of fluctuations in foreign currency exchange rates; the risks and uncertainties normally incident to the medical device industry, including competition in the medical device industry; product liability claims; the difficulty of predicting the timing or outcome of pending or future litigation or government investigations; variability of trade buying patterns; the timing and success of product launches; the difficulty of predicting the timing or outcome of product development efforts and regulatory agency approvals or actions, if any; potential for adverse pricing movement; costs and efforts to defend or enforce intellectual property rights; difficulties or delays in manufacturing; reduction or interruption in supply; product quality problems; the availability and pricing of third-party sourced products and materials; risks associated with self-insurance and commercial insurance; successful compliance with governmental regulations applicable to New Medtronic's, Medtronic's and Covidien's facilities, products and/or businesses; changes in the laws and regulations, affecting among other things, pricing and reimbursement of pharmaceutical products; health care policy changes; risks associated with international operations; changes in tax laws or interpretations that could increase New Medtronic's,Â Medtronic's and/or Covidien's consolidated tax liabilities, including, if the transaction is consummated, changes in tax laws that would result in New Medtronic being treated as a domestic corporation for United States federal tax purposes; the loss of key senior management or scientific staff; and such other risks and uncertainties detailed in Medtronic's periodic public filings with the SEC, including but not limited to Medtronic's Annual Report on Form 10-K for the fiscal year ended April 25, 2014, in Covidien's periodic public filings with the SEC, including but not limited to Covidien's Annual Report on Form 10-K for the fiscal year ended September 27, 2013, and from time to time in Medtronic's and Covidien's other investor communications. Except as expressly required by law, each of New Medtronic and Medtronic disclaims any intent or obligation to update or revise these forward-looking statements.

Earnings per share guidance excludes adjustments relating to acquisition-related items and net restructuring charges, and any unusual charges or gains that might occur during the fiscal year.Â The guidance provided only reflects information available to Medtronic at this time.Â Furthermore, the revenue outlook and earnings per share guidance does not contemplate the expected closing of the Covidien transaction.Â

Statement Required by the Irish Takeover Rules

The earnings guidance contained in this press release constitutes a profit forecast for the purposes of the Irish Takeover Rules. Â In accordance with Rule 28.4 of the Irish Takeover Rules, this profit forecast shall be repeated in the S-4 Registration Statement to be filed in connection with the Covidien Transaction, and the reports required by Rule 28.3 of the Irish Takeover Rules shall be mailed to Covidien shareholders with the S-4 Registration Statement.Â The directors of Medtronic accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors of Medtronic (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless otherwise noted, all comparisons made in this news release are on an "as reported basis," and not on a constant currency basis.Â References to quarterly figures increasing or decreasing are in comparison to the first quarter of fiscal year 2014.

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View FY15 First Quarter Financial Schedules

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