MEDTRONIC PLC
Q3 FY18

EARNINGS PRESENTATION
FEBRUARY 20, 2018

• CONSOLIDATED RESULTS & GROUP REVENUE HIGHLIGHTS
• FREE CASH FLOW
• DIVESTITURE IMPACT
• FY18 GUIDANCE & OTHER ASSUMPTIONS
FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements. They are based on current assumptions and expectations that involve uncertainties or risks. These uncertainties and risks include, but are not limited to, those described in the filings we make with the U.S. Securities and Exchange Commission (SEC). Actual results may differ materially from anticipated results. Forward-looking statements are made as of today’s date, and we undertake no duty to update them or any of the information contained in this presentation.

Financial Data

Certain information in this presentation includes calculations or figures that have been prepared internally and have not been reviewed or audited by our independent registered public accounting firm. Use of different methods for preparing, calculating or presenting information may lead to differences and such differences may be material. This presentation contains financial measures and guidance which are considered “non-GAAP” financial measures under applicable SEC rules and regulations. 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. Medtronic calculates forward-looking non-GAAP financial measures based on internal forecasts that omit certain amounts that would be included in GAAP financial measures. For instance, forward-looking EPS projections exclude the impact of foreign currency fluctuations and other potential charges or gains that would be recorded as non-GAAP adjustments to earnings during the fiscal year. Medtronic does not attempt to provide reconciliations of forward-looking non-GAAP EPS guidance to projected GAAP EPS guidance, because the combined impact and timing of recognition of these potential charges or gains is inherently uncertain and difficult to predict, and is unavailable without unreasonable efforts. In addition, we believe such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of financial performance. GAAP to non-GAAP reconciliations are provided on our website and can be accessed using this link.

BASES OF PRESENTATION OF COMPARABLE FY17 FINANCIAL METRICS

Previously disclosed FY17 quarterly non-GAAP financial measures have been revised to adjust for (a) the estimated results of the portion of our Patient Monitoring & Recovery division, which was divested to Cardinal Health on July 29, 2017, and (b) the change in the presentation of revenue related to the Advanced Ablation and GI Solutions product lines, which were historically included within the Surgical Solutions division and which, effective Q2 FY18, are now included within the Respiratory, Gastrointestinal, and Renal (RGR) division. GAAP to Non-GAAP reconciliations for Q2 FY17, Q3 FY17, Q4 FY17 and FY17 are available with each period’s respective earnings release materials, available at http://investorrelations.medtronic.com.

The revised comparable financial metrics represent estimates based upon available information and certain assumptions which management believes are reasonable under the circumstances. Actual results may have differed materially from the assumptions used to prepare the revised financial metrics. The revised financial metrics are not necessarily indicative of the financial position or results of operations that would have been realized had the divestiture occurred as of the dates or for the periods indicated, nor is it meant to be indicative of any financial position or results of operations that Medtronic plc may have experienced had the divestiture occurred in an earlier period.
CONSOLIDATED RESULTS & GROUP REVENUE HIGHLIGHTS
**Q3 FY18 HIGHLIGHTS**

**Revenue:**
- Delivered 7% revenue growth\(^1\) with strong, diversified performance in all groups and regions
  - Continue to see a clear acceleration in therapy innovation, with new product launches and value-based healthcare initiatives driving growth in all business groups
  - Strong, balanced results around the globe, with double-digit revenue growth\(^1\) in China, Middle East & Africa, Latin America, Southeast Asia, and Eastern Europe
  - Solid growth in developed markets, including 6% growth in US

- Delivered operating margin expansion; Double digit EPS growth\(^1\)
  - Operating Margin: ~30 bps improvement Y/Y\(^1\)
  - Completed $850M Covidien synergy commitment; Launched new Enterprise Excellence program to increase effectiveness, drive continued savings, and enable reinvestment for growth
  - EPS: 12% growth\(^1\); FX impact on EPS: ($0.01); EPS leverage: ~580 bps\(^1\)

- Capital allocation: Strategically deploying capital against priorities
  - YTD: 76% Payout Ratio\(^2\); $1,870M in dividends and $1,631M in net share repurchases
  - Focused on free cash flow\(^3\) generation and allocating capital with discipline

- Reiterated annual revenue and EPS guidance
  - Confident in our ability to deliver MSD revenue growth\(^1\) and meaningful EPS leverage

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**Earnings Per Share:**

<table>
<thead>
<tr>
<th>Diluted EPS (LPS)</th>
<th>As Rep Y/Y</th>
<th>CCC(^3) Y/Y%</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP ($1.03)</td>
<td>(275%)</td>
<td>NC</td>
</tr>
<tr>
<td>Non-GAAP $1.17</td>
<td>4%</td>
<td>12%</td>
</tr>
</tbody>
</table>

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1 Figures represent comparison to Q3 FY17 on a comparable, constant currency basis.
2 Dividends plus net share repurchases divided by non-GAAP net income
3 Operating cash flows less property, plant and equipment additions
## Q3 FY18 GAAP SELECT FINANCIAL INFORMATION

<table>
<thead>
<tr>
<th></th>
<th>Q3 FY18</th>
<th>Q3 FY17</th>
<th>Y/Y Growth / Y/Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales ($M)</strong></td>
<td>7,369</td>
<td>7,283</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Cost of Products Sold</strong></td>
<td>2,191</td>
<td>2,268</td>
<td>(3%)</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>70.3%</td>
<td>68.9%</td>
<td><strong>140 bps</strong></td>
</tr>
<tr>
<td><strong>SG&amp;A ($M)</strong></td>
<td>2,499</td>
<td>2,388</td>
<td>5%</td>
</tr>
<tr>
<td><strong>% of Sales</strong></td>
<td>33.9%</td>
<td>32.8%</td>
<td><strong>(110 bps)</strong></td>
</tr>
<tr>
<td><strong>R&amp;D ($M)</strong></td>
<td>558</td>
<td>530</td>
<td>5%</td>
</tr>
<tr>
<td><strong>% of Sales</strong></td>
<td>7.6%</td>
<td>7.3%</td>
<td><strong>(30 bps)</strong></td>
</tr>
<tr>
<td><strong>Other Expense, Net ($M)</strong></td>
<td>140</td>
<td>46</td>
<td>204%</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>1,426</td>
<td>1,147</td>
<td>24%</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>19.4%</td>
<td>15.7%</td>
<td><strong>370 bps</strong></td>
</tr>
<tr>
<td><strong>Diluted EPS/(LPS) ($)</strong></td>
<td>(1.03)</td>
<td>0.59</td>
<td>(275%)</td>
</tr>
</tbody>
</table>
Strong EPS leverage of ~580 bps$^{1}$

<table>
<thead>
<tr>
<th>Q3 FY17, GAAP</th>
<th>Q3 FY17, Non-GAAP Adjustments</th>
<th>Q3 FY17, Divestiture Impact</th>
<th>Q3 FY17, Comparable Non-GAAP</th>
<th>Performance</th>
<th>Q3 FY18, CCC Non-GAAP</th>
<th>FX</th>
<th>Q3 FY18, Non-GAAP Adjustments</th>
<th>Q3 FY18, GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.59</td>
<td>$0.53</td>
<td>($0.07)</td>
<td>$1.05</td>
<td>$0.13</td>
<td>$1.18</td>
<td>($0.01)</td>
<td>$1.17</td>
<td>($2.20)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($1.03)</td>
</tr>
</tbody>
</table>

FY17 FY18

$^{1}$ Figures represent comparison to Q3 FY17 on a comparable, constant currency basis.
MDT
Q3 FY18 Y/Y OPERATING MARGIN CHANGES

Operating Margin

Operating margin expansion driven by SG&A leverage

Q3 FY18 Y/Y OPERATING MARGIN CHANGES

Q3 FY17, GAAP
Q3 FY17, Non-GAAP Adjustments
Q3 FY17, Divestiture Impact
Q3 FY17, Comparable Non-GAAP
Performance
Q3 FY18, CCC Non-GAAP
FX
Q3 FY18, Non-GAAP Adjustments
Q3 FY18, GAAP

FY17
FY18

15.7%
12.5%
0.3%
28.5%
0.3%
28.8%
(0.9%)
27.9%
(8.5%)
19.4%
<table>
<thead>
<tr>
<th></th>
<th>Q3 FY18</th>
<th>Q3 FY17 Restated¹</th>
<th>FX Impact $M / Change</th>
<th>Q3 FY18 Comparable Constant Currency¹</th>
<th>Q3 FY18 CCC Growth / Change¹,³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales ($M)</td>
<td>7,369</td>
<td>6,747</td>
<td>177</td>
<td>--</td>
<td>7%</td>
</tr>
<tr>
<td>Cost of Products Sold²</td>
<td>2,174</td>
<td>1,964</td>
<td>58</td>
<td>--</td>
<td>8%</td>
</tr>
<tr>
<td>Gross Margin²</td>
<td>70.5%</td>
<td>70.9%</td>
<td>(10 bps)</td>
<td>70.6%</td>
<td>(30 bps)</td>
</tr>
<tr>
<td>SG&amp;A ($M)²</td>
<td>2,489</td>
<td>2,314</td>
<td>52</td>
<td>--</td>
<td>5%</td>
</tr>
<tr>
<td>% of Sales</td>
<td>33.8%</td>
<td>34.3%</td>
<td>(10 bps)</td>
<td>33.9%</td>
<td>40 bps</td>
</tr>
<tr>
<td>R&amp;D ($M)</td>
<td>558</td>
<td>525</td>
<td>4</td>
<td>--</td>
<td>6%</td>
</tr>
<tr>
<td>% of Sales</td>
<td>7.6%</td>
<td>7.8%</td>
<td>(10 bps)</td>
<td>7.7%</td>
<td>10 bps</td>
</tr>
<tr>
<td>Other (Income) Expense, Net ($M)²</td>
<td>94</td>
<td>20</td>
<td>80</td>
<td>--</td>
<td>(30%)</td>
</tr>
<tr>
<td>% of Sales</td>
<td>1.3%</td>
<td>0.3%</td>
<td>110 bps</td>
<td>0.2%</td>
<td>10 bps</td>
</tr>
<tr>
<td>Operating Profit²</td>
<td>2,054</td>
<td>1,924</td>
<td>(17)</td>
<td>--</td>
<td>8%</td>
</tr>
<tr>
<td>Operating Margin²</td>
<td>27.9%</td>
<td>28.5%</td>
<td>(90 bps)</td>
<td>28.8%</td>
<td>30 bps</td>
</tr>
<tr>
<td>Diluted EPS² ($)</td>
<td>1.17</td>
<td>1.05</td>
<td>(0.01)</td>
<td>--</td>
<td>12%</td>
</tr>
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</table>

¹ Restatement on comparable basis: Represents management’s best estimate to exclude the impact of the Patient Care, Deep Vein Thrombosis & Nutritional Insufficiency divestiture to Cardinal Health.
² Non-GAAP
³ Figures represent comparison to Q3 FY17 on a comparable, constant currency basis.
CVG
Q3 FY18 HIGHLIGHTS

KEY PERFORMANCE DRIVERS

Cardiac Rhythm & Heart Failure (CRHF)

- **Arrhythmia Mgmt:** +LSD
  - Implantable Therapeutics (Pacing & ICDs): MSD decline
  - Continued strong uptake of Micra™ and TYRX™
  - SmartShock® Adaptive CRT Risk Share Program gaining traction (160+ accounts)
  - FDA approval of Azure™ pacemakers
  - Diagnostics: MSD growth
  - Strength of Reveal LINQ in stroke
  - AF Solutions: High-teens growth; market acceleration

- **Heart Failure:** +MSD
  - CRT Systems: LSD decline
  - Strength in recently launched quadrupolar CRT-P portfolio, offsetting replacement headwinds
  - Mechanical Circulatory Support: DD growth
  - Destination Therapy FDA approval driving US growth
  - US thoracotomy indication and Japan HVAD launch expected in FY19

- **Services & Solutions:** +Low-Thirties
  - VA device refresh in Q3

Coronary & Structural Heart (CSH)

- **Heart Valve Therapies:** +Mid-Twenties
  - Continued above-market WW TAVR growth
  - Expansion into additional US TAVR centers and penetration of US intermediate risk indication
  - Evolut® PRO launch continues with positive feedback
  - Continued adoption of Evolut® R in Japan
  - Evolut® PRO launch expected in Japan H1 FY19
  - Intrepid™ TMVR APOLLO trial underway
  - Seq. acceleration in surgical on launch of Avalus™

- **Coronary:** +LDD
  - DES: +Mid-Teens, steady seq. and y/y share gains
  - Resolute Onyx™: Continued launch momentum and adoption in US and Japan; majority of DES mix
  - RDN: Continued enrollment of SPYRAL HTN-ON MED study

- **Extracorp. Therapies:** +MSD
  - Cannulae strength offset by Surgical Ablation

Aortic & Peripheral Vascular (APV)

- **Aortic:** +LSD
  - TAA: LDD WW growth; above-market
  - Performance driven by share gains in US, Japan, and China
  - AAA: continued Endurant® CheVAR adoption in EU and Endurant® IIs + Heli-FX® EndoAnchor® short neck indication expansion
  - Strong LDD growth in Emerging Markets

- **Peripheral & endoVenous:** +MSD
  - Strength in PTA balloons
  - DCB: maintained SFA US, EU & WW share leadership
  - Acceleration in EU driven by France and Belgium
  - US market challenges given CMS reimbursement change, offset by strong OUS growth
  - VenaSeal™ US reimbursement effective Jan 1, 2018

Q4 Growth Outlook: 4.5 – 5.5%

Revenue

<table>
<thead>
<tr>
<th></th>
<th>As Rep Y/Y %</th>
<th>CC Y/Y %</th>
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</thead>
<tbody>
<tr>
<td>CRHF</td>
<td>1,457</td>
<td>6</td>
</tr>
<tr>
<td>CSH</td>
<td>886</td>
<td>18</td>
</tr>
<tr>
<td>APV</td>
<td>457</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>$2,800</td>
<td>10%</td>
</tr>
</tbody>
</table>

U.S.

<table>
<thead>
<tr>
<th></th>
<th>As Rep Y/Y %</th>
<th>CC Y/Y %</th>
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</thead>
<tbody>
<tr>
<td>CRHF</td>
<td>1,395</td>
<td>6</td>
</tr>
<tr>
<td>Non-U.S. Dev</td>
<td>934</td>
<td>15</td>
</tr>
<tr>
<td>EM</td>
<td>471</td>
<td>14</td>
</tr>
<tr>
<td>Total</td>
<td>$2,800</td>
<td>10%</td>
</tr>
</tbody>
</table>
**KEY PERFORMANCE DRIVERS**

**Surgical Innovations (SI)**

- **Advanced Surgical:** +HSD
  - Stability of procedure volumes continues to drive Advanced Surgical growth
  - Substantial gains in emerging markets, particularly MEACAT & China
  - Advanced Stapling growth driven by:
    - Signia™ powered stapler (US, Japan, Europe)
    - Tri-Staple™ 2.0 specialty reloads
  - Strong growth in Advanced Energy driven by:
    - ValleyLab™ FT10
    - LigaSure™ vessel sealing instruments with nano-coating
  - Continued progress in bringing surgical robot platform to market
  - Announced partnership with Philips to streamline and optimize lung cancer management

- **General Surgical:** +MSD
  - Wound Closure service continues to improve with increase in manufacturing capacity
  - Strong WW performance in Electrosurgery

- **Respiratory & Gastrointestinal:** +LSD
  - Continued adoption of MicroStream™ capnography monitoring products
  - High Nellcor™ pulse oximetry sales driven by intensity of US flu season
  - GI & Hepatology momentum from PillCam™ capsule endoscopy platform, functional diagnostics, and EmPrint™ ablation system

- **Renal Care Solutions:** -LSD
  - Strong renal access growth in emerging markets
  - Bellco temporarily affected by timing of distributor contracts and delays to commercial integration in select countries

**Respiratory, Gastrointestinal, & Renal (RGR)**

- **Respiratory and Gastrointestinal:** +LSD
  - Continued adoption of MicroStream™ capnography monitoring products
  - High Nellcor™ pulse oximetry sales driven by intensity of US flu season
  - GI & Hepatology momentum from PillCam™ capsule endoscopy platform, functional diagnostics, and EmPrint™ ablation system

- **Renal Care Solutions:** -LSD
  - Strong renal access growth in emerging markets
  - Bellco temporarily affected by timing of distributor contracts and delays to commercial integration in select countries

**Q4 Growth Outlook:** 3 – 3.5%

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1 Figures represent comparison to Q3 FY17 on a comparable, constant currency basis.
2 Q4 FY18 growth outlook is on a comparable, constant currency basis.
Q3 FY18 HIGHLIGHTS

**Spine**
- **Core Spine:** -LSD
  - Roughly in-line with market, which continues to be slower
  - Strong growth acceleration in Greater China and LatAm
  - Continued account penetration of O-arm®; implant pull-through continues to drive performance
  - Strong growth in cervical arthroplasty driven by Prestige LP™

- **BMP:** +MSD
  - Continued sequential acceleration in Q3
  - Strong Biologics growth OUS

- **Kanghui:** -LSD
  - Q3 affected by temporary channel transition

- **Neurovascular:** +High-Teens
  - DD growth in almost all geographies
  - Strong global momentum in Stroke Therapy led by 30%+ growth in Stents
  - Riptide™ Aspiration System approval in Q3 FY18
  - Solitaire™ Platinum 6x40 stent retriever launched with great market acceptance

- **Neurosurgery:** +LDD
  - Growth driven by StealthStation® S8, O-arm®, and Midas disposables and services

- **Brain Modulation:** Flat
  - OUS strength led by DD growth in India and China

- **ENT:** +HSD
  - WW StealthStation® ENT platform launch in Q2 continues
  - Growth in all regions with strong US performance driven by power disposables

- **Translational Solutions:** -LSD
  - OUS strength driven by Aquamanity® and PEAK PlasmaBlade® disposables offset by LSD US decline

- **Pelvic Health:** +HSD
  - Strong performance driven by US InterStim® sales

**Pain Therapies**

**SCS/Pumps:** +HSD
- Intellis™ US launch continues to drive positive results
- Evolve™ Workflow continues to gain momentum
- Strong implant rates for TDD pumps
- Return to growth in Q3 following lifting of FDA distribution restrictions

**Interventional:** +HSD
- US revenue growth driven by new product launches
- Continued OsteoCool® strength in US from all-bone indication
- Strong BKP performance in APAC

**Brain Therapies**

- **Neurovascular:** +High-Teens
  - DD growth in almost all geographies
  - Strong global momentum in Stroke Therapy led by 30%+ growth in Stents
  - Riptide™ Aspiration System approval in Q3 FY18
  - Solitaire™ Platinum 6x40 stent retriever launched with great market acceptance

- **Neurosurgery:** +LDD
  - Growth driven by StealthStation® S8, O-arm®, and Midas disposables and services

**Specialty Therapies**

- **ENT:** +HSD
  - WW StealthStation® ENT platform launch in Q2 continues
  - Growth in all regions with strong US performance driven by power disposables

- **Translational Solutions:** -LSD
  - OUS strength driven by Aquamanity® and PEAK PlasmaBlade® disposables offset by LSD US decline

- **Pelvic Health:** +HSD
  - Strong performance driven by US InterStim® sales

**Q4 Growth Outlook:** 3% to 4%
**Diabetes Q3 FY18 Highlights**

**Return to Growth; Supply Increase Enables Momentum in 670G Launch**

- **MiniMed® 670G System with Guardian® Sensor 3:**
  - Over 20,000 patients using 670G
  - Excellent feedback from physicians and patients
  - CGM performance & outcomes consistent with pivotal
  - Sensor capacity improvement efforts on track;
  - On track to meet all sensor demand in fiscal Q4

- **JNJ Animas:**
  - US and Canada patient on-boarding going well
  - Completed transition of back-office support from J&J
  - OUS process started in January
  - Strong consumables uptake in Q3

- **Value-Based Agreements:**
  - UHG value-based agreement progressing well
  - Completed Phase I VBHC program with Aetna
  - Engaged in discussions around value-based relationships with multiple payors

- **OUS Product Uptake:**
  - Strong 640G adoption continues
  - Working to obtain CE mark for 670G
  - Upon approval, launching in select OUS geographies

- **US Consumables:**
  - Growth driven by increase in pump patients

- **Diabetes Clinics:**
  - Expanded coverage to Type 1 diabetic adults
  - Funnel for expansion outside the Netherlands growing

- **Guardian® Connect:**
  - Launched OUS
  - Strong utilization and retention by established patients
  - Expanding shipments to new customers in Q4
  - Working closely with FDA on US approval

- **Guardian® Connect OUS:**
  - Strong utilization and retention by established patients
  - Expanding shipments to new customers in Q4
  - Working closely with FDA on US approval

**Q4 Growth Outlook: Double Digits**

1. Figures represent comparison to Q3 FY17 on a constant currency basis.
2. Q4 FY18 growth outlook is on a constant currency basis.

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**Diabetes Service & Solutions (DSS)**

- **US Consumables:**
  - Growth driven by increase in pump patients

- **Diabetes Clinics:**
  - Expanded coverage to Type 1 diabetic adults
  - Funnel for expansion outside the Netherlands growing

- **Guardian® Connect:**
  - Launched OUS
  - Strong utilization and retention by established patients
  - Expanding shipments to new customers in Q4
  - Working closely with FDA on US approval

**Non-Intensive Diabetes Therapies (NDT)**

- **iPro® Professional CGM:**
  - Growth affected by commercial focus on 670G and competitive pressures
  - Positive feedback from primary care physicians continues in spite of challenges
  - ~30% growth in US primary care penetration

- **ACO contracts**
  - Secured three contracts with ACOs for iPro2
  - Early framework for VBHC in type 2

- **i-Port Advance® Technology:**
  - Steady sales in EMEA
FREE CASH FLOW
## Components of Free Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Flow</td>
<td>$5.2</td>
<td>$6.9</td>
<td>$3.6</td>
</tr>
<tr>
<td>CAPEX</td>
<td>($1.0)</td>
<td>($1.3)</td>
<td>($0.8)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$4.2</td>
<td>$5.6</td>
<td>$2.8</td>
</tr>
<tr>
<td>Divestiture Impact</td>
<td>($0.3)</td>
<td>($0.3)</td>
<td>$0.2</td>
</tr>
<tr>
<td>Comparable Free Cash Flow</td>
<td>$3.9</td>
<td>$5.3</td>
<td>$3.0</td>
</tr>
</tbody>
</table>

### Included in Operating Cash Flow:

<table>
<thead>
<tr>
<th>Pre-Tax Items</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certain Litigation Payments, net²,³</td>
<td>$0.2</td>
<td>$0.3</td>
<td>$0.3</td>
</tr>
<tr>
<td>Restructuring Payments²</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$0.2</td>
</tr>
<tr>
<td>Divestiture Related Payments²</td>
<td>--</td>
<td>--</td>
<td>$0.1 C</td>
</tr>
<tr>
<td>Other Payments²,4</td>
<td>$0.2</td>
<td>$0.3</td>
<td>$0.1</td>
</tr>
<tr>
<td>Certain Tax Payments</td>
<td>$0.8</td>
<td>$0.4</td>
<td>$0.3 C</td>
</tr>
</tbody>
</table>

### Strong Economic Benefits Despite Impact to Free Cash Flow

**A. Untracked $10B Cash**
- **Cost**: $0.4B Tax Payment
- **Benefits**:
  - Completed $5B incremental share repurchase
  - Remainder utilized for incremental debt paydown

**B. Covidien Synergies**
- **Cost**: $0.6B Restructuring Payments (pre-tax); $0.5B Other Payments (pre-tax); $0.1B CAPEX (IT)
- **Benefit**: Generated over $850M annual run rate savings

**C. Supplies Divestiture - $6B Proceeds**
- **Cost**: $0.1B Divestiture-Related Payments (pre-tax); $0.1B Tax Payments
- **Benefits**:
  - Immediate positive impact of ~50 bps to both revenue growth⁵ and operating margin⁵
  - Completed $1B incremental share repurchase, remainder utilized for incremental debt paydown

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1. Represents three quarters of estimated cash flow impact to FY16 & FY17 from the Patient Care, DVT, and NI divestiture to Cardinal Health, and adds back Divestiture Related Payments and Certain Tax Payments associated with the divestiture to FY18
2. Cash flow impact does not reflect associated tax cost / benefit, as timing and amount are difficult to estimate
3. Includes payments accrued as “Non-GAAP” charges, as well as COV acquisition opening balance sheet adjustments
4. Includes acquisition-related and special charges
5. Figures represent comparison to Q1 FY17 on a comparable, constant currency basis
6. Costs = cash outflows between FY16 - FY18 YTD
DIVESTITURE IMPACT
## Q3FY18 REVENUE REPORTING CHANGES – NEW MITG STRUCTURE

<table>
<thead>
<tr>
<th>Division (Reporting Level)</th>
<th>Business Unit</th>
<th>Product Lines</th>
</tr>
</thead>
</table>
| Surgical Solutions        | Advanced Surgical | ▪ Advanced Stapling  
                            |                 | ▪ Advanced Energy  
                            |                 | ▪ Hernia  
                            |                 | ▪ Gynecology |
| General Surgical           | Sutures       | ▪ Interventional Lung  
                            |                 | ▪ Advanced Ablation  
                            |                 | ▪ GI Solutions |
| Early Technologies         | Patient Monitoring | ▪ Patient Care  
                            |                 | ▪ Compression  
                            |                 | ▪ Nutritional Insufficiency |
| Patient Monitoring & Recovery | Respiratory Monitoring Solutions | ▪ Patient Monitoring  
                            |                 | ▪ Respiratory Solutions |
| Renal Care Solutions       | Renal Access  | ▪ Renal Access  
                            |                 | ▪ Dialyzers |

### MITG – Prior View

### MITG – New View

<table>
<thead>
<tr>
<th>Division (Reporting Level)</th>
<th>Business Unit</th>
<th>Product Lines</th>
</tr>
</thead>
</table>
| Surgical Innovations      | Advanced Surgical | ▪ Advanced Stapling  
                            |                 | ▪ Advanced Energy  
                            |                 | ▪ Hernia  
                            |                 | ▪ Gynecology |
| General Surgical           | Sutures       | ▪ Interventional Lung  
                            |                 | ▪ Advanced Ablation  
                            |                 | ▪ GI Solutions |
| Respiratory, Gastrointestinal, and Renal (RGR) | Patient Monitoring | ▪ Patient Monitoring  
                            |                 | ▪ Respiratory Solutions |
| Renal Care Solutions       | Renal Access  | ▪ Renal Access  
                            |                 | ▪ Dialyzers |
| Patient Monitoring & Recovery | Respiratory Monitoring Solutions | ▪ Patient Monitoring |
| Renal Care Solutions       | Renal Access  | ▪ Renal Access  
                            |                 | ▪ Dialyzers |
| General Surgical           | Sutures       | ▪ Interventional Lung  
                            |                 | ▪ Advanced Ablation  
                            |                 | ▪ GI Solutions |

**Divested Business**

- Patient Monitoring & Recovery
- Respiratory & Monitoring Solutions
- Renal Care Solutions

**New Business Units**

- Advanced Stapling
- Advanced Energy
- Hernia
- Gynecology
- Patient Monitoring
- Respiratory Solutions
- GI Solutions
- Renal Access
- Dialyzers
### Recast to reflect divestiture & new MITG reporting structure

**World Wide**

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY17</th>
<th>Q3 FY17</th>
<th>Q4 FY17</th>
<th>FY17¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimally Invasive Therapies Group</td>
<td>1,910</td>
<td>1,881</td>
<td>2,040</td>
<td>8,255</td>
</tr>
<tr>
<td>Surgical Innovations</td>
<td>1,271</td>
<td>1,255</td>
<td>1,360</td>
<td>5,234</td>
</tr>
<tr>
<td>Respiratory, GI &amp; Renal</td>
<td>639</td>
<td>626</td>
<td>680</td>
<td>3,021</td>
</tr>
<tr>
<td><strong>TOTAL MEDTRONIC PLC</strong></td>
<td>6,782</td>
<td>6,747</td>
<td>7,351</td>
<td>28,046</td>
</tr>
</tbody>
</table>

**U.S.**

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY17</th>
<th>Q3 FY17</th>
<th>Q4 FY17</th>
<th>FY17¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimally Invasive Therapies Group</td>
<td>834</td>
<td>825</td>
<td>887</td>
<td>3,781</td>
</tr>
<tr>
<td>Surgical Innovations</td>
<td>531</td>
<td>529</td>
<td>558</td>
<td>2,195</td>
</tr>
<tr>
<td>Respiratory, GI &amp; Renal</td>
<td>303</td>
<td>296</td>
<td>329</td>
<td>1,586</td>
</tr>
<tr>
<td><strong>TOTAL MEDTRONIC PLC</strong></td>
<td>3,720</td>
<td>3,697</td>
<td>3,976</td>
<td>15,395</td>
</tr>
</tbody>
</table>

**Medtronic Plc**

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY17</th>
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<th>Q4 FY17</th>
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<td>3,720</td>
<td>3,697</td>
<td>3,976</td>
<td>15,395</td>
</tr>
<tr>
<td>Non-U.S. Developed</td>
<td>2,110</td>
<td>2,096</td>
<td>2,347</td>
<td>8,784</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>952</td>
<td>954</td>
<td>1,028</td>
<td>3,867</td>
</tr>
<tr>
<td><strong>TOTAL MEDTRONIC PLC</strong></td>
<td>6,782</td>
<td>6,747</td>
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**MITG**

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<th>Q4 FY17</th>
<th>FY17¹</th>
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<td>745</td>
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<td>3,178</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>322</td>
<td>311</td>
<td>337</td>
<td>1,296</td>
</tr>
<tr>
<td><strong>TOTAL MITG</strong></td>
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<td>8,255</td>
</tr>
</tbody>
</table>

¹ Q1 FY17 revenues are not adjusted. Comparable Q1 FY18 will be provided at a later date for use in making FY19 comparisons.
Note: Gross Margin, Operating Margin, and Diluted EPS are management’s best estimates and include assumptions, including cost allocation.

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY17</th>
<th>Q3 FY17</th>
<th>Q4 FY17</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales ($M)</td>
<td>6,782</td>
<td>6,747</td>
<td>7,351</td>
<td>28,046</td>
</tr>
<tr>
<td>Gross Margin1</td>
<td>71.1%</td>
<td>70.9%</td>
<td>71.4%</td>
<td>70.5%</td>
</tr>
<tr>
<td>Operating Margin1,2</td>
<td>27.6%</td>
<td>28.5%</td>
<td>31.0%</td>
<td>28.4%</td>
</tr>
<tr>
<td>Diluted EPS1,3 ($)</td>
<td>1.04</td>
<td>1.05</td>
<td>1.25</td>
<td>4.37</td>
</tr>
</tbody>
</table>

1  Non-GAAP measure. Refer to “Basis of Presentation of Revised Financial Metrics” disclaimer on slide 2 to address the calculation of the revised baseline
2 Assumes $6M reduction per quarter to R&D expense and $20 - $25M reduction per quarter to Other Expense due to transition services income received from Cardinal Health.
3 Assumes no change to interest expense or diluted share count related to divested businesses.
4 Q1 FY17 values are not adjusted. Comparable Q1 FY18 will be provided at a later date for use in making FY19 comparisons.
FY18 GUIDANCE & OTHER ASSUMPTIONS
### FY18 REVENUE / EPS GUIDANCE & OTHER ASSUMPTIONS

**FY18**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Growth Guidance¹</th>
<th>Fx⁴</th>
<th>FY17 Comparable Base⁵</th>
</tr>
</thead>
<tbody>
<tr>
<td>~+$480M to +$500M</td>
<td>4 - 5%</td>
<td>~+$300M to +$320M</td>
<td></td>
</tr>
<tr>
<td>$28,046</td>
<td>$2,848</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EPS</th>
<th>9 - 10%</th>
<th>~($0.04)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.37</td>
<td>$1.25</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Free Cash Flow²</th>
<th>Compounded Annually FY16 ~ FY18:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Calculated on a Comparable Basis³</td>
</tr>
<tr>
<td></td>
<td>LSD (Actual Basis)</td>
</tr>
<tr>
<td>Compounded</td>
<td>--</td>
</tr>
</tbody>
</table>

**Q4 FY18**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Growth Guidance¹</th>
<th>Fx⁴</th>
<th>Q4 FY17 Comparable Base⁵</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,351</td>
<td>4.5 - 5.5%</td>
<td>~+$300M to +$320M</td>
<td></td>
</tr>
<tr>
<td>$2,848</td>
<td>$2,040</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EPS</th>
<th>11 – 13%</th>
<th>~($0.02)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.25</td>
<td>$1.951</td>
<td></td>
</tr>
</tbody>
</table>

**Group Level:**

<table>
<thead>
<tr>
<th>CVG</th>
<th>4.5 – 5.5%</th>
<th>~+$300M to +$320M</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,848</td>
<td>$2,040</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MITG</th>
<th>3 – 3.5%</th>
<th>~+$300M to +$320M</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,040</td>
<td>$1,951</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RTG</th>
<th>3 – 4%</th>
<th>~+$300M to +$320M</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,951</td>
<td>$1,951</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Diabetes</th>
<th>Double Digits</th>
<th>~+$500M to revenue and over +$0.10 to EPS ⁴</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$512</td>
<td></td>
</tr>
</tbody>
</table>

---

**Early FY19 Commentary**

- Expect to give FY19 guidance on fourth quarter earnings call in May
- Consistent with long-range plans, expect to drive MSD revenue growth
  - CVG, MITG, and RTG at MSD, with Diabetes at double-digits
- Expect continued operating margin improvement & EPS leverage
- Q1 FY18 Divestiture Impact: ~$550M to revenue and ~$0.07 EPS, net
- Foreign Exchange: ~+$500M to revenue and over +$0.10 to EPS ⁴

---

¹ Versus prior year on a comparable, constant currency basis (non-GAAP). Other than as noted, revenue and EPS growth guidance do not include any charges or gains that would be recorded as non-GAAP adjustments to earnings during the fiscal year.
² Free Cash Flow = Operating Cash Flow less Capital Expenditures
³ Comparable basis removes the estimated tax and transaction costs associated with the divestiture, as well as the loss of free cash flow generated by the divested business.
⁴ While FX rates are fluid, assumptions above are based on current rates.
⁵ Comparable base adjusts for the Patient Care / DVT / NI divestiture to Cardinal Health in Q2 FY18.
## Acronyms / Abbreviations

### Growth
- **DD**: Double Digits
- **HSD**: High-Single Digit
- **LDD**: Low-Double Digits
- **LSD**: Low-Single Digit
- **MSD**: Mid-Single Digit

### Other
- **APAC**: Asia Pacific
- **Bps**: Basis Points
- **CCC**: Comparable, Constant Currency
- **CE**: Conformité Européenne
- **CMS**: Centers for Medicare and Medicaid Services
- **COV**: Covidien
- **CY**: Calendar Year
- **Dev**: Developed
- **EM**: Emerging Markets
- **EMEA**: Europe, Middle East, and Africa

### Business Specific
- **AAA**: Abdominal Aortic Aneurysm
- **ACO**: Accountable Care Organization
- **AF**: Atrial Fibrillation
- **APV**: Aortic & Peripheral Vascular
- **BKP**: Balloon Kyphoplasty Procedure
- **BMP**: Bone Morphogenetic Protein
- **CGM**: Continuous Glucose Monitoring
- **CRHF**: Cardiac Rhythm & Heart Failure
- **CRT**: Cardiac Resynchronization Therapy
- **CRT-P**: Cardiac Resynchronization Therapy – Pacemakers
- **CSH**: Coronary & Structural Heart
- **CVG**: Cardiac & Vascular Group
- **DCB**: Drug Coated Balloon
- **DES**: Drug Eluting Stent
- **DiAB**: Diabetes
- **DSS**: Diabetes Services & Solutions
- **DVT**: Deep Vein Thrombosis
- **ENT**: Ears, Nose, & Throat
- **Extracorp.**: Extracorporeal
- **GI**: Gastrointestinal
- **HVAD**: MDT Left Ventricular Assist Device
- **IIM**: Intensive Insulin Management
- **JNJ/J&J**: Johnson & Johnson
- **MDT**: Medtronic
- **MIS**: Minimally Invasive Surgery
- **MITG**: Minimally Invasive Therapies Group
- **NDT**: Non-Intensive Diabetes Therapies
- **NI**: Nutritional Insufficiency
- **PTA**: Percutaneous Transluminal Angioplasty
- **RDN**: Renal Denervation
- **RGR**: Respiratory, Gastrointestinal, & Renal
- **RTG**: Restorative Therapies Group
- **SAVR**: Surgical Aortic Valve Replacement
- **SCS**: Spinal Cord Stimulation
- **SFA**: Superficial Femoropopliteal Artery
- **Surg Innov**: Surgical Innovations
- **TAA**: Thoracic Aortic Aneurysm
- **TAVR**: Transcatheter Aortic Valve Replacement
- **TMVR**: Transcatheter Mitral Valve Replacement
- **UHG**: United Health Group
- **VA**: Department of Veterans Affairs