



NEWS RELEASE

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FOR IMMEDIATE RELEASE

**MEDTRONIC REPORTS FOURTH QUARTER AND
FISCAL YEAR 2018 FINANCIAL RESULTS**

- *Q4 Revenue of \$8.1 Billion Grew 2.9% Reported and 6.5% Organic*
- *Q4 GAAP Diluted EPS of \$1.07; Q4 Non-GAAP Diluted EPS of \$1.42*
- *FY18 Revenue of \$30.0 Billion Grew 0.8% Reported and 4.6% Organic*
- *FY18 GAAP Diluted EPS of \$2.27; FY18 Non-GAAP Diluted EPS of \$4.77*
- *Company Issues FY19 Guidance*

DUBLIN – May 24, 2018 – Medtronic plc (NYSE: MDT) today announced financial results for its fourth quarter and fiscal year 2018, which ended April 27, 2018.

The company reported fourth quarter worldwide revenue of \$8.144 billion, an increase of 2.9 percent as reported, or 6.5 percent on an organic basis, which adjusts for the divestiture of its Patient Care, Deep Vein Thrombosis (Compression), and Nutritional Insufficiency businesses to Cardinal Health that occurred in the second quarter, and a \$315 million positive impact from foreign currency. As reported, fourth quarter GAAP net income and diluted earnings per share (EPS) were \$1.460 billion and \$1.07, respectively. As detailed in the financial schedules included through the link at the end of this release, fourth quarter non-GAAP net income and diluted EPS were \$1.942 billion and \$1.42, increases of 6 percent and 7 percent, respectively. Adjusting for the divestiture and a negative 2 cent impact from foreign currency, fourth quarter non-GAAP diluted EPS increased 15 percent.

Fourth quarter U.S. revenue of \$4.187 billion represented 52 percent of company revenue and decreased 4.9 percent as reported, while it increased 5.3 percent on a comparable basis, which adjusts for the divestiture. Non-U.S. developed market revenue of \$2.718 billion represented 33 percent of company revenue and increased 10.8 percent as reported and 4.6 percent on a comparable, constant currency basis. Emerging market revenue of \$1.239 billion represented 15 percent of company revenue and increased 16.8 percent as reported and 15.5 percent on a comparable, constant currency basis.

Medtronic's fiscal year 2018 revenue of \$29.953 billion increased 0.8 percent, or 4.6 percent on an organic basis, adjusting for the divestiture, acquisitions, and the \$494 million positive impact from foreign currency. As reported, fiscal year 2018 net earnings were \$3.104 billion or \$2.27 per diluted share. As detailed in the link at the end of this release, fiscal year 2018 non-GAAP earnings and diluted EPS were \$6.530 billion and \$4.77, representing increases of 2 percent and 4 percent, respectively. Adjusting for the divestiture and a negative 4 cent impact from foreign currency, fiscal year 2018 non-GAAP diluted EPS increased 10 percent.

Fiscal year 2018 cash flow from operations was \$4.7 billion, which includes a \$1.1 billion pre-payment the company elected to make late in the fourth quarter to the U.S. IRS related to in-process litigation on Puerto Rico transfer pricing. Excluding the \$1.1 billion payment, fiscal year 2018 free cash flow would have been \$4.7 billion. The expense associated with this payment was recognized in prior quarters' earnings, and the payment was made to eliminate the timing uncertainty of the cash outflow, as well as stop the accrual of significant interest.

"Looking at our fourth quarter results, we delivered another strong quarter, as we continue to execute on our sustainable growth strategy, driving therapy innovation and global market penetration, while delivering enterprise synergies to expand margins," said Omar Ishrak, Medtronic chairman and chief executive officer. "We overcame several

challenges in the first half of our fiscal year to deliver a strong second half, led by 6.5 percent organic revenue growth. We came in at the high end of both the revenue and EPS guidance we established at the start of the year.”

Cardiac and Vascular Group

The Cardiac and Vascular Group (CVG) includes the Cardiac Rhythm & Heart Failure (CRHF), Coronary & Structural Heart (CSH), and Aortic & Peripheral Vascular (APV) divisions. CVG worldwide fourth quarter revenue of \$3.135 billion increased 10.1 percent, or 5.4 percent on a constant currency basis. CVG revenue performance was driven by strong, low-teens growth in CSH, mid-single digit growth in APV, and low-single digit growth in CRHF, all on a constant currency basis.

- CRHF fourth quarter revenue of \$1.633 billion increased 5.8 percent, or 1.5 percent on a constant currency basis. Arrhythmia Management grew in the low-single digits on a constant currency basis, driven by high-single digit growth in Pacing, led by the strong adoption of the Micra[®] Transcatheter Pacing System and the launch of the Azure[®] wireless pacemaker. Results were also driven by double digit growth in AF Solutions, Mechanical Circulatory Support, and TYRX[®] in Infection Control.
- CSH fourth quarter revenue of \$1.005 billion increased 18.7 percent, or 12.8 percent on a constant currency basis, led by low-twenties constant currency growth in transcatheter aortic valves on the global strength of the CoreValve[®] Evolut[®] PRO. Coronary grew in the mid-teens on a constant currency basis, driven by strong demand for the company’s Resolute Onyx[™] drug-eluting stent in the U.S. and Japan.
- APV fourth quarter revenue of \$497 million increased 8.8 percent, or 4.8 percent on a constant currency basis. Aortic grew in the low-single digits on a constant currency basis, driven by customer adoption of its endoanchor fixation solutions for short necks. Peripheral grew in the low-single digits on a constant currency basis, driven by strong PTA balloon growth in the United States and drug-coated balloon growth in international markets. Mid-teens constant currency growth in endoVenous was driven by strong demand for the VenaSeal[™] closure system.

Minimally Invasive Therapies Group

The Minimally Invasive Therapies Group (MITG) includes the Surgical Innovations (SI) and the Respiratory, Gastrointestinal & Renal (RGR) divisions. MITG worldwide fourth quarter revenue of \$2.237 billion decreased 14.1 percent as reported, or increased 4.8 percent on a comparable, constant currency basis. MITG revenue performance was driven by mid-single digit growth in SI and low-single digit growth in RGR, both on a comparable, constant currency basis.

- SI fourth quarter revenue of \$1.513 billion increased 5.9 percent on a comparable, constant currency basis, driven by growth from new products in Advanced Energy and Advanced Stapling, including LigaSure™ vessel sealing instruments with nano-coating, endo stapling specialty reloads, and the Signia™ powered stapler.
- RGR fourth quarter revenue of \$724 million increased 2.5 percent on a comparable, constant currency basis. GI and Hepatology grew in the low-double digits on a comparable, constant currency basis, with continued strength across the GI therapeutics, diagnostics, and ablation product lines. Respiratory and Patient Monitoring grew in the low-single digits on a comparable, constant currency basis, with continued strength in Nellcor™ pulse oximetry sensors given the strong incidence of influenza in the U.S.

Restorative Therapies Group

The Restorative Therapies Group (RTG) includes the Spine, Brain Therapies, Specialty Therapies, and Pain Therapies divisions. RTG worldwide fourth quarter revenue of \$2.127 billion increased 9.0 percent, or 6.1 percent on a constant currency basis. Group results were driven by low-double digit growth in Brain Therapies and Pain Therapies, mid-single digit growth in Specialty Therapies, and low-single digit growth in Spine, all on a constant currency basis.

- Spine fourth quarter revenue of \$699 million increased 3.4 percent, or 1.0 percent on a constant currency basis. Spine's growth was driven by high-single digit

constant currency growth in bone morphogenetic protein (BMP) offset by low-single digit declines in Core Spine.

- Brain Therapies fourth quarter revenue of \$672 million increased 14.9 percent, or 11.3 percent on a constant currency basis. Neurovascular grew in the high-teens on a constant currency basis, with strong growth in stents and access products. Neurosurgery grew in the low-double digits on a constant currency basis, led by strong sales of the StealthStation® S8 surgical navigation system, Mazor X™ robotic guidance system, and Visualase® MRI-guided laser ablation system.
- Specialty Therapies fourth quarter revenue of \$424 million increased 7.1 percent, or 4.3 percent on a constant currency basis. Results were led by mid-single digit growth in Pelvic Health and ENT and low-single digit growth in Transformative Solutions, all on a constant currency basis.
- Pain Therapies fourth quarter revenue of \$332 million increased 12.9 percent, or 9.9 percent on a constant currency basis. The division had strong mid-teens growth in Pain Stimulation on the strength of the recently launched Intellis™ platform for spinal cord stimulation, as well as mid-single digit growth in Targeted Drug Delivery and Interventional Pain.

Diabetes Group

The Diabetes Group includes the Intensive Insulin Management (IIM), Diabetes Service & Solutions (DSS), and Non-Intensive Diabetes Therapies (NDT) divisions. Diabetes Group worldwide fourth quarter revenue of \$645 million increased 26.0 percent, or 21.3 percent on a constant currency basis. The group is experiencing strong global demand for its new sensor-augmented insulin pump systems.

- IIM fourth quarter revenue grew in the high-twenties on a constant currency basis, driven by the U.S. launch of the MiniMed® 670G hybrid closed loop insulin pump system with the Guardian® sensor 3 continuous glucose monitor (CGM). In international markets, IIM delivered mid-twenties constant currency growth on the continued strength of the MiniMed® 640G system.

- DSS fourth quarter revenue grew in the low-double digits on a constant currency basis, with strong growth in consumables benefitting from customer base growth and improved patient utilization.
- NDT fourth quarter revenue declined in the low twenties on a constant currency basis, given the commercial focus on the MiniMed® 670G launch and competitive pressures.

Guidance

The company today issued its fiscal year 2019 revenue and EPS growth guidance.

In fiscal year 2019, the company expects organic revenue growth to be in the range of 4.0 to 4.5 percent. If current exchange rates remain similar for the fiscal year, the company's fiscal year 2019 revenue would be negatively affected by approximately \$50 million to \$150 million.

In fiscal year 2019, the company expects diluted non-GAAP EPS in the range of \$5.10 to \$5.15, which implies 10 percent growth at the mid-point of the range and assumes a 5 cent benefit from foreign exchange based on current exchange rates.

"Looking ahead, we feel good about the growth opportunities in our markets and our competitive position in these markets. We expect continued revenue growth and margin expansion. We are also focused on improving free cash flow conversion and making the right investments to drive shareholder value," said Ishrak. "We look forward to discussing our long-term strategies and providing our long-range outlook at our biennial institutional investor and analyst meeting on June 5th."

Webcast Information

Medtronic will host a webcast today, May 24, at 8:00 a.m. EDT (7:00 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 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 our 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.

Financial Schedules

To view the fourth quarter and fiscal year 2018 financial schedules and non-GAAP reconciliations, [click here](#). To view the fourth quarter and fiscal year 2018 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 86,000 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, which are subject to risks and uncertainties, including those described in Medtronic's periodic reports and other filings with the U.S. Securities and Exchange Commission (the "SEC"). Anticipated results only reflect information available to Medtronic at this time and may differ from actual results. Medtronic does not undertake to update its forward-looking statements or any of the information contained in this press release. Certain information in this press release includes calculations or figures that have been prepared internally and have not been reviewed or audited by our independent registered public accounting firm, including but not limited to, certain information in the financial schedules accompanying this press release. Use of different methods for preparing, calculating or presenting information may lead to differences and such differences may be material.

NON-GAAP FINANCIAL MEASURES

This press release contains financial measures and guidance, including adjusted net income and adjusted diluted EPS, which are considered “non-GAAP” financial measures under applicable SEC rules and regulations. References to quarterly figures increasing or decreasing are in comparison to the fourth quarter of fiscal year 2017, and references to annual figures increasing or decreasing are in comparison to fiscal year 2017.

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.

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 revenue growth and EPS projections exclude the impact of foreign currency fluctuations. Forward-looking non-GAAP EPS guidance also excludes 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.

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[View Fourth Quarter and FY18 Financial Schedules & Non-GAAP Reconciliations](#)

[View Fourth Quarter and FY18 Earnings Presentation](#)