

# Medtronic

Engineering the extraordinary

# Medtronic plc

## Q1 FY23

Earnings presentation

August 23, 2022



Medtronic

# Forward looking statements

This presentation 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 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. 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 presentation, including to reflect future events or circumstances.

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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 contains financial measures and guidance which are considered "non-GAAP" financial measures under applicable SEC rules and regulations. 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 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. Starting with the quarter ended April 29, 2022, the Company will no longer adjust non-GAAP financial measures for certain license payments for, or acquisitions of, technology not approved by regulators due to recent guidance from the U.S. Securities and Exchange Commission. Historical non-GAAP financial measures have been recast for comparability. All GAAP to non-GAAP reconciliations are provided on our [website](#).

Medtronic calculates forward-looking non-GAAP financial measures based on internal forecasts that omit certain amounts that would be included in GAAP financial measures. For instance, forward-looking organic revenue growth guidance excludes the impact of foreign currency fluctuations, as well as significant acquisitions or divestitures. Forward-looking diluted non-GAAP EPS guidance also excludes other potential charges or gains that would be recorded as Non-GAAP Adjustments to earnings during the fiscal year. Medtronic does not attempt to provide reconciliations of forward-looking non-GAAP EPS guidance to projected GAAP EPS guidance because the combined impact and timing of recognition of these potential charges or gains is inherently uncertain and difficult to predict and is unavailable without unreasonable efforts. In addition, the company believes such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of financial performance.

## **Financial comparisons**

References to results increasing, decreasing, or remaining flat are in comparison to the same period in the prior fiscal year. References to organic revenue growth exclude the impact of significant acquisitions or divestitures and currency. Unless stated otherwise, quarterly and annual rates and ranges are given on an organic basis. Unless stated otherwise, all references to share gains or losses are as of the most recently completed calendar quarter, on a revenue basis, and in comparison to the same period in the prior year.

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# Q1 FY23 Executive Summary

# Q1 FY23 Key messages

## Remain confident in our ability to address recent challenges and deliver on strategic priorities



### Revenue ahead of guidance

Quarter played out largely as expected; executed in a challenging environment to deliver revenue ahead of our guidance and EPS in-line with our guidance



### Navigating macro headwinds; supply chain improving

Resins, packaging, and China-based supply continued to improve, consistent with expectations; on-track to resolve acute product availability challenges exiting H1

Macro factors (supply chain, inflation and FX), along with difficult comparisons to prior year, resulted in declines to both revenue and EPS growth



### Several bright spots in the quarter

Strength in Pacing, Cardiac Surgery, Core Spine in the U.S., Diabetes in Europe, along with many Emerging Markets



### Several near-term pipeline catalysts approaching to accelerate growth

Expect organic revenue growth to improve each quarter benefitting from recent/upcoming launches  
 Completed \$1.3B Intersect acquisition; expands ENT portfolio and leverages our global reach  
 Making progress on our strategic portfolio review, which is geared to accelerating our WAMGR



### Well positioned to navigate uncertain economic backdrop

Maintain a robust balance sheet, with strong and growing dividend, and leadership position in many secular growth healthcare technology markets

**“We’re executing in a challenging environment with several near-term pipeline catalysts approaching.”**

**GEOFF MARTHA,  
CHAIRMAN & CEO**



# Q1 FY23 Financial summary

## Outperformance in Neuroscience and Diabetes with in-line Cardiovascular results, partially offset by Medical Surgical



### Revenue

Declined 3.6% Y/Y; supply constraints offset otherwise solid International growth



### Cardiovascular

Declined 1% with strength in Cardiac Pacing Therapies and Cardiac Surgery, offset by product availability challenges



### Medical Surgical

Declined 9%, 7% ex-ventilators, due to expected supply chain challenges in SI; strength in Surgical Innovations Hernia & Wound Management, Patient Monitoring Advanced Parameters



### Neuroscience

Declined 1%, driven by healthcare staffing and supply chain challenges with strength in U.S. Core Spine, Neurovascular, and new implant share gains in SCS and DBS



### Diabetes

Flat growth, LDD international growth driven by strong OUS CGM performance; Simplera™ CE Mark submitted



### Geographies

U.S. declined HSD; Western Europe and Emerging Markets grew LSD led by Italy, Japan, Middle East & Africa, and Latin America



### EPS & free cash flow

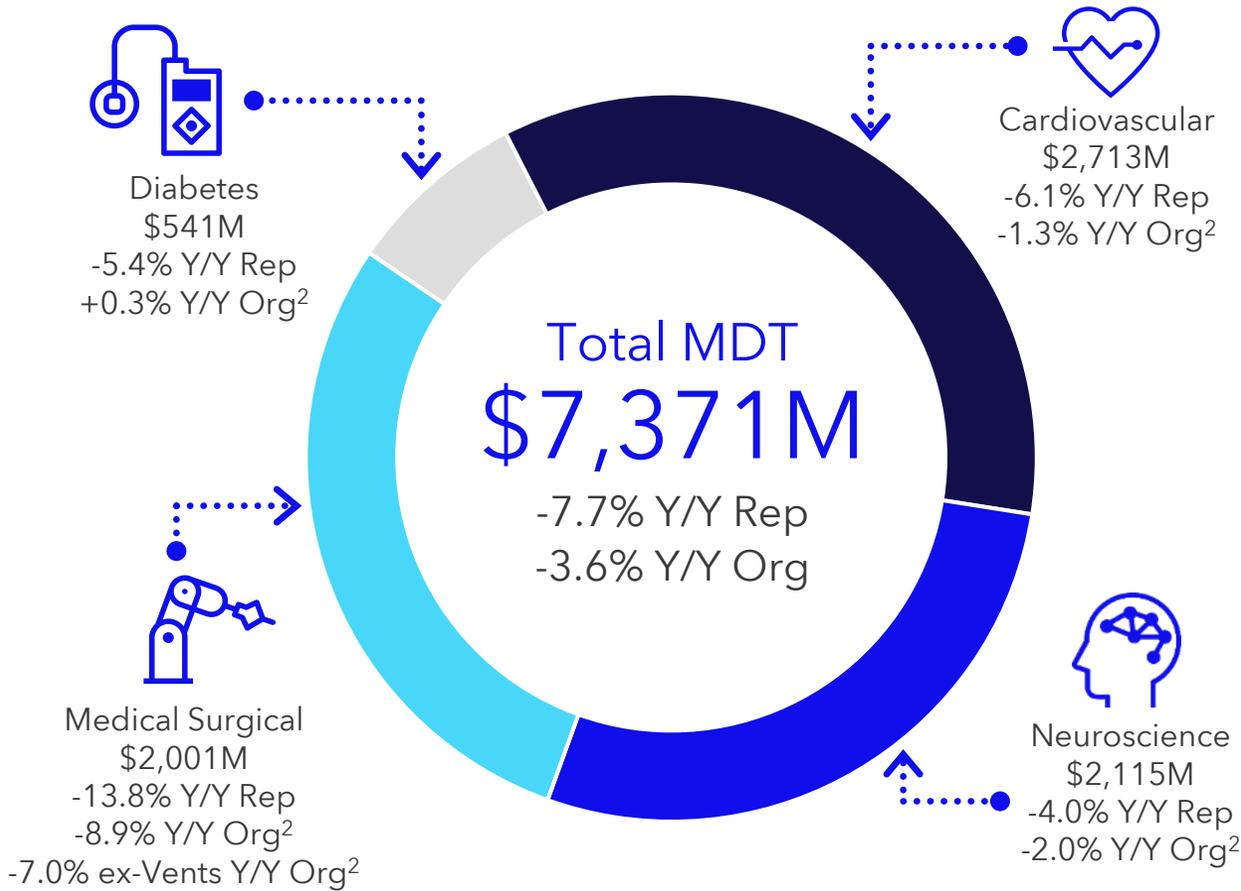
Non-GAAP EPS \$1.13, declined 17% Y/Y reported; Q1 \$0.7B free cash flow<sup>1</sup>



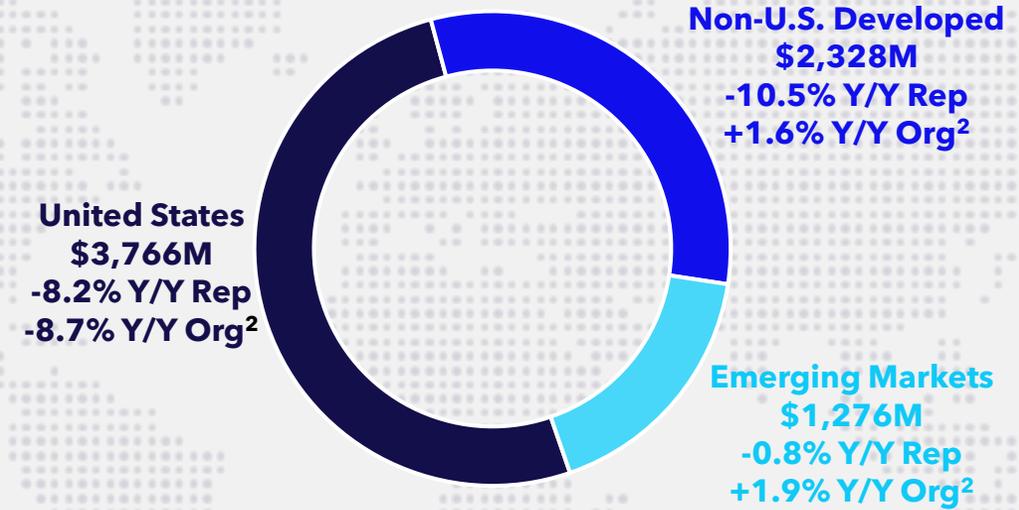
All growth rates are on an organic basis unless stated otherwise.  
<sup>1</sup>Operating cash flows less property, plant, and equipment additions.

# Q1 FY23 Financial summary

## Revenue<sup>1</sup> by segment



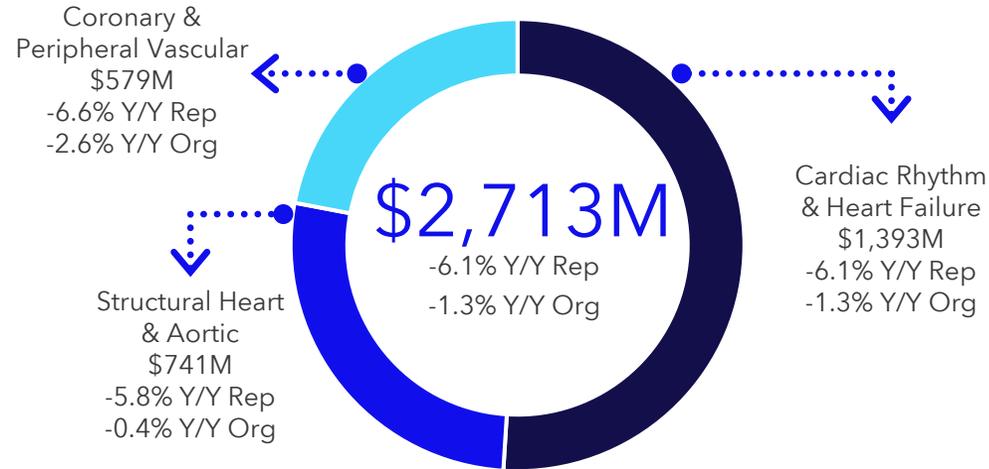
## Revenue<sup>1</sup> by geography



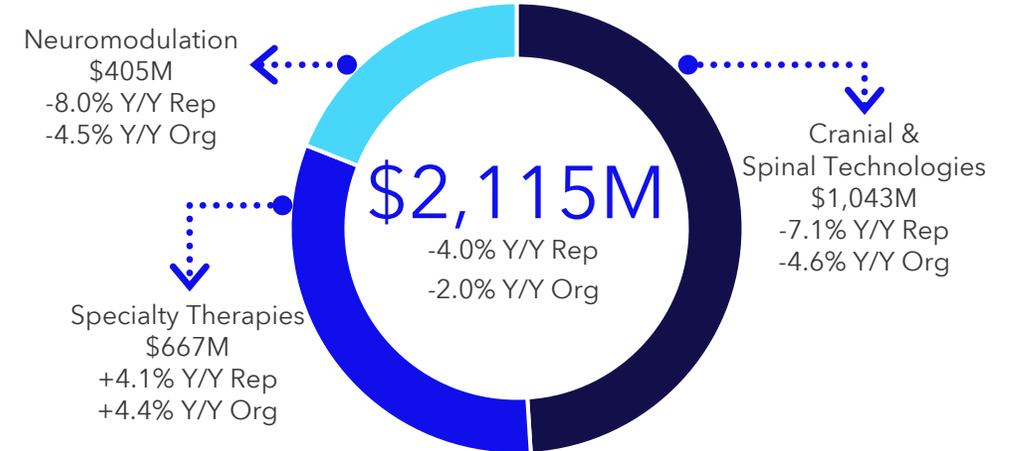
	GAAP	Non-GAAP	Cash flow from operations YTD
Diluted EPS	<b>\$0.70</b>	<b>\$1.13</b>	<b>\$1.1B</b>
Y/Y %	<b>25%</b>	<b>-17%</b>	Free cash flow <sup>3</sup> YTD
CC Y/Y %	<b>N/A</b>	<b>-15%</b>	<b>\$0.7B</b>

# Q1 FY23 Portfolio summary

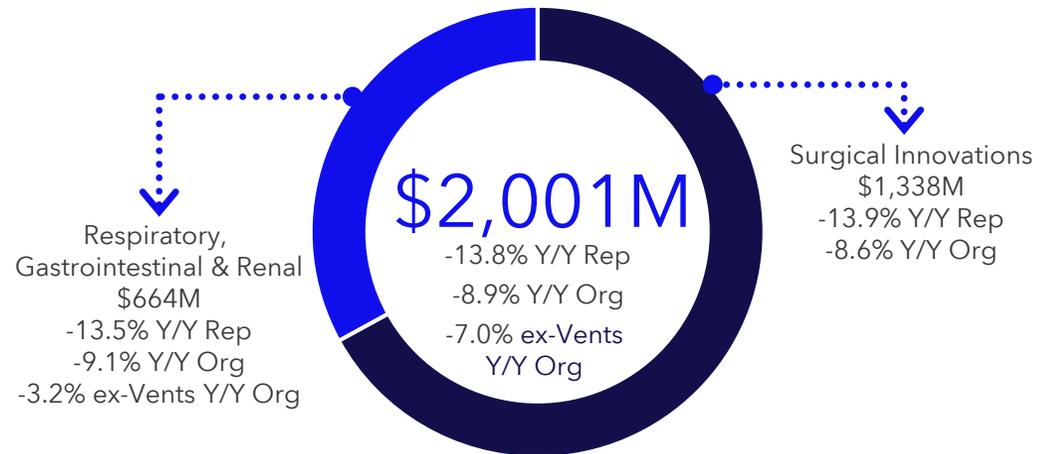
## Cardiovascular



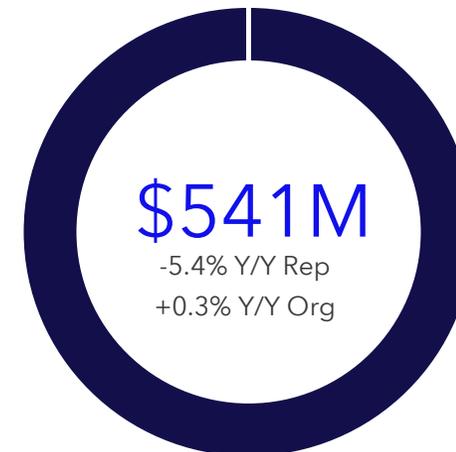
## Neuroscience



## Medical Surgical



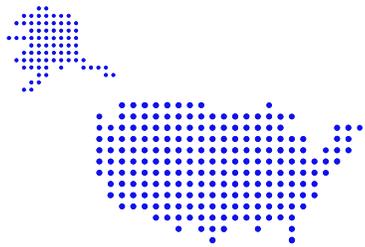
## Diabetes



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

# Q1 FY23 Regional organic revenue growth

## United States Non-U.S. Developed ▲ 1.6%



▼ 8.7%

### Western Europe



▲ Low-single digits

### Japan



▲ Mid-single digits

### Australia & New Zealand



▼ High-single digits

### Canada



▲ Low-single digits

### South Korea



— Flat

## Emerging Markets ▲ 1.9%

### China



▼ High-single digits

### Middle East & Africa



▲ Mid-teens

### Latin America



▲ High-teens

### Eastern Europe & Russia



— Flat

### Southeast Asia



▲ Low-double digits

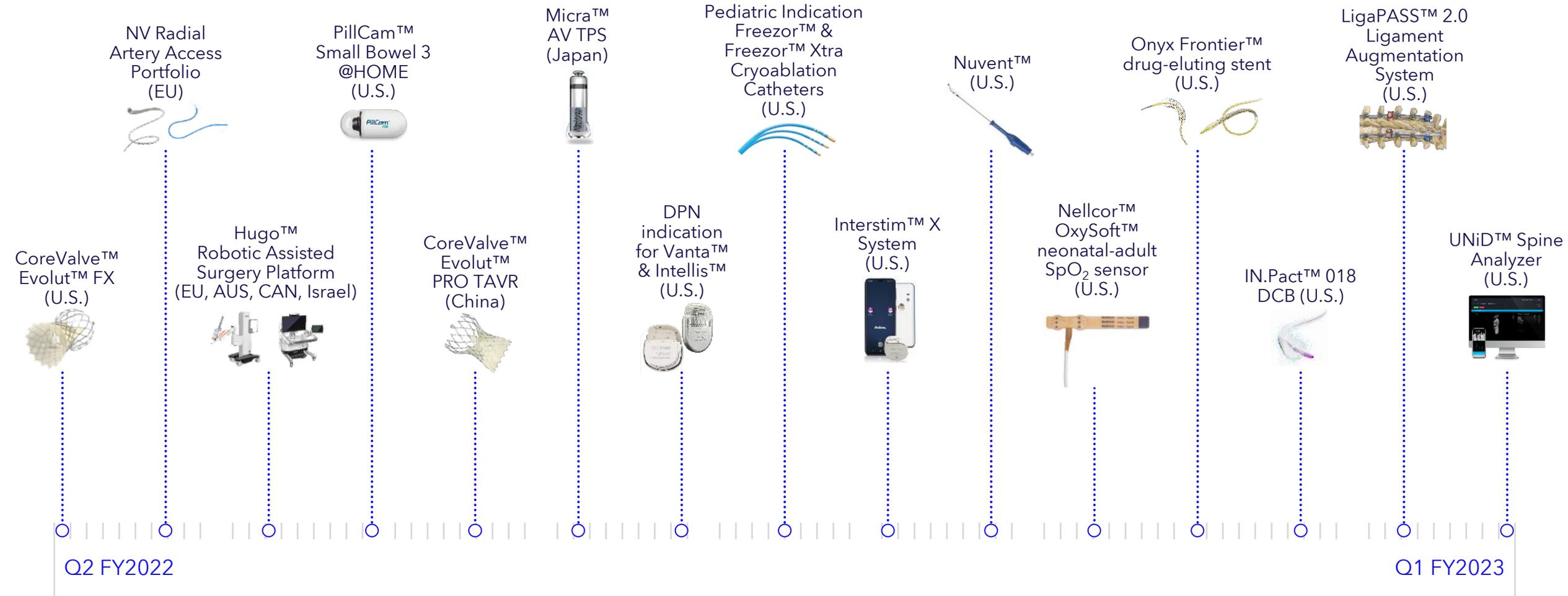
### South Asia



▲ High-teens

# Key product approvals

Last 12 months: 200+ product approvals in key geographies<sup>1</sup>



<sup>1</sup>Includes U.S., EU, Japan and China

Note: Relative positioning is not intended to signify relative timing

# Q1 FY23 Portfolio Highlights

# Cardiovascular - CRHF

Pacing share gains continue; working through product availability

## Cardiac Rhythm & Heart Failure (CRHF)

### Cardiac Rhythm Management ▼ LSD

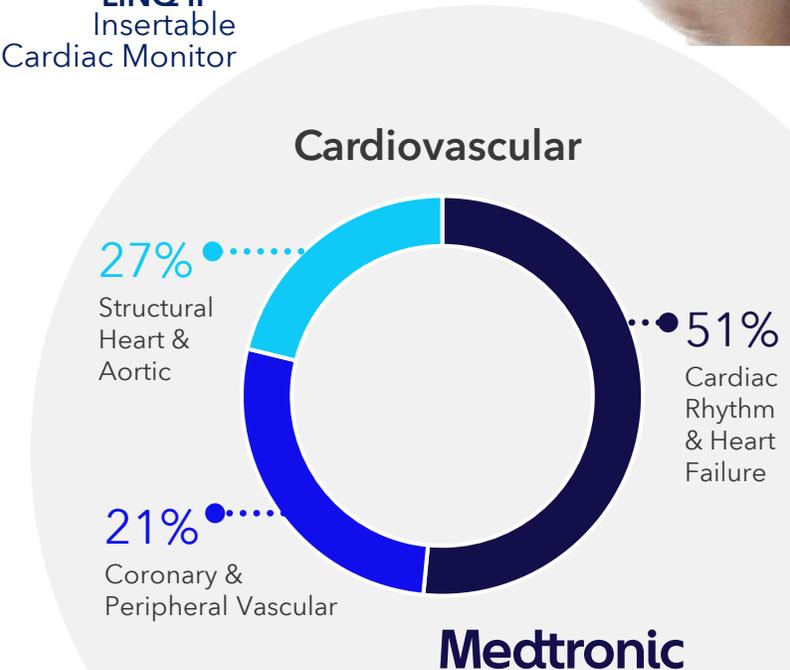
- Y/Y share gains in Low Power offset by High Power supply constraints
  - Cardiac Pacing Therapies: MSD growth with mid-teens Micra™ growth; high-30s International Micra™ growth driven to continued adoption and geographic expansion
  - Defibrillation Solutions: HSD decline related to product availability and ICD replacement headwinds
  - Procedure Innovations: High-teens growth driven by continued global adoption of TYRX™ and temporary rhythm management products

### Cardiac Ablation Solutions ▼ LSD

- Y/Y decline with supply constraints in Europe and COVID lockdowns in China
- Completed the initial closing of the agreement with Acutus Medical Inc. for exclusive rights to distribute and acquire its left-heart access portfolio

### Cardiovascular Diagnostics ▲ LSD

- AccuRhythm™ AI launched successfully in Europe in Q1
- LINQ II™ launch expansion continues in the U.S. as supply improves; total ICM market pressured due to staffing shortages and COVID dynamics



# Cardiovascular – CPV & SHA

**Evolut™ FX receiving extremely positive physician reception; Onyx Frontier™ launches in U.S.**

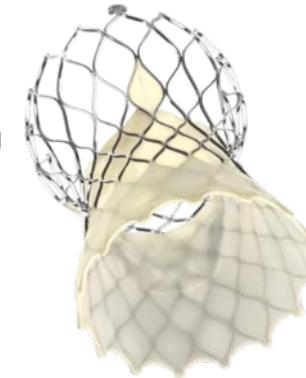
## Coronary and Peripheral Vascular (CPV)

### Coronary & Renal Denervation ▼ MSD

- U.S. and W. Europe PCI procedures impacted by COVID resurgences, contrast shortages and challenging comps; stable global share; U.S. Onyx Frontier and EU Prevail DCB launches are underway
- Data from SPYRAL HTN-ON MED pilot study presented at EuroPCR demonstrated improved BP control with significantly higher TTR after radiofrequency RDN; Full SPYRAL HTN-ON MED results later this year
- Announced a co-promotion agreement and path toward acquisition with CathWorks wire-free FFR

### Peripheral Vascular Health ▼ LSD

- Growth in DCBs, Vascular Embolization, and Superficial Venous offset by declines in directional atherectomy and PTA balloons



**Evolut™ FX TAVR System**



**CATHWORKS™**

## Structural Heart & Aortic (SHA)

### Structural Heart ▼ LSD

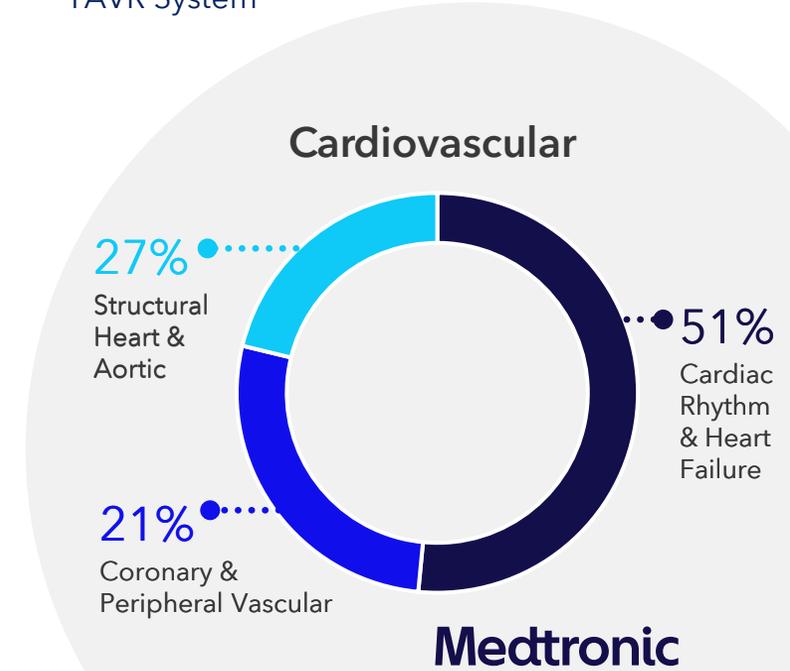
- Evolut™ FX U.S. limited market release receiving extremely positive physician reception
- Stable U.S. share Y/Y, share gains sequentially, driven by SVD Durability Data showing CoreValve™ and Evolut™ as first and only TAVR platforms to outperform SAVR at 5 years

### Aortic ▼ MSD

- Valiant Captivia™ supply improving; continued pressure from Navion™ and Endurant® recalls

### Cardiac Surgery ▲ MSD

- Growth driven by strength in ECLS products and sales of the Avalor™ pericardial aortic surgical valve



# Medical Surgical - SI

Progress with Hugo™; expected supply challenges in SI with strength in Hernia, Sutures

## Surgical Innovations (SI)

### Surgical Innovations

▼ HSD

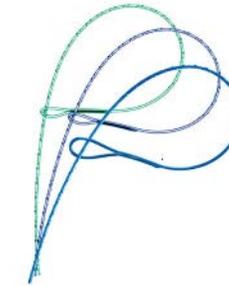
- As expected, experienced raw material shortages (packaging trays and semiconductors) in advanced surgical instruments
- Added headwinds from COVID lockdowns and a slowdown in sales in advance of provincial VBP stapling tenders in China
- MSD growth in hernia (ProGrip™ self-fixing mesh) and sutures (V-Loc™ barbed sutures)

### Surgical Robotics

[Limited Market Release]

- Momentum with Hugo™ system installations in EMEA; ongoing healthy order book
- Key supply challenges have been addressed, ongoing system enhancements made based on surgeon feedback, and scaling manufacturing production with robot inventory building ahead of installs
- Nearing start of U.S. IDE clinical trial for urology indication, with physician training at clinical sites underway
- Accelerating adoption of our digital ecosystem with Touch Surgery™ Enterprise installs in Europe and the U.S., including multi-system deals

Hugo™  
RAS System

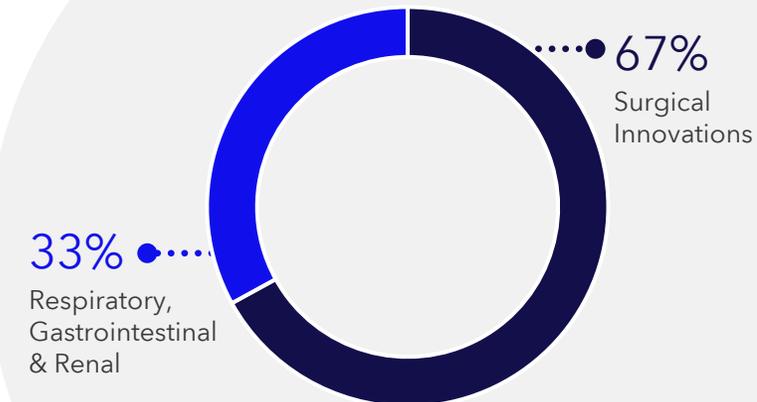


V-Loc™  
Wound Closure Device -  
Barbed Sutures

ProGrip™  
Self-Fixing Mesh



### Medical Surgical



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# Medical Surgical - RGR

## Growth in Patient Monitoring Advanced Parameters; meaningful ventilator sales decline

### Respiratory, Gastrointestinal, & Renal (RGR)

#### Patient Monitoring

▲ LSD

- Pulse oximetry LSD decline due to difficult comparisons Y/Y as COVID-related tailwinds abate
- Growth in Advanced Parameters, driven by MSD growth in Perioperative Complications
- Shipped first orders of the next generation Nellcor™ OxySoft™ pulse oximetry sensor following 510(k) clearance
- Received 510(k) clearance for the RespArray™ monitor, which includes Nellcor™ pulse ox and Microstream™ capnography technologies for continuous monitoring in medical-surgical units



#### Respiratory Interventions

▼ Mid-20s

- Ventilation sales declined low-50s as demand dropped below pre-COVID levels as expected
- Airways MSD decline due to supply chain issues, partially offset by McGRATH™ MAC video laryngoscope growth

#### Gastrointestinal

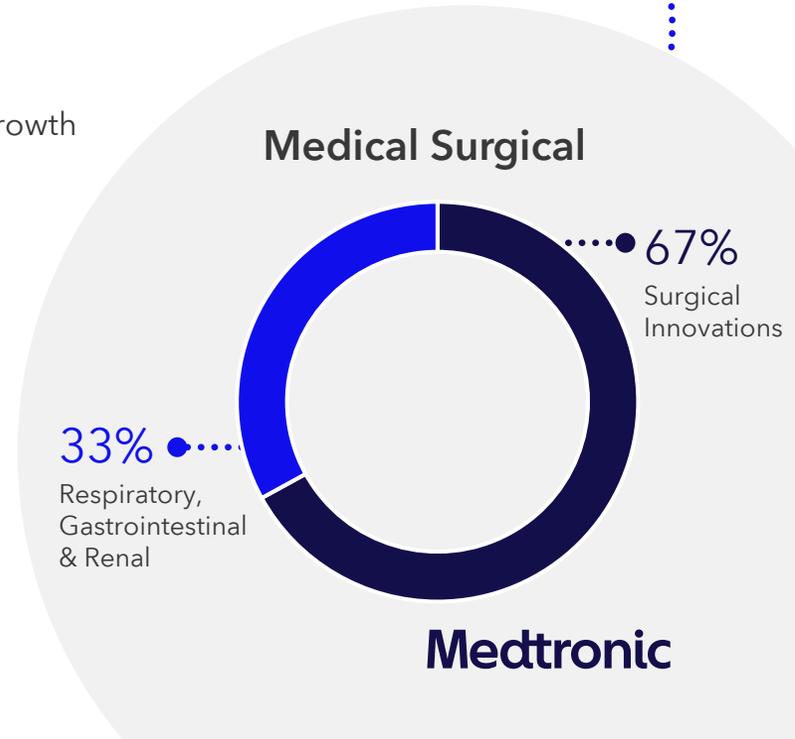
▼ LSD

- HSD declines in esophageal products offset by MSD growth in chronic and colorectal products; continued pressure from supply chain disruption and procedure volumes due to elective nature
- Expanded Health Equity Assistance Program for colon cancer screening; additional 80+ GI Genius™ units

#### Renal Care Solutions

▼ LDD

- Decline in chronic and acute catheter sales due to product availability
- New kidney health technology company with DaVita on track to close in calendar 2023



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# Neuroscience - CST

Strength in U.S. Core Spine, capital benefits from flexible financing; Offset by China and Biologics

## Cranial & Spinal Technologies (CST)

### Spine & Biologics

▼ MSD

- Results impacted by reduced sales in China in advance of potential national VBP tender, COVID lockdowns in select OUS geographies, and hospital staffing shortages particularly in Western Europe
- ▲ U.S. Core Spine up MSD with Y/Y share gains, driven by double-digit sequential growth in our UNiD patient-specific implants U.S. user base and continued success of Catalyft™ PL spinal system
- ▼ Mid-teen declines in Biologics due to customer ordering patterns

### Neurosurgery

▼ LSD

- Flexible financing programs for large capital benefit hospitals with budget constraints
- Mazor™ robotics unit growth in calendar Q2 above competition
- Declines driven by navigation, robotics, and supply chain challenges in disposables, partially offset by growth in powered surgical instruments, imaging, and CSF management



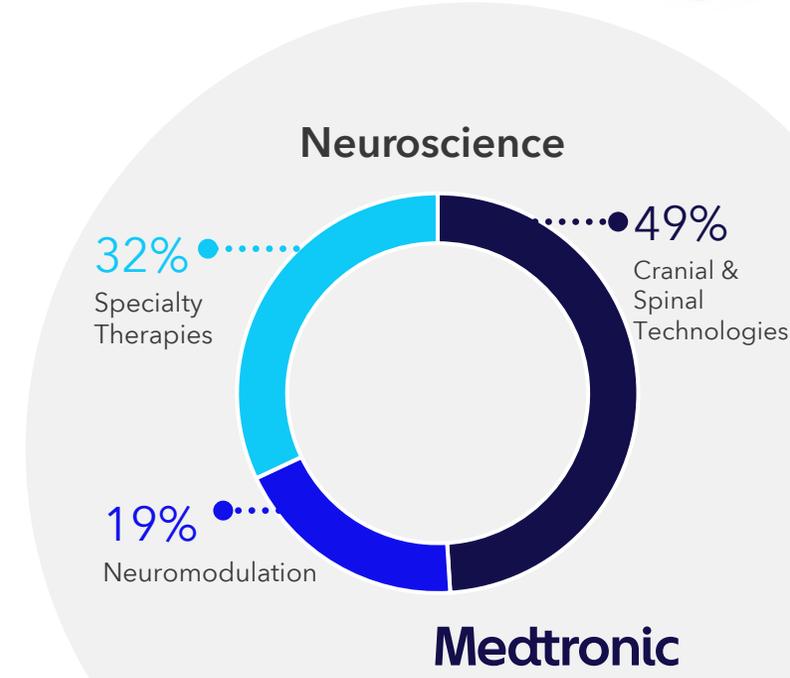
**Catalyft™**  
Expandable  
Interbody System



**UNiD™**  
Adaptive Spine  
Intelligence



### Enabling Technology Ecosystem



**Medtronic**

# Neuroscience - Neuromodulation

New implant share gains in Brain Modulation and SCS; offset by SCS market softness and difficult TDD comps

## Neuromodulation

### Brain Modulation

▼ LSD

- Continued adoption of Percept™ PC and SenSight™ Lead System driving meaningful new patient implant share gains offset by underlying replacement headwind

### Spinal Cord Stimulation

▼ MSD

- New implant share gains on the continued adoption of Vanta™ and Intellis™ with DTM™ SCS
- Market under pressure from healthcare staffing challenges lengthening the time between trialing to permanent implant, and higher pre-authorizations

### Targeted Drug Delivery

▼ LDD

- Decline due to difficult comparisons given backlog recovery in the prior year

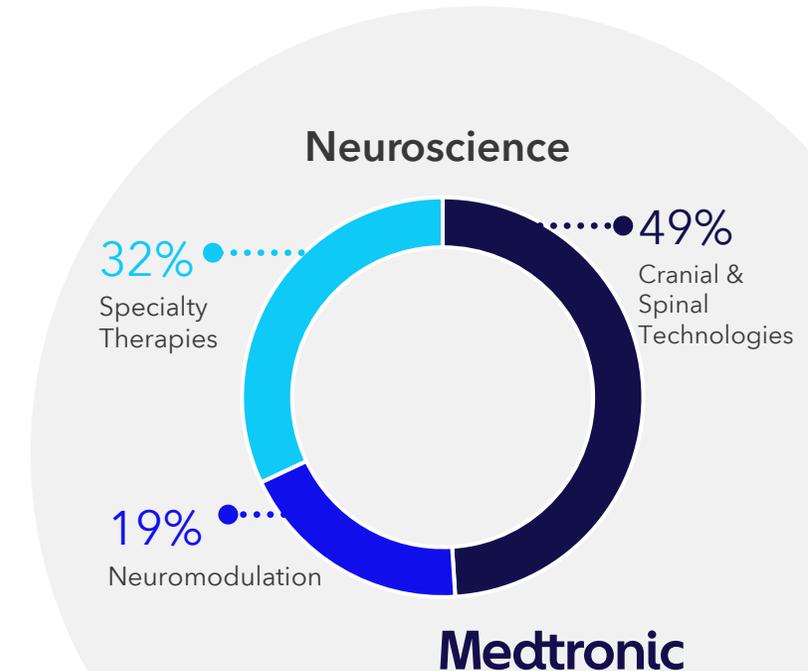
### Interventional

▼ MSD

- Decline primarily driven by continued supply chain challenges
- Sequential share gains driven by Vertebral Compression Fracture products in the U.S.



Vanta™  
Recharge Free  
SCS



# Neuroscience – Specialty Therapies

Strength in Neurovascular and OUS Pelvic Health; declines on increased competition and supply chain constraints

## Specialty Therapies

### Pelvic Health

▼ LSD

- Decline driven by increased competitive pressures partially offset by high-teens growth in OUS

### Neurovascular

▲ LDD

- Strong performance across all major geographies, partially offset by lockdowns in China
- Hemorrhagic: Growth driven by strength of Flow Diversion and Access - Pipeline™ Shield and Pipeline™ Vantage
- Ischemic: Growth driven by mechanical thrombectomy and strong OUS performance

### ENT

— Flat

- Flat organic growth (+11% incl. Intersect ENT) due to supply constraints which are recovering
- Continued integration of Intersect ENT which closed on May 13<sup>th</sup>, 2022

StealthStation™ ENT



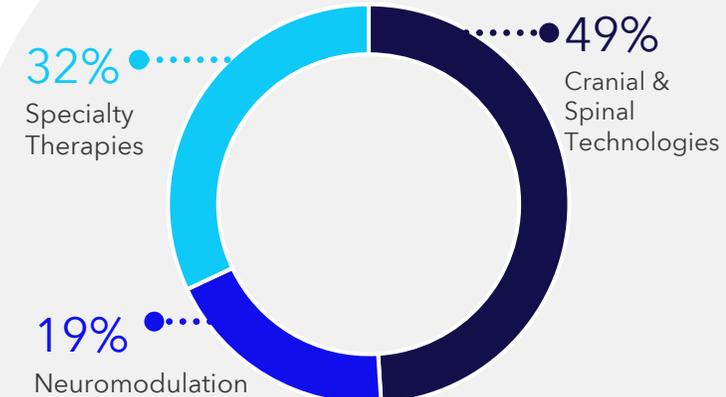
InterStim X™ System  
Recharge-free  
Neurostimulator



Pipeline™ Shield  
Embolization Device  
with Shield Technology™



## Neuroscience



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# Diabetes

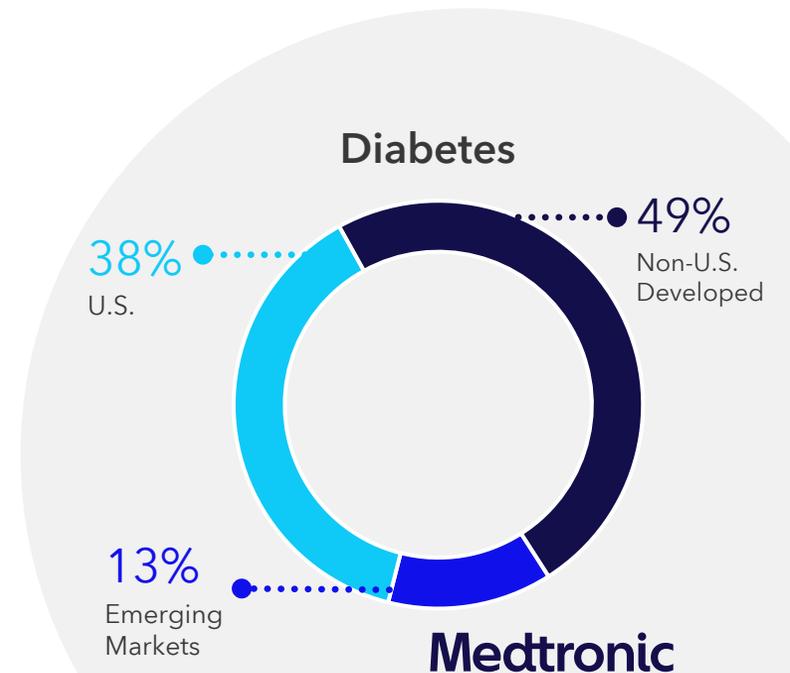
## Strong 780G and CGM performance in Europe; Simplera™ CE Mark submitted

**Overall revenues up slightly Y/Y with LDD growth in WE and Emerging Markets offset by mid-teens decline in U.S.**

- MiniMed™ 780G launched in 60+ markets resulting in increased adoption
- OUS MiniMed™ 780G users up mid-20s Y/Y with WE growing +70% Y/Y benefitting from expanded reimbursement in France and Germany
- Guardian™ 4 sensor with no calibration (i.e., no fingerstick) now in 30+ OUS markets with continued efforts to launch in new markets; WW CGM experiencing rebound with MSD Y/Y growth
- While U.S. Y/Y revenue remains pressured, attrition has stabilized, and patients are benefitting from strong performance of MiniMed™ 770G with more time in SmartGuard™ Auto Mode.

**Business is focused on resolving the FDA warning letter, achieving approval for U.S. launch of the MiniMed 780G + Guardian™ 4 sensor, and advancing our next generation portfolio**

- Submitted next-generation sensor, Simplera™, for CE Mark approval; also ready for submission to U.S. FDA
- Growing evidence for superior TIR (“Time in Range”) outcomes and treatment of most challenging patients supporting benefit of 780G presented at ATTD and ADA
- Extended infusion set (the only up-to 7-day set in the market) now launched in 8 European countries; also approved in the U.S. with launch scheduled for H2 FY23
- U.S. MiniMed™ 770G customers will have access to our MiniMed™ 780G software when available at no cost without switching their pump



# Q1 FY23 Financial Highlights

# Q1 FY23 Income statement

## GAAP<sup>1</sup>

(\$ in millions)	Q1 FY22	Q1 FY23	Y/Y
Revenue	\$7,987	\$7,371	-7.7%
Gross Margin	67.5%	65.9%	-160 bps
SG&A % of Sales	31.9%	34.8%	+290 bps
R&D % of Sales	9.4%	9.4%	0 bps
Operating Margin	10.8%	15.3%	+450 bps
Net Income	\$763	\$929	21.8%
Diluted EPS	\$0.56	\$0.70	25.0%

Full GAAP to non-GAAP reconciliation in Appendix

## Non-GAAP<sup>1</sup>

(\$ in millions)	Q1 FY22	Q1 FY23	Y/Y
Revenue	\$7,987	\$7,371	-7.7%
Gross Margin	68.8%	66.5%	-230 bps
SG&A % of Sales	31.4%	34.2%	+280bps
R&D % of Sales	9.3%	9.2%	-10 bps
Operating Margin	27.1%	23.9%	-320 bps
Net Income	\$1,838	\$1,502	-18.3%
Diluted EPS	\$1.36	\$1.13	-16.9%

<sup>1</sup>The data in this table has been intentionally rounded and, therefore, may not sum; Dollars in millions except for EPS

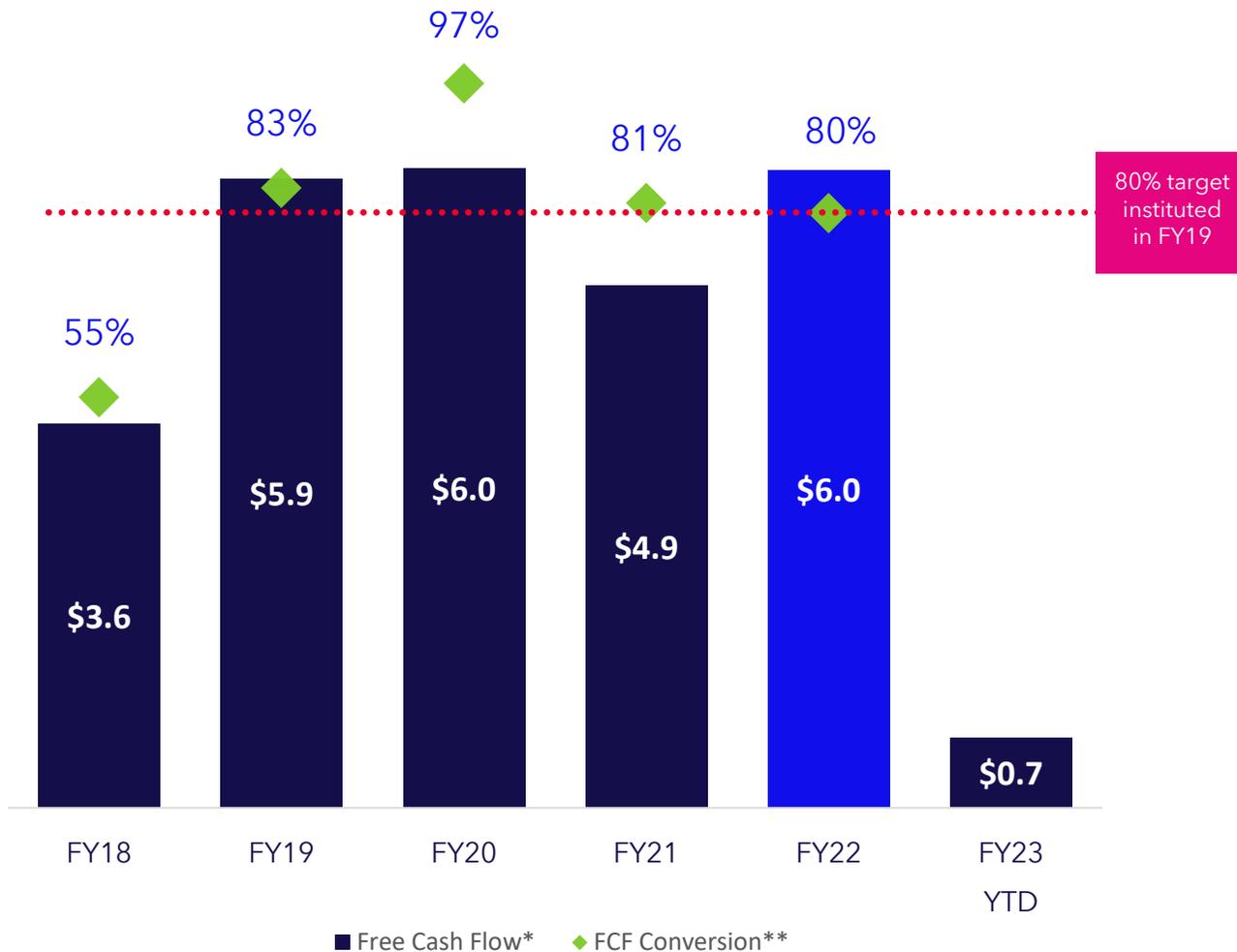
# Balance sheet

## Continue to maintain a strong balance sheet

(\$ in millions)	Q1 FY22	Q4 FY22	Q1 FY23	Y/Y	Q/Q
Total Assets	\$91,802	\$90,981	\$89,914	(\$1,888)	(\$1,067)
Cash & Equivalents	\$3,004	\$3,714	\$2,140	(\$864)	(\$1,574)
Investments	\$7,591	\$6,859	\$6,733	(\$858)	(\$126)
Total Debt	\$25,964	\$24,114	\$23,210	(\$2,754)	(\$904)
Short term debt	\$6	\$3,742	\$5,729	\$5,723	\$1,987
Long term debt	\$25,958	\$20,372	\$17,481	(\$8,477)	(\$2,891)
Equity	\$51,664	\$52,722	\$52,843	\$1,179	\$121

# Free cash flow

Continue to target annual FCF conversion of 80% or higher



\*Operating cash flows less property, plant, and equipment additions, in dollar billions  
 \*\*Conversion ratio = free cash flow divided by non-GAAP net income

Included in free cash flow: (\$ in billions)	FY18	FY19	FY20	FY21	FY22	FY23 YTD
<b>Pre-Tax</b>						
Certain Litigation Payments, net <sup>1,2</sup>	\$0.3	\$0.5	\$0.2	\$0.2	\$0.2	\$0.0
Restructuring Payments <sup>1</sup>	\$0.2	\$0.4	\$0.5	\$0.5	\$0.4	\$0.1
Other Payments <sup>1,3</sup>	\$0.3	\$0.2	\$0.2	\$0.1	\$0.3	\$0.1
Puerto Rico IRS Pre-Payment	\$1.1	--	--	--	--	--
Certain Other Tax Payments	\$0.4	\$0.4	\$0.1	\$0.2	\$0.2	--

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 Covidien acquisition opening balance sheet adjustments.  
 3 Includes acquisition-related, divestiture-related, charges associated with stopping the distribution and sales of LVADs, European Union medical device regulations charges, and contributions to the Medtronic Foundation

# Capital allocation

## Balancing investment with return to shareholders

### Investments

#### Organic R&D investments

Increasing our R&D spend broadly across the company to fuel our robust pipeline

**\$2.7B**

Organic R&D spend in FY22

FY22: **R&D Growth**

outpacing revenue growth

#### Tuck-in M&A

Increasing our WAMGR, differentiating our portfolio, and accelerating our time to market

**9**

Acquisitions announced since beginning of FY21

**>\$3.3B**

In total consideration

### Return to shareholders

#### Dividend growth

Committed to growing in line with earnings; raised dividend by 8% in May 2022

**45 Years**

of dividend increases

**Member of S&P**

**500 Aristocrats**

#### Minority investments & strategic partnerships

Minority investments portfolio to develop and facilitate potential future tuck-in acquisitions

Third-party funding to leverage our own R&D investment and accelerate growth

**75+**

Companies

**\$850M+**

Invested as of Q1 FY23



#### Share repurchases

Will continue to offset dilution from stock-based compensation

#### Total return

**\$5.5B**

In net share repurchases and dividends in FY22



**92%**

of Free Cash Flow 50% LRP Target

# FY23 Guidance & Assumptions

# FY23 Guidance and assumptions

REVENUE	FY22 base	Organic revenue growth guidance	FX <sup>1</sup>	Implied revenue range
Q4 earnings call May 26, 2022	\$31,686M	<b>+4 to +5%</b>	-\$1.0B to -\$1.1B	~\$31.9B - \$32.3B
Q1 earnings call Aug. 23, 2022			-\$1.4B to -\$1.5B	~\$31.4B - \$31.8B

EPS	FY22 base	Implied constant currency growth	FX <sup>1</sup>	EPS guidance
Q4 earnings call May 26, 2022	\$5.55	+3% to +6%	-\$0.20 to -\$0.25	<b>\$5.53 - \$5.65</b>
Q1 earnings call Aug. 23, 2022			-\$0.17 to -\$0.22	

EPS guidance does not include any charges or gains that would be reported as non-GAAP adjustments to earnings during the fiscal year.

<sup>1</sup>While FX rates are fluid, assumptions above are based on recent rates near the specific earnings call.

# Environmental, Social & Governance

# Environmental, social & governance

## Leading in engagement, citizenship and innovation

### Inclusive & engaging work environment



Department of Defense Employer Support Freedom Award



One of Best Places to Work for LGBTQ Equality 2021 & 2022



One of Forbes 2021 & 2020 America's Best Employers for New Graduates



One of Australia & India's Best Places to Work



One of the Top Global 100 Companies for Innovators



Top 10 Best Places to Work - Singapore



One of Best Places to Work 2022



One of the 50 Best Workplaces to Grow Your Career in the U.S.



One of Canada's Top Employers, 7th year running



One of the Top Companies for Excellence in Enlightened Growth Leadership



One of top 50 companies in 2021, receiving perfect scores in innovation & social responsibility



#10 on DiversityInc's Top 50 U.S. Companies List

### Citizenship awards



DJSI World & DJSI North America Index



On of The 32 Companies Leading for Their Workers



One of America's Best Employers for Diversity



Ranked 11th, Highest-ever Ranked Year



Ranked 3rd, Highest-ever Ranked Year



One of the 100 Best Corporate Citizens, 5th year running



1st in Healthcare Equipment & Services, and 29th Overall



Scored 100% for LGBTQ Inclusive Workplace Practices and Policies



Finalists & Honorable Mentions in 6 Categories



Top 100 U.S. Companies Supporting Healthy Families & Communities



Awarded for Creating a Pioneering D&I Program



One of America's Top Corporations for Women's Business Enterprises

### Innovation & industry leadership



Geoff Martha Ranks #1 in the Top 50 Healthcare Technology CEO of 2021



Karen Parkhill Ranks #1 in the Top 25 Women Leaders in Medical Devices of 2022



Karen Parkhill named as honoree in Minneapolis/St. Paul Business Journal's 2021 CFO of the Year Award



SVP & Chief Communicators Officer, Torod Neptune, 2021 & 2020



One of Fortune's Most Admired Companies 2021 & 2022



Named Best Overall U.S. IR in Large Cap & Best IR in Healthcare



Canada's Top 50 Great Places to Work & Best Workplaces™ for Women, 2nd year running



One of Fortune Global 500 Companies



Celebrating global excellence in communications



The world's largest medical technology industry company



Orleigh Adelecia Bogle, Ph.D., Head of medical affairs, Digital Surgery - 2021 Fiercest Women In Life Science



# Environmental, social & governance

## Long-range objectives & targets



For more information, visit [Medtronic.com](https://www.medtronic.com)

2021 ESG Investor Briefing

2021 Integrated Performance Report

2021 Global Inclusion, Diversity & Equity Report



### Patient Safety & Product Quality

10%

Reduction in aggregate product complaint rate for identified product families by FY25 vs. FY20

### Access & Innovation

20%

MDT revenue from products and therapies released in the prior 36 months by FY25

85M

Patients served annually by FY25

### Inclusion, Diversity & Equity

45%

Global management positions held by women by FY26

30%

U.S. management positions held by ethnically diverse talent by FY26

### Climate Stewardship

50%

Reduction in greenhouse gas omission intensity by FY25

50%

Sourced energy from renewable and alternative sources by FY25

Carbon Neutral

In our operations by FY30

Net Zero Emissions

By 2045

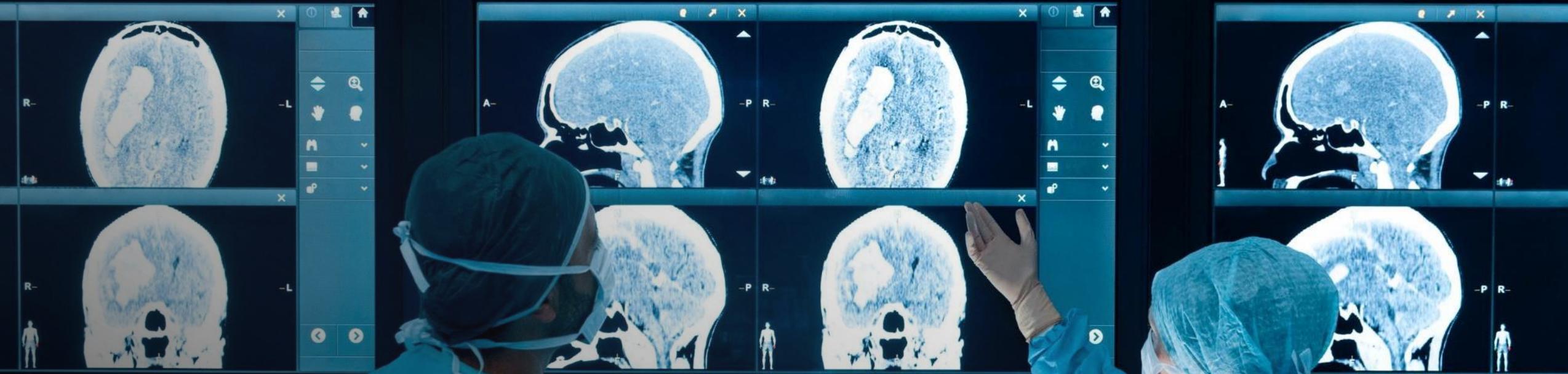
### Product Stewardship

25%

Reduction in packaging waste for targeted high-volume products by FY25 vs. FY21

35%

Paper Reduction by FY25 vs. FY21



# Appendix

# Q1 FY23 Revenue by portfolio and geography

	Worldwide			U.S.			Non-U.S. Developed			Emerging Markets		
	Revenue (\$M) <sup>1</sup>	As reported Y/Y%	Organic Y/Y%	Revenue (\$M) <sup>1</sup>	As reported Y/Y%	Organic Y/Y%	Revenue (\$M) <sup>1</sup>	As reported Y/Y%	Organic Y/Y%	Revenue (\$M) <sup>1</sup>	As reported Y/Y%	Organic Y/Y%
<b>Cardiovascular</b>	<b>2,713</b>	<b>-6.1%</b>	<b>-1.3%</b>	<b>1,298</b>	<b>-8.6%</b>	<b>-8.6%</b>	<b>892</b>	<b>-11.1%</b>	<b>1.1%</b>	<b>523</b>	<b>12.0%</b>	<b>15.4%</b>
Cardiac Rhythm & Heart Failure	1,393	-6.1%	-1.3%									
Structural Heart & Aortic	741	-5.8%	-0.4%									
Coronary & Peripheral Vascular	579	-6.6%	-2.6%									
<b>Medical Surgical</b>	<b>2,001</b>	<b>-13.8%</b>	<b>-8.9%</b>	<b>843</b>	<b>-14.8%</b>	<b>-14.8%</b>	<b>767</b>	<b>-11.7%</b>	<b>0.2%</b>	<b>392</b>	<b>-15.3%</b>	<b>-13.0%</b>
Surgical Innovations	1,338	-13.9%	-8.6%									
Respiratory, Gastrointestinal, & Renal	664	-13.5%	-9.1%									
<b>Neuroscience</b>	<b>2,115</b>	<b>-4.0%</b>	<b>-2.0%</b>	<b>1,419</b>	<b>-1.9%</b>	<b>-3.3%</b>	<b>407</b>	<b>-12.5%</b>	<b>-0.4%</b>	<b>290</b>	<b>-1.0%</b>	<b>2.0%</b>
Cranial & Spinal Technologies	1,043	-7.1%	-4.6%									
Specialty Therapies	667	4.1%	4.4%									
Neuromodulation	405	-8.0%	-4.5%									
<b>Diabetes</b>	<b>541</b>	<b>-5.4%</b>	<b>0.3%</b>	<b>206</b>	<b>-15.9%</b>	<b>-15.9%</b>	<b>264</b>	<b>0.4%</b>	<b>12.9%</b>	<b>72</b>	<b>14.3%</b>	<b>14.3%</b>
<b>Total Medtronic</b>	<b>7,371</b>	<b>-7.7%</b>	<b>-3.6%</b>	<b>3,766</b>	<b>-8.2%</b>	<b>-8.7%</b>	<b>2,328</b>	<b>-10.5%</b>	<b>1.6%</b>	<b>1,276</b>	<b>-0.8%</b>	<b>1.9%</b>

<sup>1</sup>Data has been intentionally rounded to the nearest million and, therefore, may not sum

# Q1 FY23 GAAP to non-GAAP financial information

	Q1 FY23 GAAP	Amortization	Restructuring	Acquisition-Related	(Gain) / Loss on Minority Investment	Medical Device Regulations	RCS Impairment / Costs	Debt Redemption Premium and Other Charges	Certain Tax Adjustments	Q1 FY23 Non-GAAP	Q1 FY22 Non-GAAP <sup>(2)</sup>	Y/Y Growth / Change
<b>Net Sales</b>	<b>7,371</b>									<b>7,371</b>	<b>7,987</b>	<b>-8%</b>
Cost of Products Sold	2,516		(20)	(11)		(18)				2,467	2,491	-1%
<b>Gross Margin</b>	<b>65.9%</b>		<b>0.3%</b>	<b>0.1%</b>		<b>0.2%</b>				<b>66.5%</b>	<b>68.8%</b>	<b>-230 bps</b>
SG&A	2,567		(41)				(7)			2,518	2,510	
<i>% of Sales</i>	34.8%		-0.6%				-0.1%			34.2%	31.4%	280 bps
R&D	692					(14)				678	741	-9%
<i>% of Sales</i>	9.4%					-0.2%				9.2%	9.3%	
Other Operating Expense (Income), Net	35			(24)			(68)			(57)	78	173%
<i>% of Sales</i>	0.5%			-0.3%			-0.9%			-0.8%	1.0%	180 bps
Amortization of Intangible Assets	423	(423)										
Restructuring Charges, Net	14		(14)									
<b>Operating Profit</b>	<b>1,125</b>	<b>423</b>	<b>76</b>	<b>35</b>		<b>32</b>	<b>74</b>			<b>1,765</b>	<b>2,168</b>	<b>-19%</b>
<b>Operating Margin</b>	<b>15.3%</b>	<b>5.7%</b>	<b>1.0%</b>	<b>0.5%</b>		<b>0.4%</b>	<b>1.0%</b>			<b>23.9%</b>	<b>27.1%</b>	<b>-320 bps</b>
Other Non-Operating Income, Net	(83)				4					(79)	(80)	-1%
Interest Expense	164							(53)		110	137	-20%
<b>Net Income Attributable to MDT (\$M)</b>	<b>929</b>	<b>359</b>	<b>60</b>	<b>29</b>	<b>4</b>	<b>26</b>	<b>73</b>	<b>42</b>	<b>(13)</b>	<b>1,502</b>	<b>1,838</b>	<b>-18%</b>
<b>Diluted EPS (\$)<sup>(1)</sup></b>	<b>0.70</b>	<b>0.27</b>	<b>0.04</b>	<b>0.02</b>	<b>-</b>	<b>0.02</b>	<b>0.05</b>	<b>0.03</b>	<b>(0.01)</b>	<b>1.13</b>	<b>1.36</b>	<b>-17%</b>

<sup>1</sup>Data has been intentionally rounded to the nearest million or \$0.01 for EPS figures and, therefore, may not sum

<sup>2</sup>Starting with Q4 FY22, the Company will no longer adjust non-GAAP financial measures for certain license payments for, or acquisitions of, technology not approved by regulators. Historical non-GAAP financial measures have been recast for comparability. The impact of this change is a decrease in non-GAAP net income and diluted EPS of \$70 million and \$0.05, respectively, for Q1 FY22.

# Medtronic business structure



## Cardiovascular

[Learn more](#)

### Cardiac Rhythm & Heart Failure

- Cardiac Rhythm Management
- Cardiac Ablation Solutions
- Cardiovascular Diagnostics
- Mechanical Circulatory Support

### Structural Heart & Aortic

- Structural Heart
- Aortic
- Cardiac Surgery

### Coronary & Peripheral Vascular

- Coronary & Renal Denervation
- Peripheral Vascular Health



## Medical Surgical

[Learn more](#)

### Surgical Innovations

- Surgical Innovations
- Surgical Robotics

### Respiratory, Gastrointestinal, & Renal (RGR)

- Patient Monitoring
- Respiratory Interventions
- Gastrointestinal
- Renal Care Solutions



## Neuroscience

[Learn more](#)

### Cranial & Spinal Technologies

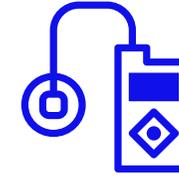
- Spine & Biologics
- Neurosurgery

### Specialty Therapies

- Pelvic Health
- Neurovascular
- Ears, Nose & Throat (ENT)

### Neuromodulation

- Pain Therapies
- Brain Modulation
- Interventional



## Diabetes

[Learn more](#)

Therapies and services for insulin-dependent people who have Type 1 and Type 2

# Abbreviations & acronyms

Growth		Business specific		Business specific		Other		Other	
DD	Double Digit	AAA	Abdominal Aortic Aneurysm	LVAD	Left Ventricular Assist Device	AI	Artificial Intelligence	M	Millions
HSD	High-Single Digit	AF	Atrial Fibrillation	Ex-MCS	Excluding Mechanical Circulatory Support	APAC	Asia Pacific	N/A	Not Applicable
LDD	Low-Double Digit	BP	Blood Pressure	MDT	Medtronic	B	Billion	Org	Organic
LSD	Low-Single Digit	CGM	Continuous Glucose Monitoring	PC	Primary Cell	Bps	Basis Points	OUS	Outside the United States
MSD	Mid-Single Digit	CPV	Coronary & Peripheral Vascular	PCI	Percutaneous Coronary Intervention	CAPEX	Capital Expenditures	PLC	Public Limited Company
▼	Revenue Decreased Y/Y Organic	CRHF	Cardiac Rhythm & Heart Failure	PTA	Percutaneous Transluminal Angioplasty	CC	Constant Currency	Q	Quarter
	Revenue flat Y/Y Organic	CRM	Cardiac Rhythm Management	RAS	Robot-Assisted Surgery	CE	Conformité Européenne	Q/Q	Quarter-over-Quarter
▲	Revenue Increased Y/Y Organic	CRT-D	Cardiac Resynchronization Therapy - Defibrillator	RGR	Respiratory, Gastrointestinal, & Renal	DJSI	Dow Jones Sustainability Index	R&D	Research & Development
WAMGR	Weighted Average Market Growth Rate	CSF	Cerebrospinal Fluid	SAVR	Surgical Aortic Valve Replacement	EMEA	Europe, Middle East, and Africa	Rep	Reported
		CST	Cranial & Spinal Technologies	SCS	Spinal Cord Stimulation	EPS	Earnings Per Share	SEC	U.S. Securities & Exchange Commission
		DBS	Deep Brain Stimulation	SHA	Structural Heart & Aortic	ESG	Environment, Social & Governance	SG&A	Selling, General & Administrative
		DCB	Drug Coated Balloon	SI	Surgical Innovations	EU	European Union	Tech	Technology
		DES	Drug Eluting Stent	SVD	Structural Valve Deterioration	Ex-Vent	Excluding Ventilator	U.S.	United States
		DTM	Differential Target Multiplexed Waveform	TAA	Thoracic Aortic Aneurysm	FDA	Food and Drug Administration	VBP	Volume-Based Procurement
		ENT	Ear, Nose, & Throat	TAVR	Transcatheter Aortic Valve Replacement	FX	Foreign Exchange	WE	Western Europe
		ECLS	Extracorporeal Life Support	TAVI	Transcatheter Aortic Valve Implantation	FY	Fiscal Year	WW	Worldwide
		FFR	Fractional Flow Reserve	TDD	Targeted Drug Delivery	GAAP	Generally Accepted Accounting Principles	YTD	Year-to-Date
		GI	Gastrointestinal	TIR	Time In Range	IDE	Investigational Device Exemption	Y/Y	Year-over-Year
		ICD	Implantable Cardioverter Defibrillator	TPS	Transcatheter Pacing System	ID&E	Inclusion, Diversity and Equity		
		ICM	Insertable Cardiac Monitor	TTR	Time in Target Range	IPR&D	In-process research and development		
		LRP	Long Range Plan	URO	Urology	IRS	Internal Revenue Service		
						LGBTQ	Lesbian, Gay, Bisexual, Transgender, Questioning		

# Medtronic

Engineering the extraordinary

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