Good morning. I’m Ryan Weispfenning, Vice President and Head of Medtronic Investor Relations. I appreciate that you’re joining us today for our fiscal 2024 first quarter video earnings webcast. We’re broadcasting to you today from our Operational Headquarters, here in Minnesota, where summer is in full force.

Before we go inside to hear our prepared remarks, I’ll share a few details about today’s webcast:

- Joining me are Geoff Martha, Medtronic chairman and chief executive officer, and Karen Parkhill, Medtronic chief financial officer. Geoff and Karen will provide comments on the results of our first quarter, which ended on July 28, 2023, and our outlook for the remainder of the fiscal year. After our prepared remarks, the executive VPs from each of our four segments will join us, and we’ll take questions from the sellside analysts that cover the company. Today’s program should last about an hour.

- Earlier this morning, we issued a press release containing our financial statements and divisional and geographic revenue summaries. We also posted an earnings presentation that provides additional details on our performance. The presentation can be accessed in our earnings press release or on our website at InvestorRelations.Medtronic.com.

- During today’s program, many of the statements we make may be considered forward-looking statements, and actual results may differ materially from those projected in any forward-looking statement. Additional information concerning factors that could cause actual results to differ is contained in our
periodic reports and other filings that we make with the SEC, and we do not undertake to update any forward-looking statement.

- Unless we say otherwise, all comparisons are on a year-over-year basis, and revenue comparisons are made on an organic basis, which excludes the impact of foreign currency and first quarter revenue in the current and prior year reported as “Other,” which stems from prior business separations.

- References to sequential revenue changes compare to the fourth quarter of fiscal ’23 and are made on an “as reported” basis, and all references to share gains or losses refer to revenue share in the second calendar quarter of 2023 compared to second calendar quarter of 2022, unless otherwise stated.

- Reconciliations of all non-GAAP financial measures can be found in our earnings press release or on our website at InvestorRelations.Medtronic.com.

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

With that, let’s head into the studio and hear about the quarter.

**Geoff Martha**

Hello everyone and thank you for joining us today. We are pleased with the strong start of our fiscal year. We executed and delivered another quarter of mid-single digit organic revenue growth. Our solid results were broad-based, with each of our four segments delivering 6% growth, driven by execution, innovation and much improved underlying fundamentals in our markets and supply chain.

We also continue to make great strides on our comprehensive transformation, which is designed to get at the root of what has held back our growth. We’re executing large scale functional improvements to global operations, supply chain, and quality. And we’re also decisively allocating capital, particularly to our programs in fast, secular growth markets, as well as focusing our R&D investments on technology
megatrends like robotics and artificial intelligence that will drive growth in our industry over the next decade. And at the same time, we remain focused on our ongoing portfolio management efforts. And taken together, we expect this continued focus on executing our transformation will ensure durable top- and bottom-line growth and create value for our shareholders.

So let’s turn now to the details of our Q1 results. We had another strong quarter of growth from our largest businesses: Cranial & Spinal, Surgical, and Cardiac Rhythm. These businesses have durable, established leadership positions. And combined, they made up just under half of our revenue and grew 6% organic.

Starting with Cranial & Spinal Technologies... we had another great quarter, growing 6% globally and 8% in the US, driven by our market-leading Aible™ ecosystem. We’re seeing growth in both neurosurgery capital equipment and the associated pull-through of our best-in-class spinal implants and biologics as surgeons continue to adopt Aible™. Neurosurgery grew 5%, including double digit growth in Mazor™ robotics and high-single digit growth in StealthStation™ navigation. And Spine and Biologics grew 7% globally and 9% in the US. These results demonstrate our successful strategy of offering surgeons a differentiated and innovative ecosystem – including our AI-enabled surgical planning platform and patient-specific customized implants, along with imaging, navigation, and robotic technologies.

Now moving to Surgical, we grew 7%. Supply continued to improve, and this drove high-single digit growth in Advanced Surgical Technologies. And we had particular strength in Advanced Energy, as we continued the rollout of our LigaSure™ XP and cordless Sonicision™ 7.

Cardiac Rhythm grew 5%, with mid-single digit growth in Defibrillation Solutions, Diagnostics, and Cardiac Pacing. And now within Pacing, we had strong, mid-teens growth in our Micra™ leadless pacemaker franchise. And we launched our next-
generation Micra™ devices, AV2 and VR2, in the US. These tiny, 0.8 cc devices have a battery life of 16 and 17 years, respectively, 40% longer than our previous generation, and well beyond average battery life of competing products. We’re also seeing EPs rapidly adopt Conduction System Pacing as an alternative to traditional single or dual chamber pacing. Our 3830 lead is the only one approved for conduction system pacing in the US, and it grew 45% in the quarter.

Looking ahead, we’re preparing to launch the Aurora EV-ICD™ later this year. Aurora is a gamechanger for the ICD space. It delivers the benefits of a traditional ICD – including the same size, longevity, and pacing features – but without leads in the heart or veins.

Turning to our Synergistic businesses… there were several notable performances this quarter. **Cardiac Surgery** grew 8% again this quarter, with strength in perfusion and cannulae. Our **Aortic** and **ENT** businesses both grew double digits, driven in part by improved product availability. **Peripheral Vascular** grew mid-single digits, with low-double digit growth in drug-coated balloons and high-single digit growth in superficial vein therapy.

**Neuromodulation** grew mid-single digits in both Pain Stim and Brain Modulation, driven by new implants of Intellis™ with DTM™ and Percept™ PC with BrainSense™. And just last week, we received CE Mark approval for our next-generation spinal cord stimulator, Inceptiv™, which will be available in Europe in the coming months. Inceptiv™ incorporates closed-loop therapy with ECAPs, the result of decades of Medtronic R&D to unlock the ability to listen and respond to signals along the spinal cord.

Both our largest and synergistic businesses had really strong quarters. And our businesses that compete in high, secular growth MedTech markets, they did as well. All combined, these businesses made up about 20% of our revenue and grew in the high-single digits in Q1. We continue to disproportionately invest in these
businesses, and we expect them to become a larger part of our revenue mix and be large contributors to our durable growth in the future.

Starting with **Structural Heart**... Transcatheter valves grew 11% globally, including 12% growth in the US and 21% growth in Japan. We continue to see improvements in the TAVR space and adoption of our differentiated Evolut™ FX valve. Evolut™ FX combines enhanced and predictable valve deployment with industry-leading durability. And next Monday, we’re looking forward to the presentation of the NOTION 10-year data at ESC, which will look at the durability of the CoreValve™ and Evolut™ valves compared to surgery over a decade.

In **Neurovascular**, we grew mid-single digits when you exclude China where the market is subject to volume-based procurement. Global growth was fueled by continued strength in flow diversion. We’re seeing strong adoption of our Shield Technology™ for treating aneurysms, which is available on our Pipeline™ Flex and Pipeline Vantage™ flow diverters.

And **Cardiac Ablation Solutions** grew 5%. And as you know, pulsed field ablation has become one of the most anticipated technologies in MedTech, and we will be leading the way in bringing PFA catheters to market for both focal and single-shot segments. We’re continuing the limited market release in Europe for our Affera™ mapping and ablation system, including our Sphere-9™ focal catheter. Sphere-9™ can perform both PFA and RF ablation, and delivers high density mapping, all from the same catheter.

Turning to our single-shot PFA catheter, PulseSelect™, we’ve filed for approval with US FDA and expect to be one of the first companies with a PFA catheter in the US market. With our PFA catheters and the Affera™ map/nav system, combined with our leading Arctic Front™ cryo solution and differentiated AcQCross™ transeptal access system, we’re poised to become a more meaningful player in the fast-growing, $8 billion EP ablation space.
In **Robotic Surgical Technologies**, we increased our installed base as we continued the international rollout of our differentiated Hugo™ robotic system. And we’ve activated new sites in our Expand Uro US pivotal trial, which continues to progress to plan. We expect Hugo™ to be a meaningful growth driver for us in the years ahead, given its differentiated value proposition, our leading position in minimally invasive surgery, and the low penetration of robotic surgery around the world.

And in **Diabetes**, we had a good quarter as we continue to see very strong demand for the MiniMed™ 780G AID system in markets around the world. 780G is a true, second-generation AID system, and is the only one with 5-minute adjustments and autocorrections and Meal Detection™ technology. We’re getting great feedback that users are feeling a difference within 1 to 2 days, and our real world evidence indicates that 90% of users are achieving or exceeding their glycemic targets when using our recommended settings, as well as getting burden reduction in their diabetes management.

And this differentiated value proposition is showing up in our results. Non-US Developed Markets grew 18%, our highest growth in 4 years, driven by both 780G adoption and increased CGM attachment rates. And, in the US, we’re seeing great results and momentum from the 780G launch. First, the launch drove low-30’s growth in our US durable pump sales. Second, we’re seeing our prescriber base rapidly expand. Since we last talked to you at ADA in late June, we’ve had a 30% increase in unique prescribers, with now over 13 thousand since launch. Third, we’ve had over half of our 770G install base upgrade or place an order for the 780G since launch. And not only is demand coming from our existing installed base, but we’re also getting competitive conversions. And finally, we’re seeing very high CGM attachment rates in the 780G install base, which will drive our economics and gives us confidence in accelerating growth.
So the turnaround in Diabetes is real and underway, and I am pleased with the progress the team is making. And we’re just at the beginning of this inflection point for the business. As we shared with you at our ADA Investor Briefing in June, we see the Intensive Insulin space moving from primarily Standalone CGM today... to one that is Smart Dosing, through either AID systems or Smart MDI. And we are well positioned for this trend. We continue to invest heavily in next-generation durable pumps, smart pens, patch pumps, sensors, and algorithms, with multiple programs under development. And importantly, we’re the only company assembling this complete ecosystem of differentiated technology for people living with diabetes.

With that, I’ll turn it over to Karen to discuss our financial performance and our fiscal ’24 guidance raise. Karen?

Karen Parkhill
Thanks, Geoff.

As Geoff mentioned, we had a strong start to our fiscal year, with 6% revenue growth coming in ahead of expectations. We also had good growth on the bottom line, with non-GAAP EPS of $1.20 up 6%. This was 9 cents above the midpoint of our guidance range, with 7 pennies coming from better-than-expected operational performance, and 2 cents from FX. We’re focused on positioning Medtronic to deliver durable growth. You’ve seen that over the last several quarters on the top line, and as we talked about on our last call, stabilizing and then ultimately improving gross margins remains a priority for us.

The breadth of our revenue growth this quarter is notable. As Geoff mentioned, each of our four business segments grew 6%. And by geography, Non-US Developed and Emerging Markets both grew in the high-single digits, with the US growing mid-single digits. Western Europe grew 8% again this quarter, with high-single digit growth in Cardiovascular and Medical Surgical, and high-teens growth in Diabetes.
Emerging Markets grew 8% and were affected by new sanctions in Russia and ongoing VBP impact in China. That said, China growth at 4% was better-than-expected given some provincial VBP delays to later in the year and strong procedure recovery. Excluding China and Russia, Emerging Markets grew in the high-teens, with mid-teens growth in Southeast Asia and the Middle East & Africa, and high-teens growth in Latin America and South Asia.

Turning to margins, our adjusted gross margin was relatively stable year-over-year and ahead of expectations, with better-than-expected pricing and less-than-expected impact from currency, offsetting inflationary pressures. Our operating margin increased 90 bps, driven by revenue outperformance and our focus on expense management, particularly in our G&A line.

Below the operating profit line, our adjusted nominal tax rate was 15.8%, above expectations driven by a change in Puerto Rico tax law. The change drove an approximate 120 basis point increase in our tax line, offset by a corresponding decrease in Other Operating Expense. So the change was net neutral to earnings.

Turning to capital allocation, we’re prioritizing investments in innovation as we disproportionately invest in high growth, high return opportunities. We do this through multiple channels, including organic R&D, minority investments, strategic partnerships, and disciplined acquisitions. At the same time, we prioritize returning a minimum of 50% of our free cash flow to our shareholders, primarily through our strong and growing dividend.

We also continue to advance our active portfolio management. Last quarter, we moved our Renal Care Solutions business into a joint venture with DaVita. We’ve been focused on the separation of Patient Monitoring & Respiratory Interventions. And as we noted in our 10-K, we now expect to complete the separation in the first half of next fiscal year, if not sooner, as we’ve been evaluating different types of
transactions to maximize shareholder value. We’ve always said a spin sets a high bar, and it remains the likely way we'll separate these businesses.

Now, turning to guidance...

With our outperformance in the first quarter and improved underlying fundamentals, we’re raising our full year revenue and EPS guidance. We now expect fiscal ’24 organic revenue growth of 4.5%, an increase from the prior range of 4.0 to 4.5%. This guidance excludes the impact of foreign currency and revenue from our new “Other” segment, and I’d direct you to the Guidance slide in our earnings presentation for additional details.

In the second quarter, we’re expecting organic revenue growth to be in the range of 4.0 to 4.5%. On a comp adjusted basis, this represents an acceleration over the first quarter, and we expect a steady acceleration in underlying growth in the back half of the year as well.

While the impact of currency is fluid, based on recent rates, foreign currency would have a neutral impact on full year revenue, including a favorable impact of $85 to $135 million in the second quarter.

Moving down the P&L, as we have said before, we expect inflation and currency pressures this fiscal year. And we do expect some of the delayed impact from provincial VBPs that benefitted us in the first quarter to come later in the year. However, you are beginning to see the results from the actions we are taking to drive structural changes in our global operations and supply chain. To give a few examples, we’re moving to fewer, more strategic suppliers that are giving us better terms. And we’re implementing improvements to run our factories more efficiently and reliably. There is more to come, and we expect this will drive stabilization in our gross margin over time and then improve it from there.
On the bottom line, we’re raising our fiscal ’24 non-GAAP diluted EPS guidance to the new range of $5.08 to $5.16, an increase from the prior range of $5.00 to $5.10. This is a 7 cent increase at the midpoint, inline with the first quarter operational beat. The guidance range continues to include an unfavorable 6% impact from foreign currency, based on recent rates. The projected 6% annual FX impact is unchanged from May, as the 2 cents of FX upside in the first quarter is now offset later in the year.

For the second quarter, we expect EPS of $1.16 to $1.20, including a 6% unfavorable impact from foreign currency based on recent rates.

Before sending it back to Geoff, I’d like to acknowledge our employees who are watching today. I truly appreciate your focus on driving change to execute well and deliver on our priorities. It is that focus that contributes to these results, and fulfills our enduring Mission to alleviate pain, restore health, and extend life for millions of patients around the globe. Thank you.

Back to you, Geoff.

Geoff Martha

OK. Thank you, Karen.

Now before we go to the analysts’ questions, I’ll close with a few thoughts. First, Q1 was a strong start to our year, and we’re establishing a track record of delivering dependable, mid-single digit growth. We’re executing and bringing innovation to the market. We’re making progress in countering the impacts that inflation and currency are having on our margins, and we expect this to lead to stabilization and then improvement over time. We’re also seeing improved underlying fundamentals in our supply chain and in our markets, across our businesses and geographies. And like I said earlier, we’re at the beginning of an inflection point in our Diabetes business, and we’re seeing strength in our established, market leading businesses like CRM and Spine. And with our pipeline, we have several important growth
catalysts that we expect to come to market over the coming quarters. So, we’re on the right path and building momentum.

And underneath all of this, what may be less visible to you, are the steps we’ve taken to transform the company, tackling the root causes of what have made our growth less dependable in the past. We’re ensuring a performance-driven culture, partially driven by a number of new leaders in the company. We’re advancing our capital allocation and portfolio management priorities to take advantage of high growth opportunities. And we’re executing on the programs that we believe will lead to scale advantages, whether that’s in our now centralized Global Operations & Supply Chain organization, or in how we go to market with large enterprise customers around the world, or in how we’re leveraging core technologies – and implementing new innovations – across our businesses. Now to accelerate this last area, we created a new position of Chief Technology and Innovation Officer, and hired Ken Washington this past quarter to fill that role. Ken was recently at Amazon, where he led Consumer Robotics, and before that was Chief Technology Officer at Ford Motor Company and VP of the Advanced Technology Center at Lockheed Martin Space Systems. I look forward to sharing more details in the quarters ahead on how Ken is leading our efforts to leverage technologies like robotics and AI across the enterprise, which we believe will lead to new, differentiated therapies for patients and better experience for our customers.

So, this is an extensive transformation. Yes, there’s still work to be done. But you’re seeing some of the benefits in our results. And you should expect to see more of this over time, as we continue to work toward delivering durable revenue and earnings growth, which combined with a growing dividend, is a winning formula for creating value for our shareholders.

Now let’s move to Q&A where we’re going to try to get as many analysts as possible, so we ask you to limit yourself to just one question, and only if needed, a related
follow-up. If you have additional questions, you can reach out to Ryan and the Investor Relations team after the call.

I also want to note that today is the first time we have Mike Marinaro, who runs our Surgical and our Endoscopy businesses, joining us for Q&A. Now Bob White’s focus is on the PMRI businesses as we separate, which is a heavy lift, and we have Mike focused on the other two MedSurg businesses. So today if you have questions on Surgical or Endoscopy, direct them to Mike… and PMRI questions can go to Bob.

With that, Brad, can you please give the instructions for asking a question?

**Ryan Weispfenning**

Thanks. Geoff, please go ahead with your closing remarks.

**Geoff Martha**

OK. Thanks for the questions. We appreciate your support and continued interest in Medtronic. We look forward to updating you on our progress on our Q2 earnings broadcast - which we anticipate holding on Tuesday, November 21st. With that, thanks for joining us today and have a great rest of your day.