

Contacts:

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

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

FOR IMMEDIATE RELEASE

Medtronic reports second quarter fiscal 2022 financial results

Company continued to launch new products, win share, and deliver strong earnings growth; market procedure volumes impacted by COVID-19 resurgence

DUBLIN - Nov. 23, 2021 - Medtronic plc (NYSE:MDT) today announced financial results for its second quarter of fiscal year 2022, which ended October 29, 2021.

Key Highlights

- Revenue of \$7.8 billion increased 3% reported and 2% organic
- GAAP diluted EPS of \$0.97; non-GAAP diluted EPS of \$1.32
- Reiterates full year EPS guidance

“As our markets recover, Medtronic is one of the best positioned companies in healthcare.” Chairman & CEO Geoff Martha

The company reported second quarter worldwide revenue of \$7.847 billion, an increase of 3% as reported and 2% on an organic basis, which excludes the \$32 million benefit of foreign currency translation. Unless otherwise stated, all revenue

growth rates in this press release are stated on an organic basis, which excludes the impact of foreign currency translation. The company's second quarter revenue results reflect the unfavorable market impact of COVID-19 and health system labor shortages on medical device procedure volumes, primarily in the U.S.

As reported, second quarter GAAP net income and diluted earnings per share (EPS) were \$1.311 billion and \$0.97, respectively, increases of 168% and 169%, respectively. As detailed in the financial schedules included at the end of this release, second quarter non-GAAP net income and non-GAAP diluted EPS were \$1.792 billion and \$1.32, respectively, increases of 30% and 29%, respectively.

Second quarter U.S. revenue of \$3.997 billion represented 51% of company revenue and decreased 1%. Non-U.S. developed market revenue of \$2.478 billion represented 32% of company revenue and increased 1% as reported and 2% organic. Emerging Markets revenue of \$1.372 billion represented 17% of company revenue and increased 20% as reported and 16% organic.

"Our second quarter results reflect focused execution of our strategy and the strong underlying health of the business, despite the market impact of the pandemic resurgence and healthcare system staffing challenges on medical procedure volumes, particularly in the U.S., which affected our quarterly revenue growth," said Geoff Martha, Medtronic chairman and chief executive officer. "During the quarter, we continued to advance our pipeline, launched new products, and grew share in the majority of our businesses. Looking ahead, as our markets recover, Medtronic is one of the best positioned companies in healthcare. We have an expansive pipeline of leading technology, a robust balance sheet, and an expanding roster of proven top talent. Coupled with our revitalized operating model and new competitive mindset, we're poised to accelerate and sustain growth."

Cardiovascular Portfolio

The Cardiovascular Portfolio includes the Cardiac Rhythm & Heart Failure (CRHF), Structural Heart & Aortic (SHA), and Coronary & Peripheral Vascular (CPV) divisions. Cardiovascular revenue of \$2.827 billion increased 4% as reported and 3% organic, driven by mid-single digit organic growth in CPV and low-single digit organic growth in CRHF and SHA.

- **Cardiac Rhythm & Heart Failure** revenue of \$1.471 billion increased 3% as reported and organic. Adjusting for the discontinuation of HVAD™ System sales, CRHF revenue increased 6% organic. Cardiac Rhythm Management revenue increased in the high-single digits, driven by mid-single digit growth in Defibrillation Solutions and high-single digit growth in Cardiac Pacing Therapies, including mid-teens growth in Leadless Pacemakers on the continued global adoption of Micra™ transcatheter pacing systems. Cardiovascular Diagnostics revenue declined in the mid-single digits, as procedure volumes were affected by COVID-19 resurgence. Cardiac Ablation Solutions revenue increased in the mid-single digits on the continued adoption of Arctic Front Advance™ cryoballoon catheters and consoles.
- **Structural Heart & Aortic** revenue of \$750 million increased 2% as reported and organic. Structural Heart grew in the high-single digits, with high-single digit growth in transcatheter aortic valves (TAVR). Cardiac Surgery increased in the high-single digits. Aortic declined in the mid-teens as a result of the previously announced global recall of the Valiant Navion™ thoracic stent graft system.
- **Coronary & Peripheral Vascular** revenue of \$606 million increased 7% as reported and 6% organic. Coronary & Renal Denervation (CRDN) increased in the mid-single digits, driven by strength in emerging markets. Peripheral Vascular Health increased in the high-single digits, with mid-twenties endoVenous growth on strong sales of the VenaSeal™ closure system and the Abre™ venous stent.

Medical Surgical Portfolio

The Medical Surgical Portfolio includes the Surgical Innovations (SI) and the Respiratory, Gastrointestinal & Renal (RGR) divisions. Medical Surgical revenue of \$2.299 billion increased 1% as reported and was flat organic, with high-single digit organic growth in SI partially offset by low double-digit organic declines in RGR. Excluding the impact of ventilator sales declines, Medical Surgical revenue increased 6% organic.

- **Surgical Innovations** revenue of \$1.497 billion increased 7% as reported and organic. The division had mid-single digit growth in Advanced Surgical Instruments, driven by the continued adoption of the company's LigaSure™, Sonicision™, and Tri-Staple™ technologies. Hernia & Wound Management increased in the high-single digits, with strength in sutures.
- **Respiratory, Gastrointestinal & Renal** revenue of \$802 million decreased 10% as reported and 11% organic. Excluding the impact of ventilator sales declines, RGR revenue increased 4% organic. Respiratory Interventions decreased in the mid-thirties, with sales of ventilators declining in the mid-fifties as demand returns to pre-pandemic levels. Patient Monitoring increased in the low-double digits, with mid-teens growth in the company's Nellcor™ pulse oximetry products driven in part by increased monitoring of COVID hospitalized patients. Gastrointestinal revenue increased in the mid-single digits, with low double-digit growth in Chronic & Colorectal on strength of PillCam™ system sales. Renal Care Solutions increased in the mid-single digits with low-forties growth in acute therapies driven by increased demand for adult and pediatric continuous renal replacement therapy.

Neuroscience Portfolio

The Neuroscience Portfolio includes the Cranial & Spinal Technologies (CST), Specialty Therapies, and Neuromodulation divisions. Neuroscience revenue of

\$2.136 billion increased 4% as reported and 3% organic, with high-single digit growth in Specialty Therapies and mid-single digit growth in Neuromodulation, partially offset by low-single digit declines in CST, all on an organic basis.

- **Cranial & Spinal Technologies** revenue of \$1.067 billion was flat as reported and decreased 1% organic. Spine & Biologics decreased in the mid-single digits, driven by decreased spine market procedures as a result of the COVID-19 resurgence. Neurosurgery increased in the high-single digits, with strength in sales of StealthStation™ navigation systems, O-arm™ imaging systems, and Midas Rex™ powered surgical instruments.
- **Specialty Therapies** revenue of \$634 million increased 9% as reported and 8% organic. Neurovascular increased in the low double-digits, with high-teens growth in Hemorrhagic Stroke products. Pelvic Health increased in the low-single digits, as market growth was affected by the COVID-19 resurgence. ENT grew in the low double-digits, driven by strong sales of NIM Vital™ nerve monitoring systems.
- **Neuromodulation** revenue of \$435 million increased 6% as reported and organic. Brain Modulation increased in the mid-twenties, driven by the launch of the Percept™ PC deep brain stimulation (DBS) system and SenSight™ directional DBS lead system. Pain Therapies decreased in the mid-single digits, as high-single digit declines in Targeted Drug Delivery and flat results in Pain Stim offset high-single digit growth in Interventional.

Diabetes

Diabetes revenue of \$585 million increased 2% as reported and 1% organic. Durable insulin pumps grew in the low-twenties, including high-teens growth in the U.S. and low-twenties growth in international markets on the continued launches of the MiniMed™ 770G and MiniMed™ 780G systems, respectively. Strong pump sales were offset by lower sales of consumables, which declined in the high-single digits.

Sales of continuous glucose monitoring (CGM) products increased in the low-single digits.

Guidance

The company today updated its revenue growth guidance and reiterated its EPS guidance range for fiscal year 2022.

Given the greater-than-expected market impact of the pandemic and healthcare system staffing challenges in the fiscal second quarter, which is expected to continue into the second half of the fiscal year, the company now expects fiscal year 2022 revenue growth of 7-8% on an organic basis versus the prior expectation of approximately 9%. If recent foreign currency exchange rates hold, revenue growth in fiscal year 2022 would be positively affected by approximately \$0 to \$50 million versus the \$100 to \$200 million positive impact previously.

The company reiterated its fiscal year 2022 diluted non-GAAP EPS guidance range of \$5.65 to \$5.75, including an estimated 5 to 10 cent positive impact from foreign currency exchange based on recent rates.

"We delivered strong margin improvement, earnings growth, and free cash flow in a tough environment this quarter," said Karen Parkhill, Medtronic chief financial officer. "While we expect our markets to continue to be affected by the pandemic in the second half of our fiscal year, we remain focused on delivering solid revenue growth and strong earnings growth while investing in our robust pipeline."

Webcast Information

Medtronic will host a webcast today, November 23, at 8:00 a.m. EST (7:00 a.m. CST) to provide information about its businesses for the public, investors, analysts, and news media. This webcast can be accessed by clicking on the Investor Events link at investorrelations.medtronic.com and this earnings release will be archived at news.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 2022 third and fourth quarter results on February 22, 2022, and May 26, 2022, respectively. Confirmation and additional details will be provided closer to the specific event.

Financial Schedules

The second quarter financial schedules and non-GAAP reconciliations can be viewed by clicking on the Investor Events link at [investorrelations.medtronic.com](#).

About Medtronic

Bold thinking. Bolder actions. We are Medtronic. Medtronic plc, headquartered in Dublin, Ireland, is the leading global healthcare technology company that boldly attacks the most challenging health problems facing humanity by searching out and finding solutions. Our Mission – to alleviate pain, restore health, and extend life – unites a global team of 90,000+ passionate people across 150 countries. Our technologies and therapies treat 70 health conditions and include cardiac devices, surgical robotics, insulin pumps, surgical tools, patient monitoring systems, and more. Powered by our diverse knowledge, insatiable curiosity, and desire to help all those who need it, we deliver innovative technologies that transform the lives of two people every second, every hour, every day. Expect more from us as we empower insight-driven care, experiences that put people first, and better outcomes for our world. In everything we do, we are engineering the extraordinary. For more information on Medtronic (NYSE:MDT), visit [www.Medtronic.com](#) and follow [@Medtronic](#) on Twitter and [LinkedIn](#).

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 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 second quarter of fiscal year 2021.

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.

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.

-end-