Medtronic News

Medtronic Reports Third Quarter Fiscal 2021 Financial Results

- Q3 Revenue of $7.8 Billion Increased 0.8% as Reported and Decreased 1.0% Organically

- Q3 GAAP Diluted EPS of $0.94; Q3 Non-GAAP Diluted EPS of $1.29

DUBLIN, Feb. 23, 2021 /PRNewswire/ -- Medtronic plc (NYSE:MDT) today announced financial results for its third quarter of fiscal year 2021, which ended January 29, 2021.

The company reported third quarter worldwide revenue of $7.775 billion, an increase of 0.8 percent as reported and a decrease of 1.0 percent on an organic basis, which adjusts for the $136 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 or any individual segment's third quarter revenue growth.

As reported, third quarter GAAP net income and diluted earnings per share (EPS) were $1.270 billion and $0.94, respectively. As detailed in the financial schedules included through the link at the end of this release, third quarter non-GAAP net income and non-GAAP diluted EPS were $1.753 billion and $1.29, respectively, both decreases of 10 percent. Adjusting for the negative 6 cent impact from foreign currency, third quarter non-GAAP diluted EPS decreased 6 percent.

Third quarter U.S. revenue of $3.939 billion represented 51 percent of company revenue and decreased 2 percent. Non-U.S. developed market revenue of $2.522 billion represented 32 percent of company revenue and increased 6 percent as reported and was flat organic. Emerging Markets revenue of $1.314 billion represented 17 percent of company revenue and was flat as reported and increased 1 percent organic.

"Our Q3 results reflect that our business is well on the way to returning to growth, with sequential improvements in both revenue and earnings, despite the impact of the COVID resurgence on procedure volumes in late December and January. We're outperforming our end markets, as new products are driving share gains in an increasing number of our businesses," said Geoff Martha, Medtronic chairman and chief executive officer. "Looking ahead, we're positioning ourselves for long-term success as we implement our new operating model and execute on a number of large opportunities to win share and create and disrupt big markets."

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 third quarter revenue of $2.707 billion decreased 4.0 percent as reported and 5.9 percent organic. CVG's revenue reflected the impact of the COVID-19 resurgence on procedure volumes in the third quarter in late December and January. CVG's organic performance reflected mid-single digit declines in CRHF, high-single digit declines in CSH, and mid-single digit declines in APV.

- **Cardiac Rhythm & Heart Failure** third quarter revenue of $1.371 billion decreased 1.6 percent as reported and decreased 3.7 percent organic. Arrhythmia Management revenue declined in the mid-single digits. This included mid-sixties growth globally and mid-seventies growth in the United States in Leadless Pacemakers, on the continued global adoption of the company's Micra™ transcatheter pacing systems. Heart Failure declined low-single digits, as low-single digit declines in Cardiac Resynchronization Therapy Pacemakers (CRT-Ps) and mid-twenties declines in Left Ventricular Assist Devices (LVADs) were partially offset by low-single digit growth in cardiac resynchronization therapy defibrillators (CRT-Ds) from the recent launch of Cobalt™ and Crome™.
- **Coronary & Structural Heart** third quarter revenue of $873 million decreased 7.9 percent as reported and 9.5 percent organic, reflecting low-double digit declines in drug-eluting stents (DES). The company experienced a continued impact to DES sales in China as a result of the national tender announcement in mid-October. While transcatheter aortic valves

(TAVR) declined mid-single digits versus the prior year, the company estimates it gained share sequentially.
- **Aortic, Peripheral & Venous** third quarter revenue of $463 million decreased 3.1 percent as reported and 5.0 percent organic. Aortic declined in the low-single digits, Peripheral declined in the mid-single digits, and Venous declined in the low-double digits. Sales of the company's IN.PACT™ drug-coated balloons increased 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 third quarter revenue of $2.313 billion increased 6.3 percent as reported and 4.6 percent organic. MITG's revenue reflected the increased demand for COVID-19 related diagnostics and therapies, offset by the impact of the COVID-19 resurgence on procedure volumes in late December and January. RGR's mid-twenties organic growth was partially offset by SI's mid-single digit organic decline.

- **Surgical Innovations** third quarter revenue of $1.423 billion decreased 3.5 percent as reported and 5.3 percent organic. Advanced Surgical declined mid-single digits and General Surgery declined in the high-single digits, both reflecting the deceleration of worldwide surgical procedure recovery due to the resurgence of the COVID-19 pandemic.
- **Respiratory, Gastrointestinal & Renal** third quarter revenue of $890 million increased 26.8 percent as reported and 25.4 organic. Respiratory Interventions increased mid-seventies organic, with sales of ventilators increasing nearly three-fold to meet global demand as a result of the COVID-19 pandemic. Patient Monitoring increased in the low-double digits on strength of the company's Nellcor™ pulse oximetry products.

Restorative Therapies Group

The Restorative Therapies Group (RTG) includes the Cranial and Spinal Technologies, Specialty Therapies, and Neuromodulation divisions. RTG third quarter revenue of $2.126 billion increased 0.7 percent as reported and decreased 0.8 percent organic. RTG's revenue reflected the impact of the COVID-19 resurgence on procedure volumes in the third quarter in late December and January, partially offset by growth from new products. RTG's organic performance this quarter included mid-single-digit declines in Cranial and Spinal Technologies and low-single digit organic growth in Specialty Therapies and Neuromodulation.

- **Cranial and Spinal Technologies** third quarter revenue of $1.081 billion decreased 3.2 percent as reported and 4.5 percent organic, including mid-single digit declines in Spine and low-single digit declines in Enabling Technology. The company had solid sales of capital equipment in the U.S., with sales growth in Mazor™ robotics, O-arm™ imaging, and Midas-Rex™ powered surgical instruments.
- **Specialty Therapies** third quarter revenue of $618 million increased 5.1 percent as reported and 3.2 percent organic. Neurovascular increased in the mid-single digits and Pelvic Health increased in the mid-teens, partially offset by mid-single digit declines in ENT.
- **Neuromodulation** third quarter revenue of $426 million increased 4.9 percent as reported and 3.4 percent organic, with new products driving low-single digit growth in Pain Therapies and mid-single digit growth in DBS.

Diabetes Group

Diabetes Group third quarter revenue of $630 million increased 3.3 percent as reported and 0.8 percent organic. Diabetes Group revenue performance reflected mid-single digit growth in durable pumps and CGM due to the launch of MiniMed™ 780G in international markets and the MiniMed™ 770G launch in the U.S.

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, February 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 quarterly webcast can be accessed by clicking on the Investor Events link at investorrelations.medtronic.com and this earnings release will be archived atnews.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 fourth quarter results onMay 27, 2021, and its fiscal year 2022 first, second, and third quarter results on August 24, 2021, November 23, 2021, and February 22, 2022, respectively. Confirmation and additional details will be provided closer to the specific event.

Financial Schedules

To view the third quarter financial schedules and non-GAAP reconciliations, click here. To view the third quarter earnings presentation, click here. Both documents can also be accessed by visiting news.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 third 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 Third Quarter Financial Schedules & Non-GAAP Reconciliations

View Third Quarter Earnings Presentation

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