

Medtronic Reports Second Quarter Fiscal 2021 Financial Results

- Q2 Revenue of \$7.6 Billion Decreased 0.8% Reported and 1.5% Organic

- Q2 GAAP Diluted EPS of \$0.36; Q2 Non-GAAP Diluted EPS of \$1.02

DUBLIN, Nov. 24, 2020 [/PRNewswire/](#) -- Medtronic plc (NYSE:MDT) today announced financial results for its second quarter of fiscal year 2021, which ended October 30, 2020.

The company reported second quarter worldwide revenue of \$7.647 billion, a decrease of 0.8 percent as reported and 1.5 percent on an organic basis, which adjusts for the \$59 million benefit of foreign currency translation. Unless otherwise stated, all revenue growth rates in this press release are stated on an organic basis, which adjusts for the impact of foreign currency translation. There were no acquisitions made in the last year that had a significant impact on the company's second quarter revenue growth.

As reported, second quarter GAAP net income and diluted earnings per share (EPS) were \$489 million and \$0.36, respectively. As detailed in the financial schedules included through the link at the end of this release, second quarter non-GAAP net income and non-GAAP diluted EPS were \$1.380 billion and \$1.02, respectively, both decreases of 22 percent. Adjusting for the negative 4 cent impact from foreign currency, second quarter non-GAAP diluted EPS decreased 19 percent.

Second quarter U.S. revenue of \$4.054 billion represented 53 percent of company revenue and decreased 2 percent as reported and organic. Non-U.S. developed market revenue of \$2.446 billion represented 32 percent of company revenue and increased 6 percent as reported and 1 percent organic. Emerging Markets revenue of \$1.147 billion represented 15 percent of company revenue and decreased 9 percent as reported and 6 percent organic.

"We're seeing a faster-than-expected recovery and approaching year-over-year growth. Our revenue growth is improving, our pipeline is advancing, and we're gaining share in an increasing number of businesses. At the same time, we're in the process of implementing our new operating model and augmenting our culture with a focus on market share and being bold," said Geoff Martha, Medtronic chief executive officer. "Despite the challenges posed by the pandemic, we're well positioned to accelerate growth over the medium- and long-term as we continue investing in and progressing a number of opportunities, creating value for society and our shareholders."

Cardiac and Vascular Group

The Cardiac and Vascular Group (CVG) includes the Cardiac Rhythm & Heart Failure (CRHF), Coronary & Structural Heart (CSH), and Aortic, Peripheral & Venous (APV) divisions. CVG second quarter revenue of \$2.725 billion decreased 4.6 percent as reported and 5.5 percent organic. CVG's revenue reflected a year-over-year decline in procedure volumes as a result of the COVID-19 pandemic; however, revenue did improve sequentially as procedures volumes continued to improve. CVG's organic performance was impacted by low-single digit declines in CRHF, mid-teens decline in CSH, and low-single digit declines in APV.

- **Cardiac Rhythm & Heart Failure** second quarter revenue of \$1.426 billion was flat as reported and decreased 1.3 percent organic. Arrhythmia Management revenue, including implantable defibrillators (ICDs), Pacemakers, Implantable Diagnostics, and Cardiac Ablation Solutions declined in the low-single digits. This included mid-seventies growth in Leadless Pacemakers, and specifically mid-eighties growth in

the United States, on the continued global adoption of the company's Micra™ transcatheter pacing systems. Heart Failure declined low-single digits, as flat results in cardiac resynchronization therapy pacemakers (CRT-Ps) and mid-twenties declines in left ventricular assist devices (LVADs) were partially offset by mid-single digit growth in cardiac resynchronization therapy defibrillators (CRT-Ds) from the recent launch of Cobalt™ and Crome™.

- **Coronary & Structural Heart** second quarter revenue of \$831 million decreased 13.0 percent as reported and 13.6 percent organic, reflecting high-twenties declines in drug-eluting stents (DES). The company experienced a slowdown in DES sales in China ahead of the national tender announcement in mid-October. In addition, the company recorded a \$26 million reserve as a result of the tender. Outside of China, DES sales declined in the mid-teens. While transcatheter aortic valves (TAVR) declined high-single digits versus the prior year, the company estimates it held share in the third calendar quarter versus the prior quarter.
- **Aortic, Peripheral & Venous** second quarter revenue of \$468 million decreased 1.3 percent as reported and 1.9 percent organic. Aortic grew in the low-single digits, Peripheral declined in the low-single digits, and Venous declined in the high-single digits.

Minimally Invasive Therapies Group

The Minimally Invasive Therapies Group (MITG) includes the Surgical Innovations (SI) and the Respiratory, Gastrointestinal & Renal (RGR) divisions. MITG second quarter revenue of \$2.285 billion increased 6.7 percent as reported and 6.2 percent organic. MITG's revenue reflected a year-over-year decline in procedure volumes offset by increased demand for COVID-19 related diagnostics and therapies. SI's mid-single digit organic decline was offset by low-thirties organic growth in RGR.

- **Surgical Innovations** second quarter revenue of \$1.393 billion decreased 4.2 percent as reported and 4.9 percent organic. Advanced Surgical declined low-single digits, reflecting the decline of worldwide surgical procedures. General Surgery products declined in the high-single digits.
- **Respiratory, Gastrointestinal & Renal** second quarter revenue of \$893 million increased 29.8 percent as reported and 29.7 percent organic, reflecting the increased demand for Respiratory Interventions products. Respiratory & Patient Monitoring grew in the low-forties, with sales of ventilators increasing nearly four-fold, as the company increased production of its PB980 high-acuity ventilator to address global demand.

Restorative Therapies Group

The Restorative Therapies Group (RTG) includes the Cranial and Spinal Technologies, Specialty Therapies, and Neuromodulation divisions. RTG second quarter revenue of \$2.063 billion decreased 2.3 percent as reported and 2.9 percent organic. RTG's revenue reflected a year-over-year decline in procedure volumes as a result of the COVID-19 pandemic. RTG's organic performance this quarter included mid-single-digit declines in Cranial and Spinal Technologies, flat results in Specialty Therapies, and low-single digit declines in Neuromodulation.

- **Cranial and Spinal Technologies** second quarter revenue of \$1.071 billion decreased 4.1 percent as reported and 4.6 percent organic, including low-single digit declines in Spine and high-single digit declines in Enabling Technology. Core Spine declined in the low-single digits globally and grew in the low-single digits in the US. China Orthopedics (Kanghui) grew in the high-single digits.
- **Specialty Therapies** second quarter revenue of \$581 million increased 1.0 percent as reported and 0.3 percent organic. ENT declined in the high-single digits, Neurovascular increased in the low-single digits, and Pelvic Health increased in the mid-single digits.
- **Neuromodulation** second quarter revenue of \$411 million decreased 2.1 percent as reported and 3.1 percent organic, including mid-single digit declines in Pain Therapies and low-single digit growth in DBS.

Diabetes Group

Diabetes Group second quarter revenue of \$574 million decreased 3.7 percent as reported and 5.0 percent organic. Diabetes Group revenue performance was impacted by a delay in new patient starts on insulin pumps and continued competitive pressure. CGM grew in the mid-single digits.

Guidance

Given the uncertainty on near-term financial results caused by the COVID-19 pandemic, the company is not providing formal annual or quarterly financial guidance at this time.

Webcast Information

Medtronic will host a webcast today, November 24, 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 quarterly webcast can be accessed by clicking on the Investor Events link at investorrelations.medtronic.com and this earnings release will be archived at newsroom.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 2021 third and fourth quarter results on Tuesday, February 23, 2021 and Thursday, May 27, 2021, respectively, and its fiscal year 2022 first quarter results on August 24, 2021. Confirmation and additional details will be provided closer to the specific event.

Financial Schedules

To view the second quarter financial schedules and non-GAAP reconciliations, [click here](#). To view the second quarter earnings presentation, [click here](#). Both documents can also be accessed by visiting newsroom.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 the impact COVID-19 has had and is expected to continue to have on our business, operations and production, as well as demand for our offerings, and on our employees, medical professional and healthcare system, communities in which we operate, and our financial results and condition, 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 2020.

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.

[View Second Quarter Financial Schedules & Non-GAAP Reconciliations](#)

[View Second Quarter Earnings Presentation](#)

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