# Q1 2019 Highlights

April 24, 2019

# Safe Harbor for Forward-Looking Statements and Use of Document:

**Safe Harbor for forward-looking statements:**
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may be identified by words like “anticipate,” “expect,” “project,” “believe,” “plan,” “estimate,” “intend,” "aiming" and similar words. These forward-looking statements are based on our beliefs, assumptions and estimates using information available to us at the time and are not intended to be guarantees of future events or performance. If our underlying assumptions turn out to be incorrect, or if certain risks or uncertainties materialize, actual results could differ materially from the expectations and projections expressed or implied by our forward-looking statements.

Factors that may cause such differences can be found in our most recent Form 10-K and Forms 10-Q filed or to be filed with the Securities and Exchange Commission under the headings “Risk Factors” and “Safe Harbor for Forward-Looking Statements.” Accordingly, you are cautioned not to place undue reliance on any of our forward-looking statements. We disclaim any intention or obligation to publicly update or revise any forward-looking statements to reflect any change in our expectations or in events, conditions, or circumstances on which they may be based, or that may affect the likelihood that actual results will differ from those contained in the forward-looking statements.

**Non-GAAP Measures:**
This document contains non-GAAP measures (denoted with *) in talking about our Company’s performance. The reconciliations of those non-GAAP measures to their most comparable GAAP measures are contained within this document including appendices attached to the end of this presentation.

Operational revenue growth excludes the impact of foreign currency fluctuations. Organic revenue growth excludes the impact of foreign currency fluctuations and sales from the recent acquisitions of NxThera, Inc., Claret Medical, Inc. and Augmenix, Inc., each with no prior year comparable sales. We define Emerging Markets as the 20 countries that we believe have strong growth potential based on their economic conditions, healthcare sectors and our global capabilities. Periodically, we assess our list of Emerging Markets; effective January 1, 2019, we updated our list of Emerging Market countries. Our current list is comprised of the following countries: Argentina, Brazil, Chile, China, Colombia, Czech Republic, India, Indonesia, Malaysia, Mexico, Philippines, Poland, Russia, Saudi Arabia, Slovakia, South Africa, South Korea, Thailand, Turkey and Vietnam. We have revised prior year amounts to the current year’s presentation (as denoted with † throughout). The revision had an immaterial impact on prior year sales.

**Use of Document:**
This document contains certain highlights with respect to our first quarter 2019 performance and developments and does not purport to be a complete summary thereof. Accordingly, we encourage you to read our Earnings Release for the quarter ended March 31, 2019 located in the investor section of our website at www.bostonscientific.com and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 to be filed with the Securities and Exchange Commission.

Amounts reported in millions within this presentation are computed based on the amounts in thousands. As a result, the sum of the components reported in millions may not equal the total amount reported in millions due to rounding. Certain columns and rows within tables may not add due to the use of rounded numbers. Percentages presented are calculated from the underlying numbers in dollars.

# Q1 2019 Highlights

Boston Scientific

## Financial Highlights

- **Revenue growth Y/Y:**
  - +7.8% operational*, +4.8% as reported, +6.3% organic*
- **Earnings per share:**
  - Adjusted*: $0.35 vs. $0.33 Q1:18
  - GAAP: $0.30 vs. $0.21 Q1:18
- **Gross margin:**
  - Adjusted*: 71.4%, -90 bps Y/Y
    - Includes +90 bps FX impact Y/Y
  - GAAP: 70.7%, -100 bps Y/Y
- **Operating margin:**
  - Adjusted*: 25.6%, +30 bps Y/Y
  - GAAP: 21.7%, +460 bps Y/Y
- **Narrowed FY guidance:**
  - Organic* revenue growth: +7-8%
  - Adjusted EPS*: $1.54 - $1.58

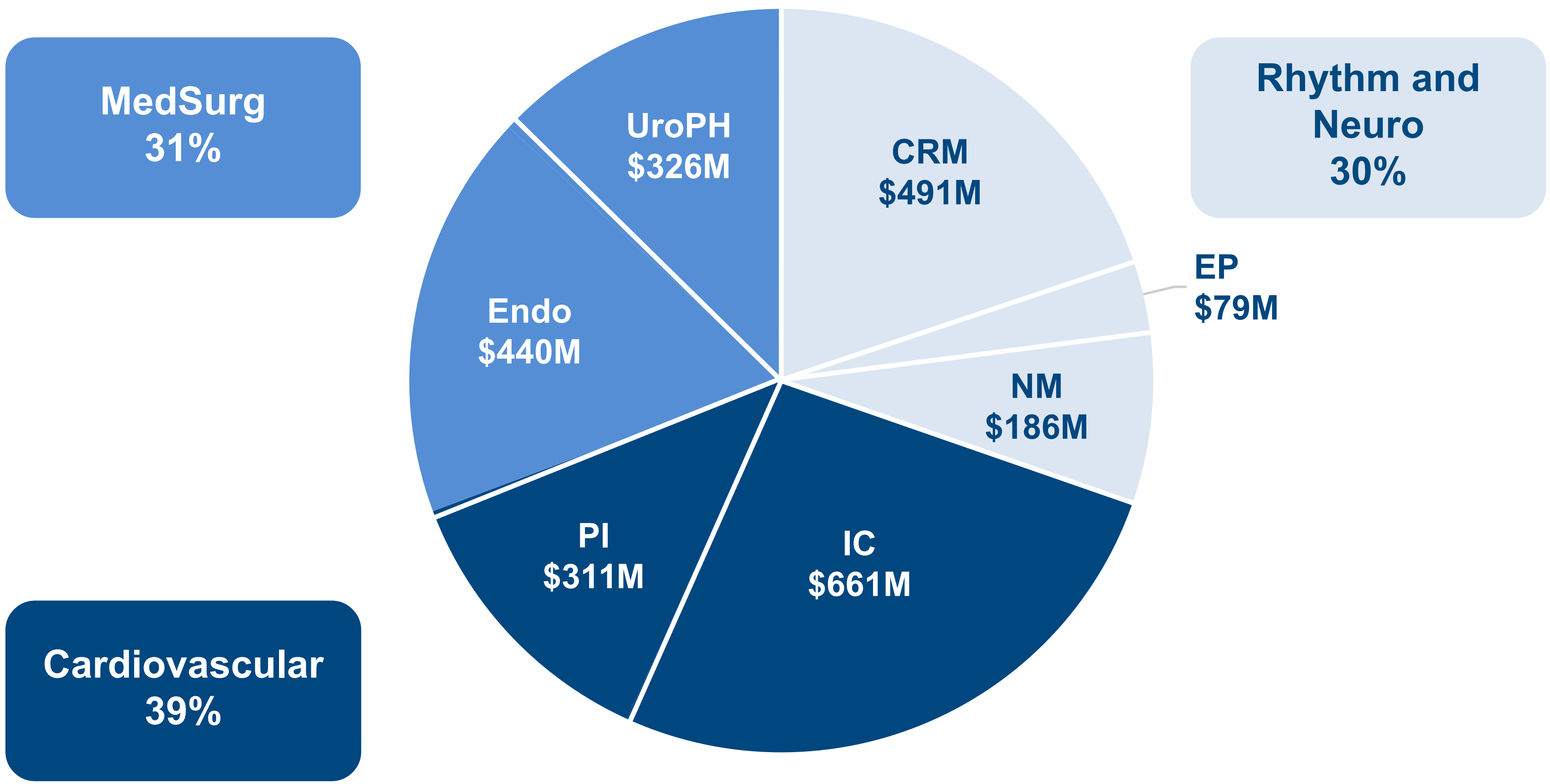
## Operational Highlights

- Received **Japanese approval of WATCHMAN™** LAAC Device and **CE Mark for Watchman FLX™**; began a limited market release in Europe of WATCHMAN FLX™ and target Q3:19 Japan launch.
- Received **FDA approval of Lotus Edge™** and initiated a **controlled launch in Europe** in March; currently enrolling patients in REPRISE IV intermediate risk study.
- Announced **positive results for the LUMINIZE™** Radiofrequency (RF) Balloon Catheter from the AF-FICIENT I study demonstrating **procedural success, safety and efficacy.**
- Announced **positive results from the VIRTUS study** where the **VICI VENOUS STENT™** demonstrated primary patency rate of 84.0% at 12 months and a 98.5% rate of freedom from major adverse events at 30 days.
- **Received insurance coverage from United Healthcare**, the largest commercial insurer in the U.S., for the **SpaceOAR™ Hydrogel**, a therapy used to reduce common and debilitating side effects that men may experience after receiving prostate cancer radiotherapy.
- Completed a public offering of **$4.3B aggregate principal amount of senior notes**, a portion of which is intended to finance the proposed **acquisition of BTG** that is expected to close mid-year.
- **Remain committed to excellent patient care, physician education, and clinical diligence** amidst FDA pelvic mesh device reclassification and order and the debate surrounding paclitaxel coated devices.

# WW Sales by Segment and Business

## Q1 2019 Reported Revenue: $2,493M

Revenue by Business; Segment Percentage of Total Sales



# WW Sales Detail

## Three Months Ended March 31, 2019 and 2018

| *(in millions)* | Q1 2019 | Q1 2018 | As Reported Basis | Less: Impact of Foreign Currency Fluctuations | Operational Basis | Less: Impact of Certain Acquisitions | Organic Basis |
|---|---|---|---|---|---|---|---|
| ENDOSCOPY | $ 440 | $ 418 | 5.2 % | (2.9)% | 8.1% | —% | 8.1% |
| UROLOGY AND PELVIC HEALTH | 326 | 293 | 11.4 % | (2.2)% | 13.6% | 9.0% | 4.6% |
| **MEDSURG** | **766** | **711** | **7.7 %** | **(2.7)%** | **10.4%** | **3.7%** | **6.7%** |
| CARDIAC RHYTHM MANAGEMENT | 491 | 493 | (0.4)% | (3.0)% | 2.6% | —% | 2.6% |
| ELECTROPHYSIOLOGY | 79 | 75 | 6.4 % | (3.6)% | 10.0% | —% | 10.0% |
| NEUROMODULATION | 186 | 169 | 10.5 % | (1.9)% | 12.4% | —% | 12.4% |
| **RHYTHM AND NEURO** | **757** | **736** | **2.8 %** | **(2.8)%** | **5.6%** | **—%** | **5.6%** |
| INTERVENTIONAL CARDIOLOGY | 661 | 645 | 2.5 % | (3.7)% | 6.2% | 1.4% | 4.8% |
| PERIPHERAL INTERVENTIONS | 311 | 288 | 7.9 % | (3.3)% | 11.2% | —% | 11.2% |
| **CARDIOVASCULAR** | **972** | **933** | **4.2 %** | **(3.6)%** | **7.8%** | **1.0%** | **6.8%** |
| **WORLDWIDE NET SALES** | **$ 2,493** | **$ 2,379** | **4.8 %** | **(3.0)%** | **7.8%** | **1.5%** | **6.3%** |
| *EMERGING MARKETS† SALES* | 297 | 262 | 13.3 % | (8.7)% | 22.0% | | |
| *EMERGING MARKETS SALES PERCENTAGE OF TOTAL BSC* | | | 12 % | | 12% | | |
| *UNITED STATES SALES PERCENTAGE OF TOTAL BSC* | | | 56 % | | 55% | | |
| *INTERNATIONAL SALES PERCENTAGE OF TOTAL BSC* | | | 44 % | | 45% | | |

# MedSurg Performance Summary

| Measure<br>($ in millions) | Q1 2019 | Q1 2018 | Change Y/Y |
|---|---|---|---|
| Reported Revenue | $766M | $711M | +7.7% |
| Operating Income | $256M | $259M | -1% |
| Operating Income Margin | 33.4% | 36.4% | -300 bps |

## Q1 2019 Highlights

- **Endoscopy: Global revenue +8.1% Y/Y operational* and organic* (+5.2% as reported)**
  - Growth driven by EndoChoice infection prevention performance and biliary portfolio, with continued strength from the AXIOS™ stent and SpyGlass™ DS visualization platform.
  - Well positioned in 2019 with strong early launch results from Orise Gel for endoluminal surgery and Jagwire Revolution guidewire, plus good momentum for OrcaPod single use valves
  - On track for YE 2019 launch of Exalt-D single use duodenoscope to be used in ERCP procedures, which helps address the FDA's concern of higher than expected levels of contamination post duodenoscope reprocessing

**Urology and Pelvic Health: Global revenue +13.6% Y/Y operational*, +4.6% organic* (+11.4% as reported)**
  - Mid-single digit growth fueled by Emerging Markets expansion and increased patient awareness
  - LithoVue continues to lead core stone portfolio; Augmenix and NxThera acquisitions are both executing to plan behind strong SpaceOAR hydrogel adoption and positive four-year trial results for Rezūm, as well as initiation of Rezūm-specific CPT code for physician reimbursement
  - $30M negative impact to 2019 revenue globally from FDA order to remove TVM products for pelvic organ prolapse from the market; will look to portfolio diversification, acquisition contribution, and continued clinical excellence as offsets

# Rhythm and Neuro Performance Summary

| Measure ($ in millions) | Q1 2019 | Q1 2018 | Change Y/Y |
|---|---|---|---|
| Reported Revenue | $757M | $736M | +2.8% |
| Operating Income | $155M | $153M | +1% |
| Operating Income Margin | 20.5% | 20.8% | -30 bps |

## Q1 2019 Highlights

- **Cardiac Rhythm Management: Global revenue +2.6% Y/Y operational* and organic* (-0.4% as reported)**
  - Above market CRM performance was led by mid-single digit growth in defibrillators, reflecting strong uptake of RESONATE™ platform with HeartLogic™ (the only FDA-approved heart failure alert system), continued Emblem S-ICD growth, and device replacement cycle
    - #2 share player in the global high voltage market
- **Electrophysiology: Global revenue +10.0% Y/Y operational* and organic* (+6.4% as reported)**
  - Double digit growth led by RHYTHMIA™ HDx platform, strong uptake of DIRECTSENSE™ catheters in Europe, and early enthusiasm for LUMIPOINT™ software.
  - Within the AF single shot market, strong progress has been made by both Cryo and RF balloon programs, and are targeting YE 2019 CE Mark and IDE enrollment
    - Results presented last month from Apama data set, AF-FICIENT I, which demonstrated excellent balloon performance with no adverse events
- **Neuromodulation: Global revenue +12.4% Y/Y operational* and organic* (+10.5% as reported)**
  - WaveWriter™ SCS system continues to resonate in the marketplace given its unique offering of combination waveform therapies with both paresthesia and sub-perception for patients suffering chronic pain.
  - Vercise™ Deep Brain Stimulation continued its strong international momentum and U.S. expansion with the launch of the Cartesia™ Directional Lead; MRI-labeling is expected in H2

# Cardiovascular Performance Summary

| Measure ($ in millions) | Q1 2019 | Q1 2018 | Change Y/Y |
|---|---|---|---|
| Reported Revenue | $972M | $933M | +4.2% |
| Operating Income | $275M | $290M | -5% |
| Operating Income Margin | 28.3% | 31.1% | -280 bps |

## Q1 2019 Highlights

- **Interventional Cardiology: Global revenue +6.2% Y/Y operational*, +4.8% Y/Y organic* (+2.5% as reported)**
  - +5% growth in quarter led by strong SH results and mid-teens growth in Complex PCI, offsetting DES weakness.
  - Remain on track to achieve SH revenue guidance of $700-725M in 2019 with the combined strength of Watchman, ACURATE, Lotus Edge, and Sentinel:
    - Continued excellent Watchman performance as utilization and international footprint expanded.
    - ACURATE TAVR valve platform continued strong uptake - fastest growing valve in Europe; target U.S. IDE enrollment for Acurate neo2 around mid-year with similar European launch timing
    - Received FDA approval of Lotus Edge in April, initiated controlled launch in Europe mid-March, and are enrolling patients in REPRISE IV intermediate risk study;
    - Sentinel cerebral embolic protection device continues to build momentum with usage rates in excess of 60% in 200+ accounts
- **Peripheral Interventions: Global revenue +11.2% Y/Y operational* and organic* (+7.9% as reported)**
  - Double digit growth in the quarter was driven by the U.S. launch of Eluvia™, interventional oncology and core balloon products. China, EMEA and the U.S. all contributed to global strength
  - Target mid-year FDA approval and launch of the differentiated VICI venous stent, and remain on track for a mid-year closing of the BTG acquisition
  - FDA advisory on paclitaxel-eluting devices remains a challenge, particularly in the U.S., but Boston Scientific is in on-going dialogue with the FDA and VIVA and is committed to educating re: the unique benefits of the Eluvia platform, including controlled, local release of low dose paclitaxel and clinical superiority data

# Income Statement Information

## Non-GAAP Reconciliation

## Three Months Ended March 31, 2019 (unaudited)

| *in millions, except per share data* | GAAP Results | Amortization | Intangible Asset Impairment | Acquisition-Related Charges (Credits) | Restructuring and Restructuring-Related Charges (Credits) | Litigation-Related Charges (Credits) | Investment Impairment Charges | Adjusted Results |
|---|---|---|---|---|---|---|---|---|
| **Net sales** | **$ 2,493** | | | | | | | **$ 2,493** |
| Cost of products sold | 730 | | | 13 | 4 | | | 714 |
| **Gross profit** | **1,763** | — | — | **(13)** | **(4)** | — | — | **1,779** |
| *Gross margin* | *70.7%* | | | | | | | *71.4%* |
| Selling, general and administrative expenses | 869 | | | 12 | 2 | | | 855 |
| *SG&A margin* | *34.9%* | | | | | | | *34.3%* |
| Research and development expenses | 280 | | | 8 | | | | 271 |
| *R&D margin* | *11.2%* | | | | | | | *10.9%* |
| Royalty expense | 16 | | | | | | | 16 |
| *Royalty expense margin* | *0.6%* | | | | | | | *0.6%* |
| Amortization expense | 160 | 160 | | | | | | — |
| Intangible asset impairment charges | 67 | | 67 | | | | | — |
| Contingent consideration expense (benefit) | (28) | | | (28) | | | | — |
| Restructuring charges (credits) | 6 | | | | 6 | | | — |
| Litigation-related charges (credits) | (148) | | | | | (148) | | — |
| | 1,222 | 160 | 67 | (7) | 9 | (148) | — | 1,141 |
| **Operating income (loss)** | **541** | **(160)** | **(67)** | **(5)** | **(12)** | **148** | **—** | **638** |
| *Operating margin* | *21.7%* | | | | | | | *25.6%* |
| Other income (expense): | | | | | | | | |
| Interest expense | (109) | | | (26) | | | | (83) |
| Other, net | 25 | (1) | | 55 | | | (1) | (28) |
| **Income (loss) before taxes** | **457** | **(161)** | **(67)** | **24** | **(12)** | **148** | **(1)** | **527** |
| Income tax expense (benefit) | 33 | (18) | (5) | 1 | (3) | 21 | — | 36 |
| **Net income (loss)** | **$ 424** | **$ (143)** | **$ (62)** | **$ 22** | **$ (10)** | **$ 127** | **$ (1)** | **$ 490** |
| **Net income (loss) per diluted common share** | **$ 0.30** | **$ (0.10)** | **$ (0.04)** | **$ 0.02** | **$ (0.01)** | **$ 0.09** | **$ (0.00)** | **$ 0.35** |
| Weighted average diluted shares outstanding | **1,408.4** | **1,408.4** | **1,408.4** | **1,408.4** | **1,408.4** | **1,408.4** | **1,408.4** | **1,408.4** |

# Balance Sheet & Cash Flow Metrics

Boston Scientific

## Days Sales Outstanding (DSO)

| Mar 2019 | Dec 2018 | Sept 2018 | June 2018 | Mar 2018 |
|---|---|---|---|---|
| 59 | 58 | 61 | 58 | 60 |

## Adjusted Free Cash Flow*

| Q1 2019 | Q1 2018 | FY2019 Guidance |
|---|---|---|
| $437M | $283M | $2.2B |

## Days Inventory on Hand (DIOH)

| Mar 2019 | Dec 2018 | Sept 2018 | June 2018 | Mar 2018 |
|---|---|---|---|---|
| 148 | 147 | 155 | 134 | 149 |

## Capital Expenditures

| Q1 2019 | Q1 2018 | FY2019 Guidance |
|---|---|---|
| $63M | $60M | $375M to $400M |

# Q2 & FY2019 Guidance Summary
# Issued April 24, 2019

Boston Scientific

| Measure | Q2 2019 | FY2019 |
|---|---|---|
| Organic Growth* | +6% to +7% | +7% to +8% |
| Contribution from Acquisitions | +140 bps | +110 bps |
| Operational Revenue Growth* | +7.4% to +8.4% | +8.1% to +9.1% |
| Reported Revenue Growth | +5% to +7% | +7% to +8% |
| FX Impact on Revenue ($M) | $45M - $50M headwind | $110M - $120M headwind |
| Adjusted Gross Margin* | 72% to 73% | 72% to 73% |
| Adjusted SG&A % of Sales* | 35% to 36% | 34.5% to 35% |
| Adjusted R&D % of Sales* | 10.5% to 11% | 10.5% to 11% |
| Adjusted Operating Margin* | 25% to 26% | 26% to 26.5% |
| Adjusted Tax Rate* | ~11% | ~10% |
| Adjusted EPS* | $0.37 to $0.39 | $1.54 to $1.58 |
| FX Impact on EPS | Neutral | Neutral |
| Adjusted EPS Growth* | -9% to -4% | +5% to +8% |
| Adjusted EPS Growth, ex. 2018 IRS settlement* | +6% to +12% | +10% to +13% |
| GAAP EPS | $0.23 to $0.25 | $1.09 to $1.13 |

# 2019E+ Catalysts

## 2019E Product Launches[1]

**Coronary Therapies**
- SYNERGY™ DES 4.5/5.0
- MAMBA™ microcatheters
- ROTAPRO™ Atherectomy System
- OptiCross™ HD

**Structural Heart**
- WATCHMAN FLX™ LAAC Device – EU
- WATCHMAN™ LAAC Device – Japan
- ACURATE neo™ Valve System – Int'l expansion
- ACURATE neo2™ Valve System – EU
- LOTUS Edge™ Valve System – U.S. & EU
- Sentinel™ CPS – Int'l expansion

**Peripheral Interventions**
- ELUVIA™ DES SFA – U.S. & Japan
- VICI™ Venous Stent – U.S.

**CRM/EP**
- Apama RF & Cryterion PVI Balloons – EU (YE)
- DIRECTSENSE™ Rx Catheter – EU
- RHYTHMIA HDx™ Mapping System w/ LUMIPOINT Software

**Neuromodulation**
- Expanded Vercise™ DBS platform (Directional Lead in H1, MRI in H2) – U.S.

**Endoscopy**
- SpyGlass™ DSII Visualization System
- Orise Endoluminal Surgery portfolio expansion
- EXALT-D™ single-use duodenoscope (YE)

**Urology/Pelvic Health**
- 5 additional launches in Stone
- SpaceOAR™ – Int'l expansion

## 2020E Product Launches[1]

**Coronary Therapies**
- SYNERGY™ XD Stent and 48mm Stent
- MEGATRON™ Stent
- COMET™ II pressure wire

**Structural Heart**
- WATCHMAN FLX™ LAAC Device – U.S. (YE)
- ACURATE neo™ Valve expanded sizes – EU
- LOTUS Edge™ Valve System – Japan
- Sentinel™ CPS – Int'l expansion

**Peripheral Interventions**
- Ranger™ SFA DCB – U.S. & Japan
- Interventional Oncology Embolic Coils
- Athletis™ PTA Balloon

**CRM/EP**
- LUX Dx™ ICM – U.S. & EU
- Force Sensing Catheter – EU

**Neuromodulation**
- SCS & DBS next gen – U.S. & EU

**Endoscopy**
- Single-use scope platform expansion
- AXIOS™ Stent expanded indications – U.S.

**Urology/Pelvic Health**
- LithoVue™ Ureteroscope next gen
- nVision MAKO 7 Device with expanded claim
- Multiple launches in Stone
- Multiple launches in Men's Health
- Next gen Greenlight laser fiber for BPH

## 2021E/2022E Product Launches[1]

**Coronary Therapies**
- Physiology/IVUS Multi Modality Tablet

**Structural Heart**
- WATCHMAN FLX LAAC Device – China expansion
- ACURATE neo™ Valve expanded sizes – U.S.
- ACURATE neo2™ Valve System – U.S. & Japan
- LOTUS Edge™ Valve expanded sizes – U.S. & EU
- Millipede IRIS Transcatheter Mitral Valve Repair – EU

**Peripheral Interventions**
- SAVAL™ Drug Eluting Stent BTK

**CRM/EP**
- Empower™ Leadless Pacing/modular CRM – U.S.
- Next gen CRM Pulse Generator
- Apama RF & Cryterion PVI Balloons – U.S.
- Force Sensing Catheter – U.S.

**Neuromodulation**
- SCS & DBS next gen – U.S./EU

**Endoscopy**
- Single-use scope platform expansion

**Urology/Pelvic Health**
- Multiple launches in Stone
- Multiple launches in Men's Health

[1] All launches are WW, unless otherwise noted

# Business Development Activity - 2019 YTD

| Target | Business | Description | Closing Date | Upfront ($M) | Max Milestone ($M) | Potential Total ($M) | Comments | Target Commercial Launch |
|---|---|---|---|---|---|---|---|---|
| ***Acquisitions*** | | | | | | | | |
| Millipede[(a)] | IC - Structural Heart | TMVR - Full annuloplasty ring for mitral repair | Jan-19 | 325 | 125 | 450 | Initial $90M investment made 2018 | TBD |
| | | | **Total:** | **$ 325** | **$ 125** | **$ 450** | | |
| ***Proposed Acquisition, Not Yet Closed*** | | | | | | | | |
| BTG[(b)] | | IO, venous and arterial portfolio additions | Mid-2019 | 4,317 | — | 4,317 | Includes specialty pharmaceuticals and licensing segments | 2019 |

*(a) Previously held equity investment; purchase price represents cash paid for remaining stake not already owned*

*(b) Represents purchase price of approximately £3.311 billion using an exchange rate of U.S. $1.30: £1.00 as of March 29, 2019*

# Use of Non-GAAP Measures

To supplement Boston Scientific's consolidated financial statements presented on a GAAP basis, the Company discloses certain non-GAAP financial measures. These non-GAAP financial measures are not in accordance with generally accepted accounting principles in the United States.

A reconciliation of the non-GAAP financial measures included in this document to the corresponding GAAP measures follows in the Appendix. In addition, an explanation of the ways in which Boston Scientific management uses these supplemental non-GAAP measures to evaluate its business and the substantive reasons why Boston Scientific management believes that these non-GAAP measures provide useful information to investors is included under "Use of Non-GAAP Financial Measures" in the Company's most recent earnings release filed with the SEC on Form 8-K. This non-GAAP financial information is not meant to be considered in isolation from or as a substitute for financial information prepared in accordance with GAAP.

# Appendix A
# Sales Detail

# Appendix A - Sales Detail

## Three Months Ended March 31, 2019 and 2018

| (in millions) | | Q1 2019 | Q1 2018 | Year-over-Year Change: As Reported Basis | Year-over-Year Change: Less: Impact of Foreign Currency Fluctuations | Year-over-Year Change: Operational Basis |
|---|---|---|---|---|---|---|
| **MEDSURG SEGMENT:** | | | | | | |
| | **ENDOSCOPY** | | | | | |
| | UNITED STATES | $ 253 | $ 231 | 9.2 % | — % | 9.2 % |
| | INTERNATIONAL | 187 | 187 | 0.2 % | (6.5)% | 6.7 % |
| | **WORLDWIDE** | **$ 440** | **$ 418** | | | |
| | **UROLOGY AND PELVIC HEALTH** | | | | | |
| | UNITED STATES | $ 231 | $ 197 | 17.7 % | — % | 17.7 % |
| | INTERNATIONAL | 94 | 96 | (1.6)% | (6.8)% | 5.2 % |
| | **WORLDWIDE** | **$ 326** | **$ 293** | | | |
| **RHYTHM AND NEURO SEGMENT:** | | | | | | |
| | **CARDIAC RHYTHM MANAGEMENT** | | | | | |
| | UNITED STATES | $ 288 | $ 290 | (0.6)% | — % | (0.6)% |
| | INTERNATIONAL | 203 | 203 | (0.1)% | (7.2)% | 7.1 % |
| | **WORLDWIDE** | **$ 491** | **$ 493** | | | |
| | **ELECTROPHYSIOLOGY** | | | | | |
| | UNITED STATES | $ 36 | $ 35 | 2.3 % | — % | 2.3 % |
| | INTERNATIONAL | 43 | 39 | 10.1 % | (6.9)% | 17.0 % |
| | **WORLDWIDE** | **$ 79** | **$ 75** | | | |
| | **NEUROMODULATION** | | | | | |
| | UNITED STATES | $ 144 | $ 131 | 9.8 % | — % | 9.8 % |
| | INTERNATIONAL | 42 | 38 | 13.0 % | (8.5)% | 21.5 % |
| | **WORLDWIDE** | **$ 186** | **$ 169** | | | |
| **CARDIOVASCULAR SEGMENT:** | | | | | | |
| | **INTERVENTIONAL CARDIOLOGY** | | | | | |
| | UNITED STATES | $ 296 | $ 281 | 5.5 % | — % | 5.5 % |
| | INTERNATIONAL | 365 | 364 | 0.2 % | (6.6)% | 6.8 % |
| | **WORLDWIDE** | **$ 661** | **$ 645** | | | |
| | **PERIPHERAL INTERVENTIONS** | | | | | |
| | UNITED STATES | $ 156 | $ 145 | 7.4 % | — % | 7.4 % |
| | INTERNATIONAL | 155 | 142 | 8.5 % | (6.6)% | 15.1 % |
| | **WORLDWIDE** | **$ 311** | **$ 288** | | | |

# Appendix A - Sales Information
## Emerging Markets Sales and Sales Growth

| Regional Sales Growth | Three Months Ended March 31, 2019<br>Reported Basis | Less: Impact of Foreign Currency Fluctuations | Operational Basis |
|---|---|---|---|
| U.S. | 7.1 % | — % | 7.1% |
| EMEA | (0.3)% | (8.2)% | 7.9% |
| APAC | 5.3 % | (4.8)% | 10.1% |
| Latin America and Canada | 0.3 % | (7.2)% | 7.5% |
| **Net Sales** | **4.8 %** | **(3.0)%** | **7.8%** |
| **Emerging Markets†** | **13.3 %** | **(8.7)%** | **22.0%** |

**Prior Year Reclassified Emerging Market Net Sales**

| *(in millions)* | Three Months Ended<br>June 30, 2018 | September 30, 2018 | December 31, 2018 | Year Ended<br>December 31, 2018 |
|---|---|---|---|---|
| **Emerging Markets†** | **$ 283** | **$ 267** | **$ 285** | **$ 1,097** |

# Appendix B
# Income Statement Information

# Appendix B - Income Statement Information
## Margins

| Adjusted Gross Margin | Three Months Ended 3/31/2019 | Three Months Ended 3/31/2018 | Basis Points Change |
|---|---|---|---|
| **Gross Margin, as reported** | **70.7 %** | **71.7 %** | (100) |
| Less: Non-GAAP adjustments | (0.7)% | (0.6)% | |
| **Adjusted Gross Margin** | **71.4 %** | **72.3 %** | **(90)** |

| Adjusted Operating Margin | Three Months Ended 3/31/2019 | Three Months Ended 3/31/2018 | Basis Points Change |
|---|---|---|---|
| **Operating Margin, as reported** | **21.7 %** | **17.1 %** | 460 |
| Less: Non-GAAP adjustments | (3.9)% | (8.2)% | |
| **Adjusted Operating Margin** | **25.6 %** | **25.3 %** | **30** |

| Adjusted SG&A Margin | Three Months Ended 3/31/2019 | Three Months Ended 3/31/2018 | Basis Points Change |
|---|---|---|---|
| **SG&A Margin, as reported** | **34.9%** | **36.1%** | (120) |
| Less: Non-GAAP adjustments | 0.6% | 0.6% | |
| **Adjusted SG&A Margin** | **34.3%** | **35.5%** | **(120)** |

| Adjusted R&D Margin | Three Months Ended 3/31/2019 |
|---|---|
| **R&D Margin, as reported** | **11.2%** |
| Less: Non-GAAP adjustments | 0.3% |
| **Adjusted R&D Margin** | **10.9%** |

| Adjusted Tax Rate | Three Months Ended 3/31/2019 |
|---|---|
| **Tax Rate, as reported** | **7.1%** |
| Less: Non-GAAP adjustments | 0.2% |
| **Adjusted Tax Rate** | **6.9%** |

# Appendix B - Income Statement Information

## Earnings per Share

## Three Months Ended March 31, 2019 and 2018

| | Three Months Ended March 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| *(in millions, except per share data)* | Cost of Products Sold | SG&A Expenses | R&D Expenses | Operating Income (Loss) | Pre-Tax Income (Loss) | Net Income (Loss) | Impact per Share |
| **GAAP net income (loss)** | **$ 730** | **$ 869** | **$ 280** | **$ 541** | **$ 457** | **$ 424** | **$ 0.30** |
| *Non-GAAP adjustments:* | | | | | | | |
| Amortization expense | — | — | — | 160 | 161 | 143 | 0.10 |
| Intangible asset impairment charges | — | — | — | 67 | 67 | 62 | 0.04 |
| Acquisition-related net charges (credits) | (13) | (12) | (8) | 5 | (24) | (22) | (0.02) |
| Restructuring and restructuring-related net charges (credits) | (4) | (2) | — | 12 | 12 | 10 | 0.01 |
| Litigation-related net charges (credits) | — | — | — | (148) | (148) | (127) | (0.09) |
| Investment impairment charges | — | — | — | — | 1 | 1 | 0.00 |
| **Adjusted net income** | **$ 714** | **$ 855** | **$ 271** | **$ 638** | **$ 527** | **$ 490** | **$ 0.35** |

| | Three Months Ended March 31, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| *(in millions, except per share data)* | Cost of Products Sold | SG&A Expenses | R&D Expenses | Operating Income (Loss) | Pre-Tax Income (Loss) | Net Income (Loss) | Impact per Share |
| **GAAP net income (loss)** | **$ 672** | **$ 860** | **$ 261** | **$ 407** | **$ 323** | **$ 298** | **$ 0.21** |
| *Non-GAAP adjustments to net income (loss):* | | | | | | | |
| Amortization expense | — | — | — | 141 | 141 | 119 | 0.08 |
| Intangible asset impairment charges | — | — | — | 1 | 1 | 1 | 0.00 |
| Acquisition-related net charges (credits) | (6) | (7) | (7) | 25 | 25 | 20 | 0.01 |
| Restructuring and restructuring-related net charges (credits) | (7) | (8) | — | 28 | 28 | 22 | 0.02 |
| Investment impairment charges | — | — | — | — | 5 | 5 | 0.00 |
| Discrete tax items | — | — | — | — | — | (9) | (0.01) |
| **Adjusted net income** | **$ 659** | **$ 846** | **$ 254** | **$ 603** | **$ 524** | **$ 455** | **$ 0.33** |

| **YoY EPS growth** | |
|---|---|
| GAAP EPS | 41% |
| Adjusted EPS | 7% |

# Appendix B - Income Statement Information

## Segment Operating Income

Note: We measure and evaluate our reportable segments based on segment net sales, operating income allocated to reportable segments, excluding intersegment profits, and operating income allocated to reportable segments as a percentage of segment net sales. Operating income allocated to reportable segments as a percentage of segment net sales is defined as operating income allocated to reportable segments divided by segment net sales. Our presentation of segment net sales to include foreign exchange fluctuations, since the chief operating decision maker (CODM) reviews operating results at both actual foreign exchange rates and excluding foreign exchange rates and the following presentation more closely aligns with U.S. GAAP. We exclude from operating income allocated to reportable segments certain corporate-related expenses and certain transactions or adjustments that our CODM considers to be non-operational, such as amounts related to amortization expense, intangible asset impairment charges, acquisition-related items, restructuring and restructuring-related items and litigation-related items. Although we exclude these amounts from operating income allocated to reportable segments, they are included in reported consolidated operating income (loss) and are included in the reconciliation below.

| **SEGMENT NET SALES** *(dollars in millions)* | Q1 2019 | Q1 2018 |
|---|---|---|
| MedSurg | $ 766 | $ 711 |
| Rhythm & Neuro | 757 | 736 |
| Cardiovascular | 972 | 933 |
| **Net Sales** | $ 2,493 | $ 2,379 |

| **OPERATING INCOME ALLOCATED TO REPORTABLE SEGMENTS** *(dollars in millions)* | Q1 2019 | % of Sales | Q1 2018 | % of Sales | YoY Change (%) | YoY Change (bps) | Less: Fx Impact | YoY Change, excl. Fx |
|---|---|---|---|---|---|---|---|---|
| MedSurg | $ 256 | 33.4% | $ 259 | 36.4% | (3.0)% | -300 | (0.6)% | (2.4)% |
| Rhythm & Neuro | 155 | 20.5% | 153 | 20.8% | (0.3)% | -30 | (0.7)% | 0.4 % |
| Cardiovascular | 275 | 28.3% | 290 | 31.1% | (2.8)% | -280 | (1.5)% | (1.3)% |
| **Operating income allocated to reportable segments** | **686** | | **703** | | | | | |
| Corporate expenses, including hedging activities | (48) | | (100) | | | | | |
| Intangible asset impairment charges, acquisition-related, restructuring- and restructuring-related and litigation-related net (charges) credits | 63 | | (54) | | | | | |
| Amortization expense | (160) | | (141) | | | | | |
| **Operating income (loss)** | **$ 541** | | **$ 407** | | | | | |

# Appendix C
# Additional Non-GAAP Reconciliations

# Appendix C - Additional Reconciliations
## Adjusted Free Cash Flow

*in millions*

| Adjusted Free Cash Flow | Three Months Ended 3/31/2019 | Three Months Ended 3/31/2018 |
|---|---|---|
| **Operating cash flow, reported** | **$ 350** | **$ 193** |
| Less: Purchases of property, plant and equipment | 63 | 60 |
| Add: Proceeds on disposals of property, plant and equipment | 2 | — |
| **Free Cash Flow, reported** | **289** | **133** |
| Plus: Restructuring and restructuring-related payments | 14 | 25 |
| Plus: Acquisition-related payments | 37 | 21 |
| Plus: Special tax payments (Refunds/Credits) | 7 | 3 |
| Plus: Litigation-related settlements | 90 | 101 |
| **Adjusted Free Cash Flow** | **$ 437** | **$ 283** |

# Appendix C - Additional Reconciliations

| ACURATE Revenue Growth | Three Month Ended 3/31/2019 |
|---|---|
| **Revenue growth, as reported** | 18.5 % |
| Less: Impact of foreign currency fluctuations | (9.7)% |
| **Revenue growth, operational** | 28.2 % |

| Spinal Cord Stimulation (SCS) Revenue Growth | Three Month Ended 3/31/2019 |
|---|---|
| **Revenue growth, as reported** | 6.7 % |
| Less: Impact of foreign currency fluctuations | (0.3)% |
| **Revenue growth, operational** | 7.0 % |

| Adjusted Operating Margin | Year Ended 12/31/2018 |
|---|---|
| **Operating Margin, as reported** | 15.3 % |
| Less: Non-GAAP adjustments | (10.2)% |
| **Adjusted Operating Margin** | 25.5 % |

| Estimated Tax Rate | FY 2019 |
|---|---|
| **Tax Rate, GAAP basis** | 7.1 % |
| Less: Non-GAAP Adjustments | 0.2 % |
| **Tax Rate, Adjusted** | 6.9 % |
| Less: Impact of Discrete Tax Items (including Stock Compensation) | (4.1)% |
| **Tax Rate, Ordinary** | 11.0 % |

# Appendix D - Guidance

| | Q2 2019 Estimate | | Estimated Growth | |
|---|---|---|---|---|
| | (Low) | (High) | (Low) | (High) |
| **Estimated GAAP EPS** | $ 0.23 | $ 0.25 | (42)% | (37)% |
| Estimated amortization expense | 0.10 | 0.10 | | |
| Estimated acquisition-related net charges (credits) | 0.02 | 0.02 | | |
| Estimated restructuring and restructuring-related charges (credits) | 0.02 | 0.02 | | |
| **Estimated Adjusted EPS** | $ 0.37 | $ 0.39 | (9)% | (4)% |
| Less: Estimated impact of 2018 tax settlement | — | — | (15)% | (16)% |
| **Estimated Adjusted EPS, excluding estimated impact of 2018 tax settlement** | $ 0.37 | $ 0.39 | 6 % | 12 % |

| | Full Year 2019 Estimate | | Estimated Growth | |
|---|---|---|---|---|
| | (Low) | (High) | (Low) | (High) |
| **Estimated GAAP EPS** | $ 1.09 | $ 1.13 | (9)% | (5)% |
| Estimated amortization expense | 0.41 | 0.41 | . | |
| Estimated intangible asset impairment charges | 0.04 | 0.04 | | |
| Estimated acquisition-related net charges (credits) | 0.03 | 0.03 | | |
| Estimated restructuring and restructuring-related net charges (credits) | 0.06 | 0.06 | | |
| Estimated litigation-related net charges (credits) | (0.09) | (0.09) | | |
| Estimated investment impairment charges | 0.00 | 0.00 | | |
| **Estimated Adjusted EPS** | $ 1.54 | $ 1.58 | 5 % | 8 % |
| Less: Estimated impact of 2018 tax settlement | — | — | (5)% | (5)% |
| **Estimated Adjusted EPS, excluding estimated impact of 2018 tax settlement** | $ 1.54 | $ 1.58 | 10 % | 13 % |

# Appendix D - Guidance

| | Q2 2019 Estimate | |
|---|---|---|
| | (Low) | (High) |
| **Estimated GAAP sales growth** | 5% | 7% |
| Less: Estimated impact of foreign currency fluctuations | 2% | 1% |
| **Estimated operational sales growth** | 7.4% | 8.4% |
| Less: Sales from certain acquisitions[1] | 1% | 1% |
| **Estimated sales growth, organic** | 6% | 7% |

[1]Q2 2019 Estimate represents contribution of approximately 140 basis points from NxThera, Claret and Augmenix.

| | Full Year 2019 Estimate | |
|---|---|---|
| | (Low) | (High) |
| **Estimated GAAP sales growth** | 7 % | 8 % |
| Less: Estimated impact of foreign currency fluctuations | (1)% | (1)% |
| **Estimated operational sales growth** | 8.1 % | 9.1 % |
| Less: Sales from certain acquisitions[1] | 1 % | 1 % |
| **Estimated sales growth, organic** | 7 % | 8 % |

[1] Full Year 2019 Estimate represents contribution of approximately 110 basis points from NxThera, Claret and Augmenix.

# Appendix D - Guidance

## Previously Issued on February 6, 2019

| | Previously Issued February 6, 2019 | | | |
|---|---|---|---|---|
| | Q1 2019 Estimate | | Estimated Growth | |
| | (Low) | (High) | (Low) | (High) |
| **Previously estimated GAAP EPS** | $ 0.32 | $ 0.33 | 52% | 57% |
| Estimated amortization expense | 0.10 | 0.10 | | |
| Estimated acquisition-related net charges (credits) | 0.02 | 0.02 | | |
| Estimated restructuring and restructuring-related charges (credits) | 0.01 | 0.01 | | |
| Estimated litigation-related net charges (credits) | (0.10) | (0.10) | | |
| **Previously estimated Adjusted EPS** | $ 0.35 | $ 0.36 | 8% | 11% |

| | Previously Issued February 6, 2019 | | | |
|---|---|---|---|---|
| | Full Year 2019 Estimate | | Estimated Growth | |
| | (Low) | (High) | (Low) | (High) |
| **Previously estimated GAAP EPS** | $ 1.13 | $ 1.18 | (5)% | (1)% |
| Estimated amortization expense | 0.40 | 0.40 | | |
| Estimated acquisition-related net charges (credits) | 0.05 | 0.05 | | |
| Estimated restructuring and restructuring-related charges (credits) | 0.05 | 0.05 | | |
| Estimated litigation-related net charges (credits) | (0.10) | (0.10) | | |
| **Previously estimated Adjusted EPS[1]** | $ 1.53 | $ 1.58 | 9% | 13% |

[1]Previously estimated adjusted EPS growth for the full year 2019 uses $1.47 FY2018 Adjusted EPS net of the FY2018 $0.07 net tax benefit as the base.

| | Previously Issued February 6, 2019 | | | |
|---|---|---|---|---|
| | Q1 2019 Estimate | | Full Year 2019 Estimate | |
| | (Low) | (High) | (Low) | (High) |
| **Previously estimated GAAP sales growth** | 6 % | 7 % | 7 % | 9 % |
| Less: Estimated impact of foreign currency fluctuations | (3)% | (3)% | (1)% | (1)% |
| **Previously estimated growth, operational** | 8.6 % | 9.6 % | 8.1 % | 9.6 % |
| Less: Estimated impact of certain recent acquisitons[2] with no prior year comparable sales | 1.6 % | 1.6 % | 1.1 % | 1.1 % |
| **Previously estimated sales growth, organic** | 7 % | 8 % | 7 % | 8.5 % |

[2]Previous Q1 2019 and full year 2019 estimates exclude from the recent acquisitions of NxThera, Claret and Augmenix, each with no prior year period comparable sales.

# Appendix D - Guidance

## Forward-Looking Non-GAAP Financial Measures

The following is an explanation of the adjustments that management excluded from GAAP measures to calculate the following forward-looking non-GAAP financial measures for the second quarter and full year 2019:

**Adjusted Gross Margin:** Excludes from GAAP gross margin the impacts of forecasted acquisition- and divestiture- and restructuring-related charges or credits.

**Adjusted SG&A:** Excludes from GAAP SG&A the impacts of forecasted acquisition- and divestiture- and restructuring-related charges or credits.

**Adjusted R&D:** Excludes from GAAP R&D the impacts of forecasted acquisition- and divestiture- and restructuring-related charges or credits.

**Adjusted Operating Margin:** Excludes from GAAP operating margin the impacts of forecasted acquisition- and divestiture- and restructuring- and restructuring-related charges or credits, and amortization expense.

**Adjusted Tax Rate:** Excludes from GAAP tax rate the tax impacts related to forecasted acquisition- and divestiture-, restructuring- and restructuring-related charges or credits, and amortization expense.

**Adjusted Free Cash Flow:** Adjusts GAAP operating cash flow to include the impacts of forecasted capital expenditures and excludes the impact of estimated after-tax acquisition- and divestiture-, restructuring- and litigation-payments.

Please refer to our Safe Harbor for forward-looking statements disclosure on slide 2 in conjunction with any forward looking information presented within.