Medtronic News

Medtronic Outlines Growth Strategy at Biennial Investor Day

Company Raises Revenue Growth Outlook

Highlights Deep and Broad Pipeline and Technology Platforms

DUBLIN, Oct. 14, 2020 /PRNewswire/ -- Medtronic plc (NYSE: MDT), the global leader in medical technology, will outline today the company's strategy for driving accelerated revenue growth and sustainable double-digit total shareholder returns at its virtual 2020 Investor Day. This is the company's first Investor Day since Chief Executive Officer Geoff Martha assumed the role in April 2020.

At the virtual event, Martha and other members of Medtronic's executive and senior management team will provide an in-depth review of the company's growth agenda, which is underpinned by a pipeline of innovative and disruptive products launching now and over the coming years. Management will also discuss its differentiated investment strategy to build on this momentum and its new operating model, designed to create a more nimble, customer-centric organization.

"We have found a new gear at Medtronic. We have an industry-leading pipeline that is now coming to fruition and an operating model that enables us to realize the full value of these launches. We are energized and focused on winning share, and accelerating our growth over both the near- and long-term," said Martha. "Some of the greatest advances in medical technology are unfolding right now at Medtronic. We look forward to sharing our innovation-led growth agenda, which will create value for our shareholders while staying true to our patient-centered mission."

At today's event, Medtronic will outline its key drivers to sustainably **accelerate revenue growth** at or above its weighted average market growth rate (WAMGR). This strategy includes:

- **Going on the offensive and taking share**. The combination of a strong base business, recent product launches and a robust pipeline is expected to accelerate growth over both the near- and long-term. The company is leveraging the strength of its pipeline to win share in an increasing number of its businesses with new products, including Micra™ AV pacing system, Cobalt™ and Crome™ cardiac rhythm high power devices, Intellis™ with DTM™ spinal cord stimulator, Percept™ PC deep brain stimulator, InterStim™ Micro sacral neuromodulation system, Touch Surgery™ Enterprise, and the MiniMed™ 780G system.
- **Creating and disrupting big markets with significant growth potential.** Medtronic is bringing inventive and disruptive technology to large healthcare opportunities with products such as its soft tissue surgical robot, Micra™ line of leadless pacemakers, extravascular ICD, pulse field ablation, PillCam™ Genius, transcatheter mitral replacement and repair, and renal denervation (RDN). These innovations to meet patient needs represent new multi-billion dollar opportunities, further accelerating Medtronic's growth. For example, Medtronic expects that RDN will be a $1 billion market by 2026, with the potential to be a $3 billion market by the end of the decade. Today the company will announce that RDN has been granted Green Channel priority review, which positions it for potential approval in China within a few months of an expected U.S. approval in calendar 2022.
- **Putting the "tech" in medtech.** Medtronic has a differentiated R&D strategy that maximizes new technology, artificial intelligence (AI), and data and analytics to deliver innovations that address unmet clinical needs, produce better patient outcomes, and create new standards of care.
- **Investing in innovation and allocating capital to large and promising growth opportunities—both organically and inorganically.** The company aims to increase its WAMGR by deploying capital to faster-growing markets such as robotics, ischemic stroke, diabetes, and neuromodulation. Medtronic is boosting its level of investment in organic R&D to advance its pipeline, increasing the cadence of tuck-in M&A, and allocating capital in new and different ways, including creative partnerships. Taken together, this strategy will significantly expand the level of technological development across the company's portfolio and ensure its pipeline remains full to accelerate growth and sustain it into the future.
- **Empowering its operating units to become more nimble and more competitive.** The company is implementing a new operating model that will simplify the organization in order to accelerate decision making, improve commercial execution, and more effectively leverage the scale of the enterprise – facilitating its growth objectives.

Long-Range Financial Plan

Medtronic will provide an update on its long-range financial targets to reflect the company's growth strategy and commitment to driving value. The updated financial objectives include:

- 5%+ annual organic revenue growth, an increase from the prior 4%+ long-range target;
- 8%+ adjusted earnings per share compound annual growth rate over the long range, assuming modest currency volatility;
- Greater than 80% cash conversion ratio, with a commitment to return more than 50% of its free cash flow to shareholders; and
- Dividend growth in-line with earnings growth.

The company expects its accelerated growth, significant free cash flow generation, balance sheet strength, and disciplined capital allocation strategy will drive strong double-digit total shareholder return.

"We are well positioned to grow at or above our end markets and deliver accelerated revenue growth," said Karen Parkhill, executive vice president and chief financial officer of Medtronic. "Prioritizing investments in innovation where we see the best opportunities, along with our ongoing focus on driving productivity, will enable us to achieve our long-range targets and generate strong shareholder value."

Webcast Information

Medtronic will host a webcast of its virtual 2020 Investor Day today, Oct. 14, at 8:00 a.m. EDT (7:00 a.m. CDT) to provide access to all interested stakeholders. The webcast can be accessed by clicking on the Investor Events link at investorrelations.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 will be available by clicking on the Investor Events link at investorrelations.medtronic.com.

About Medtronic

Medtronic plc (www.medtronic.com), headquartered in Dublin, Ireland, is among the world's largest medical technology, services and solutions companies – alleviating pain, restoring health and extending life for millions of people around the world. Medtronic employs more than 90,000 people worldwide, serving physicians, hospitals and patients in more than 150 countries. The company is focused on collaborating with stakeholders around the world to take healthcare Further, Together.

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, regulatory approval, 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 (SEC) including the most recent Annual Report on Form 10-K of the company, as filed with the SEC. In some cases, you can identify these statements by forward-looking words, such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "looking ahead," "may," "plan," "possible," "potential," "project," "should," "will," and similar words or expressions, the negative or plural of such words or expressions and other comparable terminology. Actual future regulatory approval timelines and financial results may differ materially from anticipated future regulatory approval timelines and financial 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.

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