Medtronic News

Fourth Quarter Caps Solid Year for Medtronic

Q4 Revenue of $4.5 Billion Grew 5% at Constant Currency; 4% as Reported
Q4 Non-GAAP Diluted EPS Growth of 11%; GAAP Diluted EPS Growth of 1%
Q4 International Revenue Grew 7% at Constant Currency; 4% as Reported
FY13 Revenue of $16.6 Billion Grew 5% at Constant Currency; 3% as Reported
FY13 Free Cash Flow of $4.4 Billion; GAAP Cash Flow from Operations of $4.9 Billion
Company Sets Initial FY14 Revenue Growth Outlook and EPS Guidance

MINNEAPOLIS - May 21, 2013 - Medtronic, Inc. (NYSE: MDT) today announced financial results for its fourth quarter and fiscal year 2013, which ended April 26, 2013.

The Company reported worldwide fourth quarter revenue of $4.459 billion, an increase of 5 percent on a constant currency basis after adjusting for a $48 million negative foreign currency impact, or 4 percent as reported. As reported, fourth quarter net earnings were $969 million, or $0.95 per diluted share, a decrease of 2 percent and an increase of 1 percent, respectively, over the same period in the prior year. As detailed in the attached table, fourth quarter net earnings and diluted earnings per share on a non-GAAP basis were $1.124 billion and $1.10, an increase of 8 percent and 11 percent, respectively, over the same period in the prior year.

The company reported fiscal year 2013 revenue of $16.590 billion, an increase of 5 percent on a constant currency basis after adjusting for a $328 million negative foreign currency impact or 3 percent as reported. As reported, fiscal year 2013 net earnings were $3.467 billion or $3.37 per diluted share, a decrease of 4 percent and 1 percent, respectively. As detailed in the attached table, fiscal year 2013 non-GAAP net earnings and diluted earnings per share were $3.855 billion and $3.75, an increase of 5 percent and 8 percent, respectively.

Fourth quarter international revenue of $2.087 billion increased 7 percent on a constant currency basis or 4 percent as reported. International sales accounted for 47 percent of Medtronic's worldwide revenue in the quarter. Fourth quarter emerging market revenue of $521 million increased 14 percent on a constant currency basis or 13 percent as reported and represented 12 percent of Company revenue. Fiscal year 2013 emerging market revenue of $1.897 billion increased 17 percent on a constant currency basis or 14 percent as reported.

"These fourth quarter results were a strong finish to a solid fiscal year, and more importantly, represented another step toward our goal of delivering consistent and dependable growth, and I am proud of the performance of our entire global team," said Omar Ishrak, Medtronic chairman and chief executive officer. "With our scale and breadth of innovative technology, Medtronic is clearly outperforming the market."

Cardiac and Vascular Group

The Cardiac and Vascular Group includes the Cardiac Rhythm Disease Management (CRDM), Coronary, Structural Heart, and Endovascular businesses. The Group had worldwide sales in the quarter of $2.342 billion, representing an increase of 5 percent on a constant currency basis or 4 percent as reported. Growth was broad based, with all of the Group's businesses making significant contributions. Group international sales of $1.344 billion increased 7 percent on a constant currency basis or 4 percent as reported.

CRDM revenue of $1.332 billion grew 4 percent on a constant currency basis or 3 percent as reported. Fourth quarter revenue from Implantable Cardioverter Defibrillators (ICDs) was $755 million, an increase of 2 percent on a constant currency basis, which the Company believes outperformed the market. Pacing revenue was $505 million, an increase of 5 percent on a constant currency basis, driven by the continued strength of the Advisa DR MRI(TM) SureScan(TM) pacing system in Japan.

Coronary revenue of $465 million grew 5 percent on a constant currency basis or 3 percent as reported. Sales of drug-eluting stents increased 22 percent on a constant currency basis, driven by broad worldwide share gains of the Resolute Integrity drug-eluting stent.

Structural Heart revenue of $310 million grew 8 percent on a constant currency basis or 7 percent as reported. Growth was driven by the strength of transcatheter aortic heart valves.

Endovascular revenue of $235 million grew 10 percent on a constant currency basis or 7 percent as reported. Japan continues to drive significant growth with the Endurant® aortic stent graft. In addition, strong growth from the thoracic portfolio was driven by Valiant® Captivia® in key geographies, including the United States, China, and Japan.

Restorative Therapies Group

The Restorative Therapies Group includes the Spine, Neuromodulation, Diabetes, and Surgical Technologies businesses. The Group had worldwide sales in the quarter of $2.117 billion, representing an increase of 4 percent on both a constant currency and an as reported basis. Group revenue was driven by growth in Surgical Technologies, Neuromodulation, and Diabetes. Group international sales of $743 million increased 7 percent on a constant currency basis or 5 percent as reported.

Spine revenue of $811 million was flat on a constant currency basis or declined 1 percent as reported. Core Spine revenue of $671 million was also flat on a constant currency basis. Excluding sales of balloon kyphoplasty, Core Spine grew in the low single-digits on a constant currency basis globally and in the U.S., which the Company believes outperformed the U.S. market as the Company gained share on both a sequential and year-over-year basis. The Core Spine business continues to see solid adoption of its new products and procedural innovations. BMP revenue of $140 million declined 1 percent on a constant currency basis.

Surgical Technologies revenue of $407 million grew 11 percent on a constant currency basis or 10 percent as reported. Revenue growth was driven by sales of large capital equipment including StealthStation® S7® navigation systems, O-arm® imaging systems, and Midas Rex® powered surgical equipment, as well as Advanced Energy products and ENT nerve monitoring.

Neuromodulation revenue of $492 million increased 7 percent on a constant currency basis or 6 percent as reported. Growth was driven by strong performance from Activa® deep brain stimulation systems and InterStim® Therapy for both urinary and bowel indications. The RestoreSensor® spinal cord stimulator continues to drive revenue growth in the United States and the SureScan(TM) MRI-safe system, which launched in Europe in January, contributed to international growth.

Diabetes revenue of $407 million grew 4 percent on both a constant currency and an as reported basis. Growth was driven by strong sales in international markets, which grew 14 percent on a constant currency basis, with the continued adoption of the Paradigm® Veo(TM) insulin pump and Enlite® continuous glucose sensor. In the United States, sales remained under pressure as the Company continues to seek FDA approval of the MiniMed® 530G.

Revenue Outlook and Earnings per Share Guidance

The Company today states its revenue outlook and diluted earnings per share (EPS) guidance for fiscal year 2014. In fiscal year 2014, the Company expects full-year revenue growth in the range of 3 to 4 percent on a constant currency basis, and diluted EPS in the range of $3.80 to $3.85. After adjusting for certain one-time impacts to growth, the Company indicated that this range implies annual diluted EPS growth in the range of 6 to 8 percent.

"We continue to lead in the global medical technology marketplace, and we are making meaningful progress in globalizing our strategies and operations as well as strengthening our clinical and economic value propositions for our customers and partners,"

said Ishrak. "Our employees are adapting to and embracing the changes occurring in global healthcare, and we are making significant strides to reframe our company to compete and win in this changing environment. Medtronic has a number of strengths that uniquely position us to succeed and become the premier global medical technology solutions partner, creating value for healthcare systems around the world. "

Webcast Information

Medtronic will host a webcast today, May 21, at 8 a.m. EDT (7 a.m. CDT), to provide information about its businesses for the public, analysts, and news media. This quarterly webcast can be accessed by clicking on the Investors link on the Medtronic home page at www.medtronic.com and this earnings release will be archived atwww.medtronic.com/newsroom. Within 24 hours, a replay of the webcast and a transcript of the company's prepared remarks will be available in the "Events & Presentations" section of the Investors portion of the Medtronic website.

Financial Schedules

To view the fourth quarter financial schedules, click here or visit www.medtronic.com/newsroom.

About Medtronic

Medtronic, Inc., headquartered in Minneapolis is the global leader in medical technology - alleviating pain, restoring health, and extending life for millions of people around the world.

This press release contains forward-looking statements related to product growth drivers, market position, strategies for growth, and Medtronic's future results of operations, which are subject to risks and uncertainties, such as 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 Medtronic's periodic reports on file with the Securities and Exchange Commission. Actual results may differ materially from anticipated results. Medtronic does not undertake to update its forward-looking statements.

Earnings per share guidance excludes any unusual charges or gains that might occur during the fiscal year. The guidance provided only reflects information available to Medtronic at this time.

Unless otherwise noted, all comparisons made in this news release are on an "as reported basis," and not on a constant currency basis. References to quarterly or annual results increasing or decreasing are in comparison to the fourth quarter and full fiscal year 2012, respectively.

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View FY13 Fourth Quarter Financial Schedules

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