

MEDTRONIC PLC

Q2 FY20

EARNINGS PRESENTATION
NOVEMBER 19, 2019

- Q2 FY20 CONSOLIDATED RESULTS & GROUP REVENUE HIGHLIGHTS
- FREE CASH FLOW
- FY20 GUIDANCE & OTHER ASSUMPTIONS

Medtronic
Further, Together

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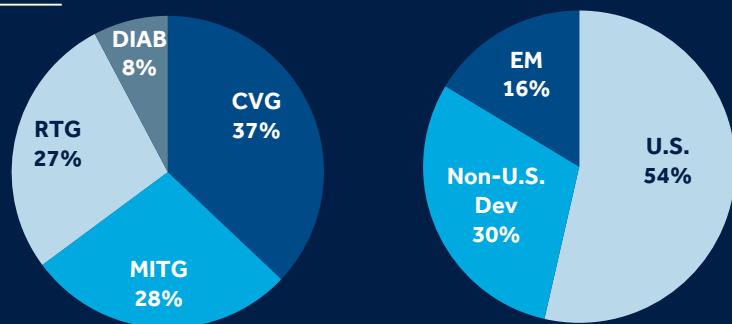
Financial Comparisons

References to quarterly results increasing, decreasing, or remaining flat are in comparison to Q2 FY19, and references to annual results increasing, decreasing, or remaining flat are in comparison to FY19. References to organic revenue growth exclude the impact of significant acquisitions and currency. Unless stated otherwise, quarterly and annual rates and ranges are given on a constant currency basis, which adjusts for the impact of currency.

Q2 FY20 CONSOLIDATED RESULTS & GROUP REVENUE HIGHLIGHTS

STRONG EXECUTION ACROSS ENTERPRISE; ACCELERATING REVENUE GROWTH

Revenue:



	Revenue \$M ¹	As Rep Y/Y %	CC ² Y/Y %	Organic Y/Y %
CVG	2,855	(0.1)	1.3	--
MITG	2,142	4.6	6.1	--
RTG	2,112	6.0	6.8	6.0
Diabetes	596	2.2	4.3	--
Total	\$7,706	3.0%	4.3%	4.1%

U.S.	4,129	2.1	2.1
Non-U.S. Dev	2,315	1.4	4.6
EM	1,262	9.4	11.6
Total	\$7,706	3.0%	4.3%

Other Financial Highlights:

	Diluted EPS	As Rep Y/Y	CC ² Y/Y%	Cash Flow from Ops	Free Cash Flow ²
GAAP	\$1.01	23.2%	NC	\$1.9B	
Non-GAAP	\$1.31	7.4%	9.0%		\$1.6B

- REVENUE:** 4.1% organic growth with outperformance in RTG, MITG, and Diabetes; continued strength in Emerging Markets
 - RTG organic growth of 6.0% driven by high-teens growth in Neurovascular, low-double digit growth in Neurosurgery, and high-single digit organic growth in U.S. Spine plus enabling tech
 - MITG growth of 6.1% reflected balanced, mid-single digit growth across both SI and RGR; strong contributions from Advanced Energy, Advanced Stapling, and Respiratory & Patient Monitoring
 - CVG grew 1.3% in-line with expectations, driven by low-20's growth in TAVR and high-single digit U.S. Pacemaker growth, offsetting certain headwinds
 - Diabetes growth of 4.3% driven by continued strong International growth of 19%
 - Emerging Markets grew 11.6%, driven by mid-teens growth in South Asia and low double-digit growth in China and Eastern Europe
- OP MARGIN:** Delivered +20 bps non-GAAP operating margin expansion
- EPS:** Delivered 7.4% non-GAAP diluted EPS growth; 3 cents above mid-point of guidance
- FREE CASH FLOW³:** Delivered \$1.6B vs. \$1.0B LY, growth of 66%
- FY20 GUIDANCE:**
 - Organic Revenue Growth: Unchanged at approx. 4.0%
 - Non-GAAP EPS: Increasing guidance by \$0.03 to \$5.57-\$5.63, from \$5.54 - \$5.60

¹ Data has been intentionally rounded to the nearest million and, therefore, may not sum.

² Figures represent comparison to Q2 FY19 on a constant currency basis.

³ Operating cash flows less property, plant, and equipment additions.

	Q2 FY19	Q2 FY20	Y/Y Growth / Change	FX Impact / Change	Q2 FY20 Constant Currency	Q2 FY20 CC Growth / Change ¹
Net Sales (\$M)	7,481	7,706	3.0%	(97)	7,803	4.3%
Operating Profit²	2,085	2,165	3.8%	(24)	2,189	5.0%
Operating Margin²	27.9%	28.1%	20 bps	--	28.1%	20 bps
Diluted EPS² (\$)	1.22	1.31	7.4%	(0.02)	1.33	9.0%



¹ Figures represent comparison to Q2 FY19 on a constant currency basis.

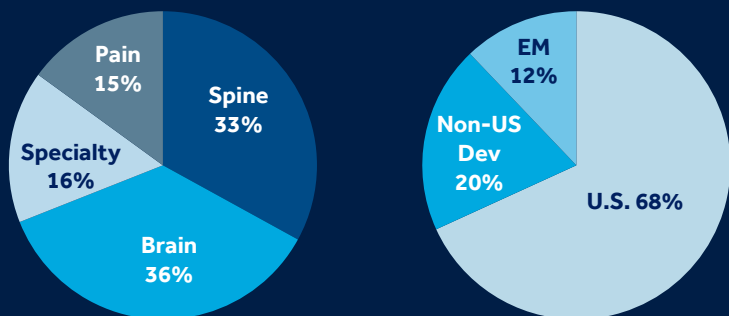
² Non-GAAP.

Q2 FY20 GAAP TO NON-GAAP SELECT FINANCIAL INFORMATION

	Non-GAAP Adjustments										Q2 FY20 Non-GAAP	Q2 FY19 Non-GAAP	Y/Y Growth / Change
	Q2 FY20 GAAP	Amortization	Restructuring	Litigation	Acquisition-Related	Gain/Loss on Minority Investments	Medical Device Regulations	Exit of Business	Contribution to MDT Foundation	Certain Tax Adjustments			
Net Sales (\$M)	7,706										7,706	7,481	3.0%
Cost of Products Sold	2,394		(32)				(4)				2,358	2,179	8%
<i>Gross Margin</i>	<i>68.9%</i>										69.4%	70.9%	(150 bps)
SG&A	2,620		(35)		(27)						2,558	2,554	0%
<i>% of Sales</i>	<i>34.0%</i>										33.2%	34.1%	90 bps
R&D	603						(6)				597	590	1%
<i>% of Sales</i>	<i>7.8%</i>										7.7%	7.9%	20 bps
Other Operating (Income) Expense, Net	149							(41)	(80)		28	73	(62%)
<i>% of Sales</i>	<i>1.9%</i>										0.4%	1.0%	60 bps
Amortization of Intangible Assets	441	(441)									--	--	--
Restructuring Charges, Net	27		(27)								--	--	--
Certain Litigation Charges	121			(121)							--	--	--
Operating Profit	1,351	441	94	121	27	--	10	41	80	--	2,165	2,085	4%
Operating Margin	17.5%										28.1%	27.9%	20 bps
Other Non-Operating Income, Net	(108)					12					(96)	(77)	25%
Net Income Attributable to MDT (\$M)	1,364	374	78	93	23	(10)	9	35	62	(251)	1,777	1,660	7%
Diluted EPS (\$)¹	1.01	0.28	0.06	0.07	0.02	(0.01)	0.01	0.03	0.05	(0.19)	1.31	1.22	7.4%

¹ The data in this row has been intentionally rounded to the nearest \$0.01 and, therefore, may not sum.

Growth led by Continued Strength in Neurovascular and Neurosurgery



	Revenue \$M	As Rep Y/Y %	CC ¹ Y/Y %	Organic Y/Y %
Brain	772	10.1	11.3	--
Spine	692	5.5	5.9	3.5
Specialty	333	3.4	4.3	--
Pain	315	0.3	1.3	--
Total	\$2,112	6.0%	6.8%	6.0%

U.S.	1,440	6.1	6.1
Non-U.S. Dev	416	1.0	3.6
EM	256	14.3	17.0
Total	\$2,112	6.0%	6.8%

ANOTHER QUARTER OF OUTPERFORMANCE

ENABLING TECHNOLOGIES DRIVE SHARE GAINS IN NEUROSURGERY & SPINE

Brain Therapies: +11.3% growth driven by Neurovascular & Neurosurgery

- Neurovascular:** High-teens growth, with double-digit growth in both Hemorrhagic and Ischemic Stroke therapy products
 - Hemorrhagic: LDD growth led by mid-20's growth in flow diversion
 - Ischemic: High-20's growth on strong adoption of the Solitaire™ X stent retriever, as well as the Riptide™ aspiration system and React™ aspiration catheters
- Neurosurgery:** LDD growth driven by continued strong demand for StealthStation® S8 navigation systems, O-arm™ imaging systems, and Mazor X™ Stealth Edition robotic guidance systems
 - Strong uptake and positive feedback on recently launched Midas Rex™ MR8™ powered surgical instruments

Spine: +3.5% organic, with +5.5% organic growth in the U.S.

- Spine revenue combined with enabling tech² grew 6.7% organic;** U.S. Spine plus enabling tech grew 7.7% organic, driven by the ongoing success of the Surgical Synergy strategy
- Core Spine:** LSD organic growth on robotics pull-through and continued new product penetration, including the T2 Stratosphere™, Infinity™ OCT, and Prestige LP™ systems
- BMP:** LDD growth aided by a one-time distributor initial start up order

Specialty Therapies: +4.3% led by HSD growth in ENT

- ENT:** HSD growth driven by sales of the StealthStation® ENT surgical navigation system, intraoperative NIM® nerve monitoring system, and powered ENT instruments
- Pelvic Health:** LSD growth; submitted PMA to U.S. FDA for InterStim™ Micro and InterStim™ SureScan™ MRI leads

Pain Therapies: MSD International growth partially offset by U.S. declines

- Pain Stim:** Declined, reflecting the slowdown of the SCS market; positive SCS trialing growth in the U.S.; Intellis™ sales grew, offset by primary cell device declines
- Interventional:** LDD growth on strong Kyphon™ BKP and OsteoCool™ RF Ablation system sales

Solitaire™ X
Revascularization
Device



Enabling
Technologies



T2 Stratosphere™
Corpectomy System



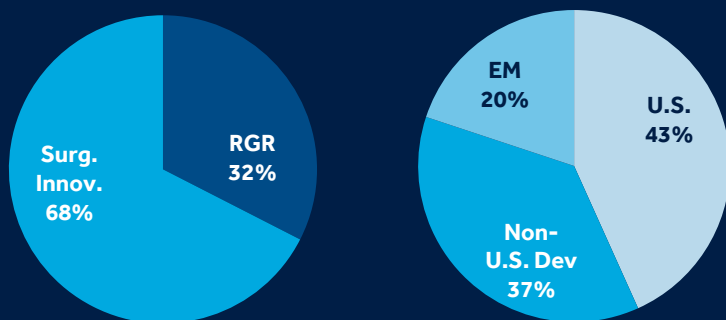
OsteoCool™ RF
Ablation System



1 Figures represent comparison to Q2 FY19 on a constant currency basis.

2 Spine-related enabling technologies revenue reflected in Neurosurgery business within Brain division.

Solid Growth in SI, RGR, and Emerging Markets



	Revenue \$M	As Rep Y/Y %	CC ¹ Y/Y %
SI	1,454	4.4	6.0
RGR	688	5.2	6.1
Total	\$2,142	4.6%	6.1%

U.S.	922	5.7	5.7
Non-U.S. Dev	782	1.3	4.0
EM	438	8.7	10.9
Total	\$2,142	4.6%	6.1%

BALANCED STRENGTH – OUTPERFORMANCE

RAS SYSTEM SHOWN AT INVESTOR UPDATE; EXECUTED ON STRONG QUARTER

■ Surgical Innovations (SI): +6.0% growth driven by Advanced Stapling and Advanced Energy

- **Robotic Assisted Surgery (RAS)** system used in cadaveric study at investor update on September 24; executing on commitments
- **Advanced Surgical:** Strong MSD growth behind continued conversion of surgical procedures from open to minimally invasive
 - **Advanced Energy:** MSD growth led by continued strength from new innovations:
 - LigaSure™ vessel sealing instruments with nano-coating
 - LigaSure™ Exact Dissector and L-Hook™ Laparoscopic Sealer/Divider
 - Valleylab™ FT10 energy platform
 - **Advanced Stapling:** MSD growth driven by the EEA™ circular stapler with Tri-Staple™
- **General Surgical:** Strong MSD growth from back-order recovery, as expected

■ Respiratory, Gastrointestinal, & Renal (RGR): +6.1% growth driven by strength across Patient Monitoring, GI Solutions, and Respiratory

- **Patient Monitoring:** HSD growth driven by Nellcor™ Pulse Oximetry, Microstream™ capnography systems, and BIS™ brain monitoring consumables
- **GI Solutions:** HSD growth driven by strength across the portfolio, including DD growth in the reflux care continuum product lines, which include Bravo™ calibration-free and EndoFLIP™ imaging systems; above market growth in PillCam™
- **Respiratory:** MSD, above-market growth driven by momentum of Puritan Bennett™ 980 ventilators and McGRATH™ MAC video laryngoscopes
- **Renal Care Solutions:** Flat growth, with high-20's U.S. strength offset by international declines

EEA™ Circular Stapler with Tri-Staple™ Technology



LigaSure™ Exact Dissector



Puritan Bennett™ 980

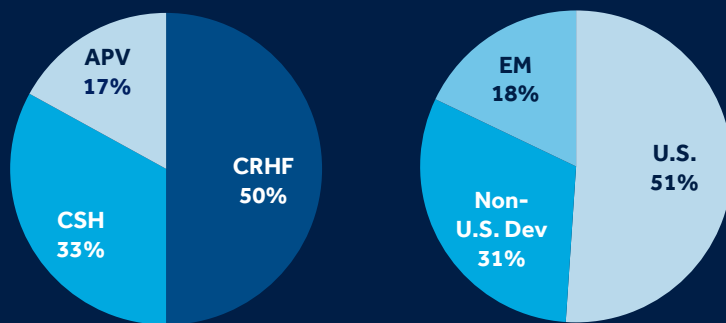


Capnostream™ 35 Portable Respiratory Monitor



¹ Figures represent comparison to Q2 FY19 on a constant currency basis.

Growth Driven by CSH and Emerging Markets



	Revenue \$M	As Rep Y/Y %	CC ¹ Y/Y %
CRHF	1,426	(3.1)	(1.9)
CSH	955	5.4	7.2
APV	474	(1.3)	(0.2)
Total	\$2,855	(0.1%)	1.3%

U.S.	1,455	(1.8)	(1.8)
Non-U.S. Dev	890	(0.6)	2.7
EM	510	6.0	8.1
Total	\$2,855	(0.1%)	1.3%

GROWTH IN-LINE WITH EXPECTATIONS

TAVR ACCELERATION AND PACING STRENGTH OFFSET HEADWINDS

- Coronary & Structural Heart: +7.2% growth** driven by TAVR acceleration in Structural Heart, guide catheters in Coronary, and Cardiac Surgery
 - TAVR:** Accelerating low-20's WW growth, including mid-20's US, driven by continued strong adoption of the Evolut™ platform and expansion into low risk patients
 - Strong early adoption of the Evolut™ PRO+ valve
 - Evolut™ platform's hemodynamic profile resonating with younger, lower-risk, and more active patients
 - Cardiac Surgery:** MSD growth driven by strength in cardiopulmonary and cannulae
 - Coronary:** LSD declines as mid-teens strength in guide catheters was offset by declines in DES
- Cardiac Rhythm & Heart Failure: -1.9% decline** as growth in Pacing, AF, and CRT-P is offset by High Power and LVAD headwinds
 - Arrhythmia Management:** LSD growth driven by Pacing and AF
 - MSD Pacing growth on strong Micra™ low-20's U.S. growth
 - Micra™ AV: Marvel 2 data published in *JACC: Clinical Electrophysiology*
 - LDD declines in ICDs, driven by replacement cycle headwinds and TYRX supply
 - LDD AF growth driven by Arctic Front™ cryoballoon
 - LSD growth in Diagnostics behind continued uptake of Reveal LINQ™
 - Heart Failure:** LDD declines as mid-teens CRT-P strength offset by continued CRT-D replacement and LVAD headwinds; LVADs declined Y/Y high-30's WW, high-40's U.S., but grew Q/Q WW & U.S.
- Aortic, Peripheral & Venous: Flat growth** as strong momentum in TAA offset DCB headwinds
 - Low-20's TAA growth reflecting strong demand for the Valiant Navion™
 - LSD Venous growth led by continued strong uptake of the VenaSeal™ closure system
 - Gained share in DCBs; stable, low-30's WW declines; down high-30's U.S. & mid-teens int'l, but grew Q/Q LDD WW and mid-teens U.S.

CoreValve™
Evolut™ PRO



Bio-Medicus™
NextGen Cannulae



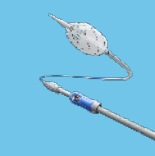
Micra™
Transcatheter
Pacing System



Arctic Front
Advance Pro™



Valiant Navion™



VenaSeal™
Closure System

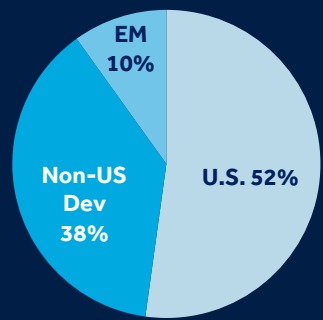


¹ Figures represent comparison to Q2 FY19 on a constant currency basis.

DIABETES

Q2 FY20 HIGHLIGHTS

WW CGM & International Pump Growth; MiniMed™ 670G Installed Base Expands



	Revenue \$M	As Rep Y/Y %	CC ¹ Y/Y %
U.S.	311	(6.9)	(6.9)
Non-U.S. Dev	226	11.3	16.3
EM	59	28.3	32.6
Total	\$596	2.2%	4.3%

MID-SINGLE DIGIT GROWTH AHEAD OF EXPECTATIONS

19% INTERNATIONAL GROWTH OFFSET US PRESSURES

- **International Revenue:** Accounting for approximately half of total sales, continued its double digit momentum with 19% growth
- **U.S. Revenue:** Declined HSD, as anticipated, primarily due to competitive challenges while awaiting new product launches
- **CGM:** Growth driven by WW strength in both Integrated and Stand Alone CGM
 - **Integrated CGM:** Strong global growth driven by increased CGM penetration & new patient acquisitions
 - **Stand Alone CGM:** Guardian™ Connect Smart CGM system continues momentum with mid-30's growth
- **Insulin Pumps:** Performance driven by the ongoing MiniMed™ 670G system launch in international markets, offset by competitive pressures in the U.S.
 - High-teens growth in Western Europe due to strong MiniMed™ 670G sales
 - Reimbursement secured in Germany in September; France expected 4Q20
 - High-teens growth in Emerging Markets; new MiniMed™ 670G/640G approvals in select countries
 - MiniMed™ 670G installed base increased sequentially to ~224,000 trained, active users benefiting from SmartGuard™ technology
 - Expecting presentation of MiniMed™ 780G pivotal data in February at ATTD conference

MiniMed™ 670G



MiniMed™ 640G



Guardian™ Sensor 3



Guardian™ Connect w/ Sugar.IQ™



¹ Figures represent comparison to Q2 FY19 on a constant currency basis.

FREE CASH FLOW

COMPONENTS OF FREE CASH FLOW

	FY16	FY17	FY18	FY19	FY20 YTD
<i>\$ Billions</i>					
Operating Cash Flow	\$5.2	\$6.9	\$4.7	\$7.0	\$3.4
CAPEX	(\$1.0)	(\$1.3)	(\$1.1)	(\$1.1)	(\$0.6)
Free Cash Flow	\$4.2	\$5.6	\$3.6	\$5.9	\$2.8
Non-GAAP Net Income	\$6.2	\$6.4	\$6.5	\$7.1	\$3.5
Conversion Ratio⁴	67%	88%	55%	83%	80%
<i>Conversion Ratio adjusted to include post-tax amortization</i>	<i>88%</i>	<i>114%</i>	<i>72%</i>	<i>105%</i>	<i>102%</i>
<i>Included in Operating Cash Flow:</i>					
Pre-Tax					
Certain Litigation Payments, net ^{1,2}	\$0.2	\$0.3	\$0.3	\$0.5	\$0.1
Restructuring Payments ¹	\$0.2	\$0.2	\$0.2	\$0.4	\$0.3
Other Payments ^{1,3}	\$0.2	\$0.3	\$0.3	\$0.2	--
Puerto Rico IRS Pre-Payment	--	--	\$1.1	--	--
Certain Other Tax Payments	\$0.8	\$0.4	\$0.4	\$0.4	\$0.1

1 Cash flow impact does not reflect associated tax cost / benefit, as timing and amount are difficult to estimate.

2 Includes payments accrued as "Non-GAAP" charges, as well as COV acquisition opening balance sheet adjustments.

3 Includes acquisition-related, divestiture-related, and European Union medical device regulations charges, as well as contributions to the Medtronic Foundation.

4 Conversion Ratio = Free Cash Flow divided by Non-GAAP Net Income.

FY20 GUIDANCE & OTHER ASSUMPTIONS

FY20 GUIDANCE & OTHER ASSUMPTIONS

REVENUE	FY19 Base	Organic Growth Guidance	FX ¹	Implied Revenue Range
Q4 Earnings Call	\$30,557M	~ 4.0%	(1.0%) – (1.5%)	~ \$31.3 - \$31.5B
Q1 Earnings Call			(0.8%) – (1.2%)	~ \$31.4 - \$31.6B
Q2 Earnings Call				~ \$31.4 - \$31.7B ²
OPERATING MARGIN	FY19 Base	Constant Currency Guidance	FX ¹	Implied Operating Margin
Q4 Earnings Call	29.0%	+40 bps	Neutral	29.4%
Q1 Earnings Call				
Q2 Earnings Call				
EPS	FY19 Base	Implied Constant Currency	FX ¹	EPS Guidance
Q4 Earnings Call	\$5.22	6 – 7%	(\$0.10)	\$5.44 - \$5.50
Q1 Earnings Call		8 – 9%		\$5.54 - \$5.60
Q2 Earnings Call		8.5 – 9.5%	(\$0.09)	\$5.57 - \$5.63

¹ While FX rates are fluid, assumptions above are based on recent rates.

² Includes expected inorganic revenue contribution.

APPENDIX

ACRONYMS / ABBREVIATIONS

Growth

DD	Double Digit
HSD	High-Single Digit
LDD	Low-Double Digit
LSD	Low-Single Digit
MSD	Mid-Single Digit

Other

~	Approximately
bps	Basis Points
CAPEX	Capital Expenditures
CC	Constant Currency
COV	Covidien
Dev	Developed
EM	Emerging Markets
EMEA	Europe, Middle East & Africa
EPS	Earnings Per Share
FDA	Food and Drug Administration
FX	Foreign Exchange
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles

Other

Int'l	International
IRS	Internal Revenue Service
Op	Operating
Ops	Operations
NC	Not Comparable
PLC	Public Limited Company
Q	Quarter
Q/Q	Quarter-over-Quarter
R&D	Research & Development
Rep	Reported
SEC	U.S. Securities & Exchange Commission
SG&A	Selling, General & Administrative
Tech	Technology
U.S.	United States
WW	Worldwide
YTD	Year to Date
Y/Y	Year-over-Year
\$B	Billions of Dollars
\$M	Millions of Dollars

Business Specific

AF	Atrial Fibrillation
APV	Aortic, Peripheral & Venous
ATTD	Int'l Conference on Advanced Technologies & Treatments for Diabetes
BKP	Balloon Kyphoplasty
BMP	Bone Morphogenetic Protein
CGM	Continuous Glucose Monitoring
CRHF	Cardiac Rhythm & Heart Failure
CRT-D	Cardiac Resynchronization Therapy - Defibrillator
CRT-P	Cardiac Resynchronization Therapy - Pacemaker
CSH	Coronary & Structural Heart
CVG	Cardiac & Vascular Group
DES	Drug Eluting Stents
DIAB	Diabetes
DCB	Drug Coated Balloon
Endo	Endoscopic
ENT	Ear, Nose, & Throat
GI	Gastrointestinal
ICD	Implantable Cardioverter Defibrillator

Business Specific

LVAD	Left Ventricular Assist Device
MDT	Medtronic
MITG	Minimally Invasive Therapies Group
OCT	Occipitocervical-Upper Thoracic
PMA	Premarket Approval
RF	Radiofrequency
RGR	Respiratory, Gastrointestinal, & Renal
RTG	Restorative Therapies Group
SCS	Spinal Cord Stimulation
Stim	Stimulation
Surg Innov / SI	Surgical Innovations
TAA	Thoracic Aortic Aneurysm
TAVR	Transcatheter Aortic Valve Replacement