

# INVESTOR DAY

JUNE 6, 2016

NEW YORK CITY

**Medtronic**  
Further, Together

# OMAR ISHRAK

CHAIRMAN & CEO

# FORWARD LOOKING STATEMENT

This presentation contains forward-looking statements which provide current expectations or forecasts, including those relating to market and sales growth, growth strategies, financial results, use of free cash flow, product development and introduction, partnerships, regulatory matters, restructuring initiatives, mergers/acquisitions/divestitures and related effects, accounting estimates, financing activities, working capital adequacy, competitive strengths and sales efforts. They are based on current assumptions and expectations that involve uncertainties or risks. These uncertainties and risks include, but are not limited to, those described in our periodic reports on file with the U.S. Securities and Exchange Commission (SEC). Actual results may differ materially from anticipated results. Forward-looking statements are made as of today's date, and we undertake no duty to update them or any of the information contained in this presentation.

## Financial Data

Certain information in this presentation includes calculations or figures that have been prepared internally and have not been reviewed or audited by our independent registered public accounting firm. Use of different methods for preparing, calculating or presenting information may lead to differences and such differences may be material. This presentation also contains non-GAAP financial measures such as free cash flow and historical revenue on a comparable constant currency basis, which sums historical data of Medtronic and Covidien, aligns Covidien's prior year monthly revenue to Medtronic's fiscal quarters and adjusts for the impact of foreign currency translation. We believe these measures provide a useful way to evaluate our underlying performance. Detail concerning how all non-GAAP measures are calculated, including all non-GAAP to GAAP reconciliations, are posted to our website.

# THE MEDTRONIC MISSION

## TENET ONE

“To contribute to human welfare by **application of biomedical engineering** in the research, design, manufacture, and sale of instruments or appliances that **alleviate pain, restore health, and extend life.**”



Medtronic is a technology company and one that is dedicated to improving patient outcomes

# WHY INVEST IN MEDTRONIC?

## Medtronic Differentiators

Innovation

Size / Scale

Profitability

Consistency

**\$40B**

Free Cash Flow  
Next 5 Years

## Medtronic Differentiators

Cash  
Accessibility

Disciplined  
Allocator

Returns  
Focused

Next 5 Years

**\$20B**

Return to Shareholders

+

**\$10B**

M&A and Debt Reduction

+

**\$10B**

Financial Flexibility

# USING OUR SIZE & SCALE TO CREATE MASSIVE VALUE IN GLOBAL HEALTHCARE

EXECUTING ON A BROAD, SUSTAINABLE GROWTH PLATFORM

REVENUE  
GROWTH



EPS  
LEVERAGE



CAPITAL  
ALLOCATION

Robust innovation pipeline, geographic reach, and new healthcare business models to sustain consistent and reliable above-market revenue growth

Multiple operating and financial leverage levers to deliver consistent and reliable double-digit earnings per share growth

Strategic capital deployment prioritizing disciplined M&A and substantial cash returns to shareholders

*Consistent Commitments*

**MID-SINGLE DIGIT**

CONSTANT CURRENCY REVENUE GROWTH



**DOUBLE-DIGIT**

CONSTANT CURRENCY EPS GROWTH



**>50 PERCENT**

FREE CASH FLOW RETURNED TO  
SHAREHOLDERS

# LAST 5 YEARS: ADDED NEW CAPABILITIES

EXECUTING ON A BROADENED, MORE SUSTAINABLE GROWTH PLATFORM

REVENUE  
GROWTH

+

EPS  
LEVERAGE

+

CAPITAL  
ALLOCATION



## THERAPY INNOVATION:

Improved R&D productivity to create new markets and reinvigorate growth



## GLOBALIZATION:

Expanded our global reach to realize the massive emerging market opportunity



## ECONOMIC VALUE:

Redefined the business to broaden our scope beyond devices

Created a runway for strong operating leverage over next 5+ years, supplemented by financial leverage

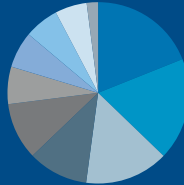
Significantly enhanced our accessible cash generation capabilities to generate more investment power and returns for shareholders

## LARGER, MORE DIVERSE REVENUE BASE

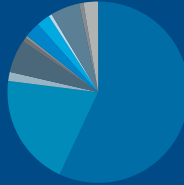
**FY11**  
\$15.9B

**FY16**  
\$28.8B

BUSINESS



GEOGRAPHY



## INCREASED OPERATING LEVERAGE

Operating  
Leverage



Financial  
Leverage

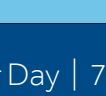


## INCREASED ACCESSIBLE CASH

Accessible  
FCF



Trapped  
FCF



# LAST 5 YEARS: EXECUTED ON THE LARGEST ACQUISITION IN MEDTECH HISTORY

Medtronic



## Delivering on Commitments Made at Deal Announcement

- ✓ Preserving and accelerating core strategies: Therapy Innovation, Globalization & Economic Value
- ✓ Offering a more comprehensive and competitive growth platform
- ✓ Diversifying revenue mix
- ✓ Capturing operational synergies
- ✓ Accretive to FY16 cash EPS and significantly accretive thereafter
- ✓ Increasing access to capital and optimizing shareholder returns through deployment flexibility

## Preserve



Maintaining business momentum at both companies while delivering consecutive quarters of strong business performance.

## Optimize



Integrating the best of our systems, policies and facilities – reinventing ourselves to achieve global growth and savings.

## Accelerate



Realizing synergy opportunities for Covidien's Peripheral Vascular and Neurovascular divisions.

Increasing capital deployment and access to "trapped" cash.

## Transform



Delivering higher value in healthcare.

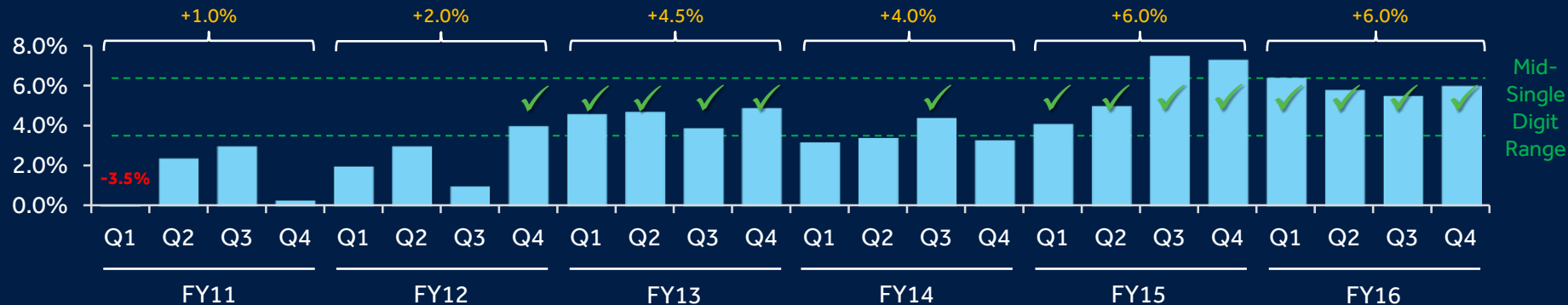
Aligning solutions to emerging value-based payment models.

Partnering with new stakeholders.

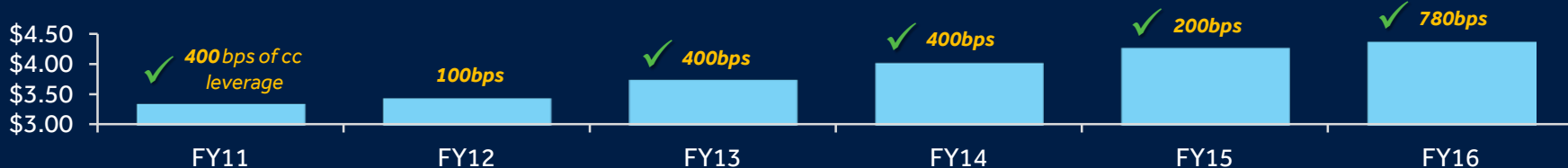


# LAST 5 YEARS: IMPROVED REVENUE, EPS, AND FREE CASH FLOW GROWTH

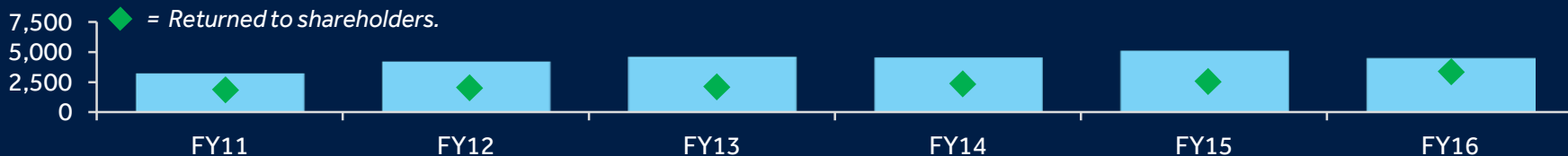
## REVENUE GROWTH<sup>1</sup> (Y/Y)



## NON-GAAP EPS<sup>2</sup> & LEVERAGE



## ADJUSTED FREE CASH FLOW<sup>3</sup> & RETURN



Constant currency. Q1 FY11 and Q1 FY16 adjusted for extra week impact. Q4 FY15 through Q3 FY16 on a comparable basis.

Non-GAAP EPS on a constant currency basis. Leverage rounded to the nearest 50bps.

FCF is operating cash flow minus capital expenditures. Adjusted for litigation payments.

# MEDTRONIC GROWTH MODEL

EXPECT TO GENERATE STRONG TOTAL SHAREHOLDER RETURN



All growth rates and leverage targets given on a constant-currency basis.

# 2016 INVESTOR DAY: KEY MESSAGES

## A GLOBAL HEALTHCARE LEADER WITH DIFFERENTIATED PLATFORMS TO DELIVER ATTRACTIVE SHAREHOLDER VALUE

1

### REVENUE GROWTH

Unmatched pipeline and attractive, diversified markets lead to consistent, sustainable mid-single digit constant currency revenue growth

2

### MARGIN EXPANSION

Utilizing systems and structure at scale across the enterprise to drive margin expansion

3

### FREE CASH FLOW

Strong revenue growth and high profitability generates significant and increasingly accessible free cash flow

4

### CAPITAL DEPLOYMENT

Deploying massive amounts of capital strategically, consistently, and with discipline

5

### EPS GROWTH

Committed to delivering consistent double digit constant currency EPS growth

6

### TOTAL SHAREHOLDER RETURN

Overall performance results in low-double digit to mid-teens total shareholder return

# TODAY'S AGENDA

## CREATING LONG-TERM VALUE IN HEALTHCARE

Session	Focus	Group / Region
Morning <i>Two 15 minute breaks</i>	Revenue Growth	Therapy Innovation
		Globalization
		Economic Value
Lunch		
Afternoon	Margin Expansion	<ul style="list-style-type: none"><li>▪ CVG</li><li>▪ RTG</li><li>▪ MITG</li><li>▪ Diabetes</li></ul>
	Free Cash Flow & Capital Allocation	<ul style="list-style-type: none"><li>▪ Americas</li><li>▪ EMEA</li><li>▪ China</li><li>▪ Asia Pacific</li><li>▪ CVG</li><li>▪ RTG</li><li>▪ MITG</li><li>▪ Diabetes</li></ul>

**REVENUE GROWTH**

ABOVE MARKET, CONSISTANT, & RELIABLE

# DIVERSIFIED SOURCES OF REVENUE GROWTH

COMMITTED TO SUSTAINABLE MID-SINGLE DIGIT TOPLINE GROWTH

UNIVERSAL HEALTHCARE  
NEEDS:

PERPETUAL SOURCE OF OPPORTUNITY

MEDTRONIC STRATEGIES TO  
CAPTURE GROWTH:

THREE DIVERSIFIED  
GROWTH VECTORS

Improve Clinical Outcomes



Therapy Innovation

Expand Access



Globalization

Optimize Cost & Efficiency



Economic Value

New Therapies

200 – 350 bps

Emerging Markets

150 – 200 bps

Services & Solutions

40 – 60 bps

# THERAPY INNOVATION

# BROAD PRINCIPLES OF THERAPY INNOVATION

HOW MEDTRONIC IS EXECUTING

## FOCUSED

1

### Choosing the Right Product

- Clinical and economic value in PDP process

2

### Product Cadence

- New therapies key to sustainable mid-single digit growth

3

### GM Structure

- Ensure breadth of offerings across BUs
- Partner with physicians to champion next major innovation



## BREADTH

1

### Cross-Selling

- TYRX through NeuroStim & Spine
- Reveal LINQ through Neurovascular
- Peak Plasmablade through CHRF

2

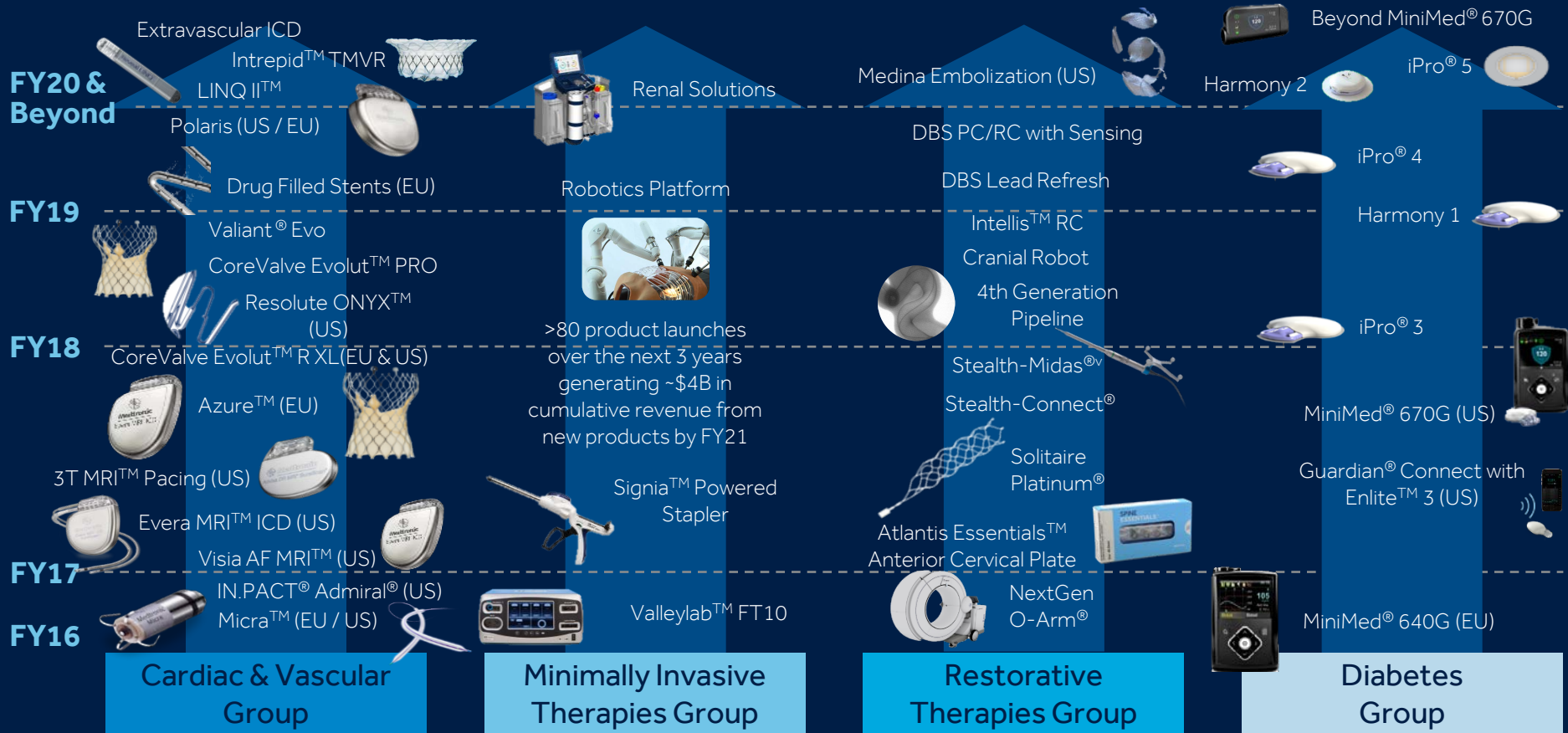
### Technology-Sharing

- RF Generator Design (MITG & CVG)
- Vascular Embolics (RTG & CVG)
- Patient Management Database Architecture (Diabetes & CVG)

# Marketplace Leadership



# FOCUSED: NEW THERAPIES ARE KEY TO SUSTAINABLE MID-SINGLE DIGIT GROWTH



# **BREADTH:** CROSS-GROUP / BUSINESS UNIT TECHNOLOGY & SALES SYNERGY

## TECHNOLOGY SHARING ACROSS BUSINESS UNITS

- Drug Device Combinations (e.g. CSH & APV)
- Therapy Delivery Catheters (e.g. CRHF & CSH)
- Navigation & Imaging (e.g. Spine & Brain)

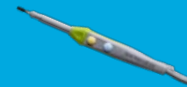
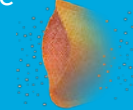


## TECHNOLOGY SHARING ACROSS GROUPS

- RF Generator Design (e.g. MITG & CVG)
- LAA Stapler, Endoscopic Vein Harvesting (e.g. CVG & MITG)
- Vascular Embolics (e.g. RTG & CVG)
- Patient Management Database Architecture (e.g. Diabetes & CVG)

## GROUP CROSS-SELLING OPPORTUNITIES

- TYRX™ through NeuroStim & Spine
- Reveal LINQ™ through Neurovascular
- Peak Plasmablate® through CRHF



## LEVERAGING GLOBAL OPERATIONS CENTERS OF EXCELLENCE

- ECT Cannula from MITG Mexico
- Chip-based Glucose Sensors from MTC Tempe
- Transcatheter Valve/Endovascular Delivery Systems from Galway



# WHAT YOU WILL HEAR NEXT

## THERAPY INNOVATION DRIVING GROWTH ACROSS GROUPS

### CVG

Sustainable Therapy Innovation across all businesses driven by changes in culture, structure, and processes.

### MITG

Bringing less invasive solutions that improve patient outcomes while focusing on high growth submarkets delivering ~80 new products over the next 3 years.

### RTG

Changes to structure and talent will reinvigorate Therapy Innovation and deliver meaningful innovation through a consistent cadence of new products.

### DIABETES

Committed to moving from a domestic type 1 pump & sensor company to a global, holistic diabetes management business focused on outcomes.