

# Critical Care

**Katie Szyman**

Corporate Vice President  
Critical Care



Edwards

# Driving growth through Smart Recovery and Smart Expansion



Shifting our patients from classic to smart monitoring **technology**



Driving **Smart Recovery** drives adoption with clinical **evidence**



Leveraging our **leadership** to drive **Smart Expansion** and growth

**Getting Patients Home to their Families Faster**



# Large opportunities for Smart Recovery and Smart Expansion

## Smart Recovery

Smart Monitoring + Faster Recovery = Smart Recovery

### Current Patient Settings



OR



ICU

20M+ Patients

Shifting from classic monitoring solutions to smart monitoring and Acumen IQ technology

## Smart Expansion

Continuous Non-Invasive Monitoring + Clinical Need = Smart Expansion

### Potential Expansion Opportunities Starting in 2024



Outpatient Surgery



Pediatrics



Obstetrics

30M+ Patients

Expanding with Continuous Non-invasive Blood Pressure

# Shifting to Smart Monitoring Technology

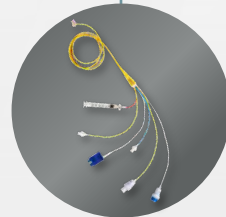
Gold standard

Continuous, less invasive, **predictive** and **prescriptive**

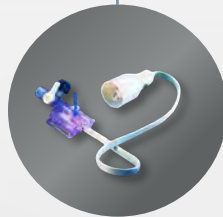
**HemoSphere**  
All-in-One Platform



Swan-Ganz  
Catheters



TruWave  
Sensors



FloTrac  
Acumen IQ  
Sensors



ClearSight  
Acumen IQ  
Finger Cuffs



ForeSight  
Oximetry  
Sensors



Acumen Software Enabled<sup>1</sup>

**Capital**

**~20%**  
of revenue

**Classic Monitoring**

**~50%**      **~14M**  
of revenue      Patients / Year

**Smart Monitoring**

**~30%**      **~2M**  
of revenue      Patients / Year

(1) Includes Acumen Hypotension Prediction Index and Acumen Assisted Fluid Management.

# Continuing the shift toward Smart Monitoring

## Critical Care Disposables Portfolio

### Double Digit Growth

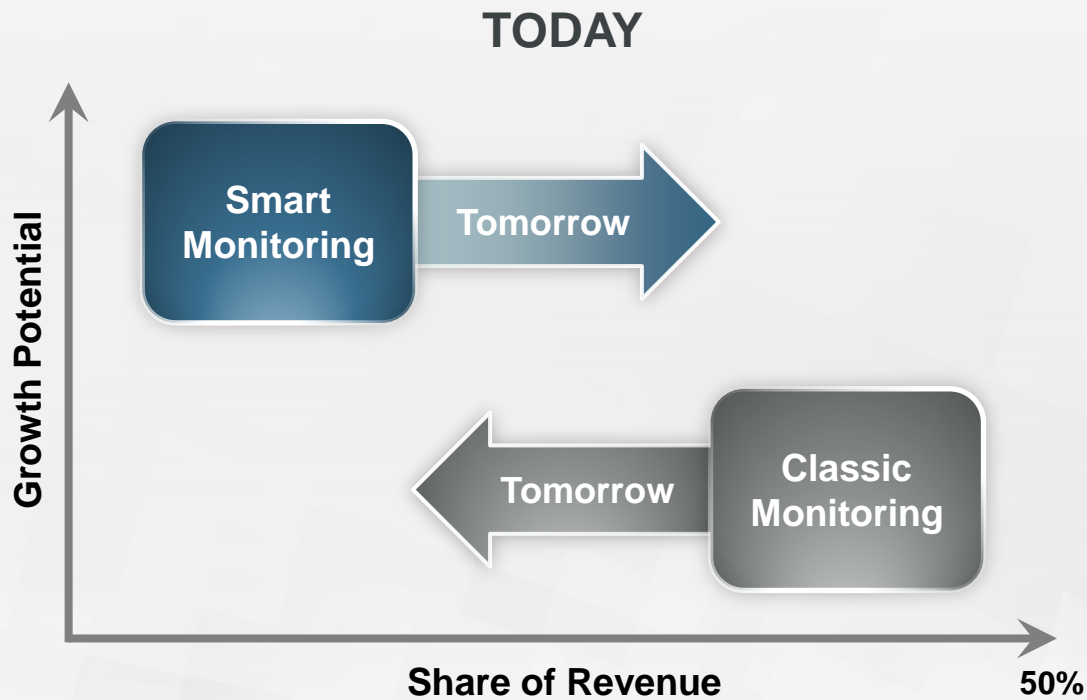
5-Year CAGR **Smart Monitoring**

Under penetrated opportunity with greater clinical value

### Single Digit Growth

5-Year CAGR **Classic Monitoring**

Larger, but highly penetrated segment



Smart Monitoring



Faster Recovery



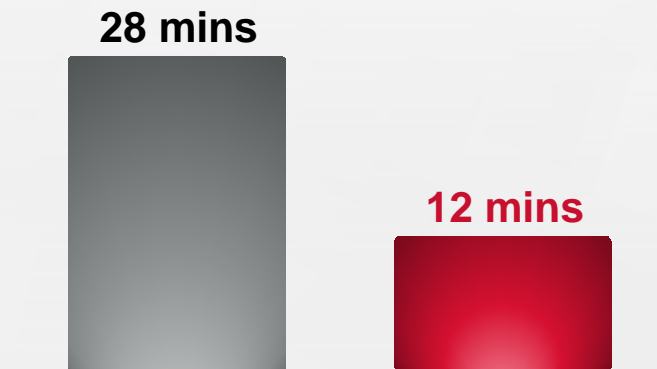
Smart Recovery



# Driving Adoption with Clinical Evidence

## Proven Ability to Reduce Hypotension

Mean Minutes of Intraoperative Hypotension<sup>3</sup>



**58%**  
Decrease

Acumen HPI<sup>4</sup> Data On Label

## 75+ Studies Showing Importance of Smart Recovery<sup>1</sup>



25% of surgical patients experienced complications leading to longer hospital stays, readmission and even death<sup>2</sup>

## Mix of Benefits Associated with Smart Recovery

Reduced  
Complications

Reduced  
Morbidity

Reduced  
Length of Stay



# Successful Capital Conversion and Smart Expansion

## 7th Generation HemoSphere Platform



**All-in-One, AI-Enabled, Connected Platform  
Supporting our Portfolio of Products**

## Conversions Surpassing 50% of Installed Base



**Conversion** (Every ~7-9 years)

**Next Gen coming 2025**

### Legend

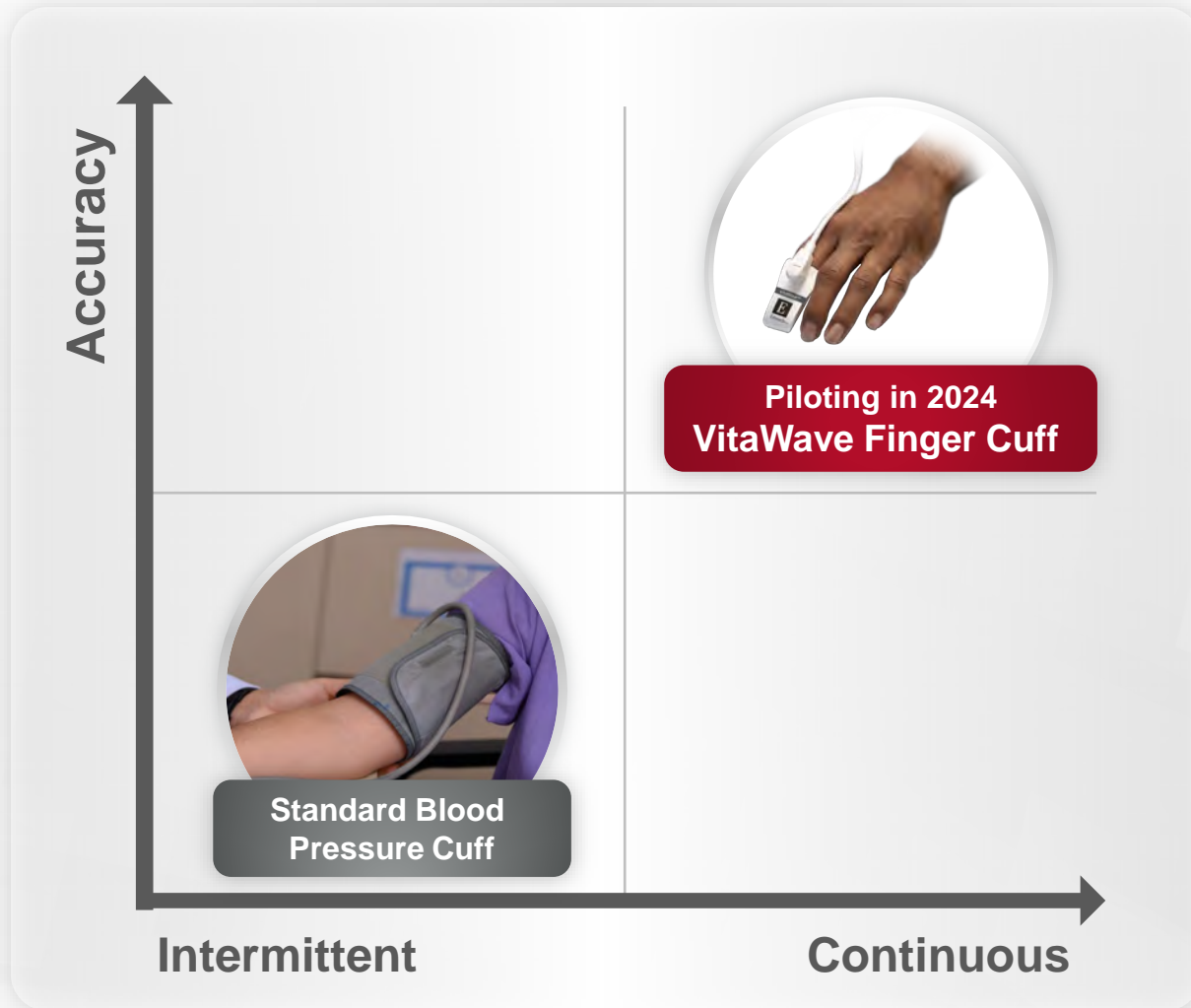


% Capital conversion  
of legacy units



Capital expansion  
units

# Smart Expansion with Continuous Non-Invasive Blood Pressure



## Clinical Studies Results



Proven accuracy of continuous non-invasive blood pressure technology<sup>2</sup>



Continuous finger-cuff based blood pressure monitoring is superior to intermittent cuff<sup>3,4,5</sup>



Critical inaccuracies with intermittent blood pressure cuff<sup>1</sup>



# Smart Expansion with HemoSphere Vita

Piloting in 2024



## HemoSphere Vita

### Beat-to-beat insights for elevated care

Actionable blood pressure trends for informed, proactive interventions.

#### VitaWave Finger Cuff



#### ForeSight Oximetry Sensors

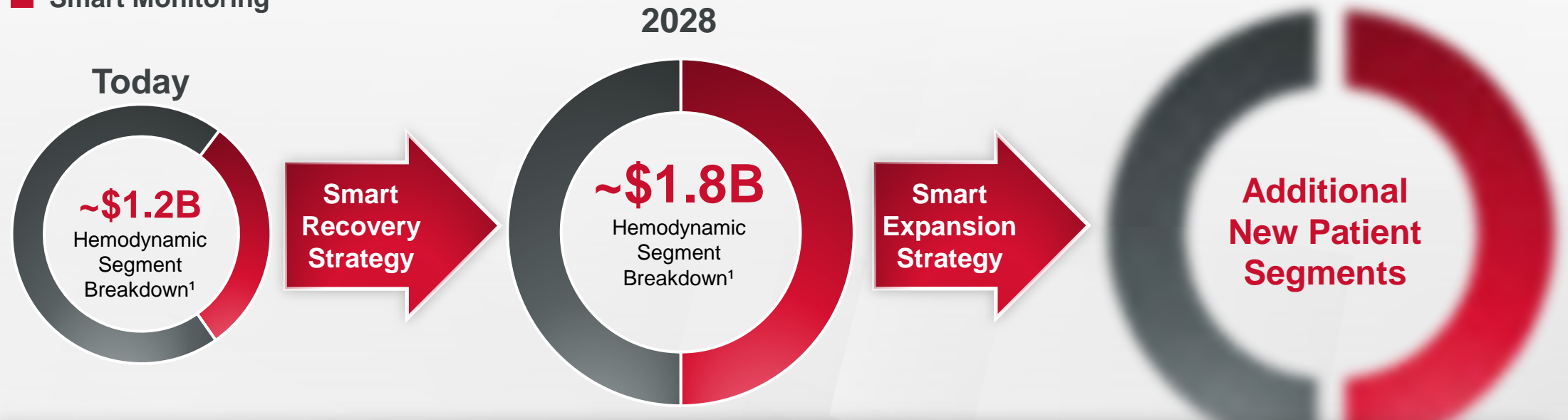


*"...there is still a critical need for a **continuous non-invasive** blood pressure monitor that will, beat-by-beat, give you a blood pressure."*

**Dr. Thomas Fogarty**  
"From the Innovator's Workbench"  
Jan 2003

# Expanding Long-term Market Opportunity

- Classic Monitoring
- Smart Monitoring



- ✓ Strong growth above general patient monitoring market rate
- ✓ Unlocking value by shifting from basic sensors to smart sensors with **smart monitoring premium**
- ✓ Potential upside opportunity **expanding into new patient segments**

(1) Includes capital and tissue oximetry.

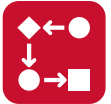
# 2024 Sales Outlook

Mid-Single Digit Constant Currency Growth

## Headwinds



Hospital Budget Constraints



Supply Chain Risks

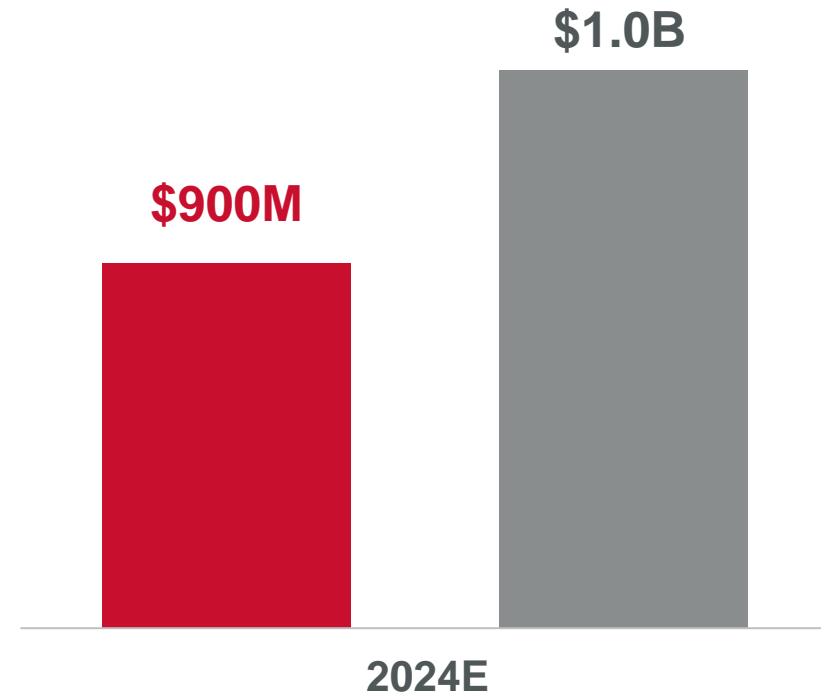
## Tailwinds



Accelerated shift to Smart Recovery



Successful pilots for Smart Expansion



We are ready. The best is yet to come.

# Financial Outlook

**Scott Ullem**  
Chief Financial Officer



Edwards

# Approach to Financial Value Creation



## Strong Organic Sales Growth

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Constant currency long-term sales growth goal of 10%+ with contributions from Valvular and additional Structural Heart Disease initiatives



## Healthy Profitability

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Exceptional gross profit margin supported by value-added therapies with differentiated technology. Operating margin expansion over time, tempered by new product launches and procedure support strategy



## Strategic Capital Deployment

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Conservative balance sheet with flexibility to fund early-stage structural heart acquisitions, as well as repurchase shares to offset dilution from employee performance options

Long-Term Shareholder Returns



# 2023 expectations in line with prior guidance

	2022 Investor Conference Guidance		October Guidance	Current Outlook
<b>Total Company Sales Growth</b> <i>(Constant Currency)</i>	9 - 12%	✓	10 - 13%	10 - 13%
<b>Gross Profit Margin</b>	76 - 78%	✓	76 - 78%	76 - 78%
<b>Earnings Per Share</b>	\$2.45 - \$2.60	✓	\$2.47 - \$2.53	\$2.47 - \$2.53

# Future Financial Goals

	2024 Guidance	2025 and Beyond <i>(Excluding Critical Care)</i>
<b>Total Company and TAVR Sales Growth</b> <i>(Constant Currency)</i>	8 - 10%	10% +
<b>Operating Margin</b>	29 - 30%	Margin expansion over time
<b>Earnings Per Share</b>	\$2.70 - \$2.80 <i>(9 - 11% growth)</i>	Double-digit growth <i>(subject to tax law changes)</i>

# Edwards Financial Objectives

## Strong Organic Sales Growth



Addressing large and growing patient populations



Growth fueled by successful long-term R&D investments to drive breakthrough therapies



Sustained leadership position supported by strong evidence-based value to patients, clinicians and healthcare systems

# 2024 Sales Outlook by Product Group

## TAVR

8% - 10% growth



- Continued global launch of SAPIEN 3 Ultra RESILIA
- Focused patient activation initiatives

## TMTT

\$280 - \$320 million



- EVOQUE transcatheter tricuspid valve launch in Europe and U.S.
- PASCAL global expansion: Japan launch and France reimbursement

## Surgical Structural Heart

Mid-single digit growth



- Continued global leadership supported by clinical data
- MITRIS RESILIA launch in Europe

## Critical Care

Mid-single digit growth



- Advancing next generation of predictive sensor technology
- Driving Smart Recovery adoption with clinical evidence

# Edwards Financial Objectives

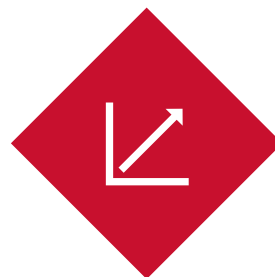
## Healthy Profitability



Generating strong  
gross profit



Funding growing field  
organization and  
strengthening global  
supply chain



Investing aggressively in  
innovation for profitable  
organic growth



Maintaining efficient  
tax structure



# Profitability fueled by high value products, efficient supply chain, strategic R&D, and disciplined spending

## Healthy Gross Profit Margin

*76 - 78% of 2024 sales*

- High value technologies yield strong gross profit margins
- Proven model for gaining efficiencies as volumes increase, partially offset by new product introductions
- Durable and redundant manufacturing footprint in the Americas, Europe and Asia, with five Structural Heart facilities
- In-sourcing critical component technology
- Third party supplier rationalization

## Strategic R&D

*17 - 18% of 2024 sales*

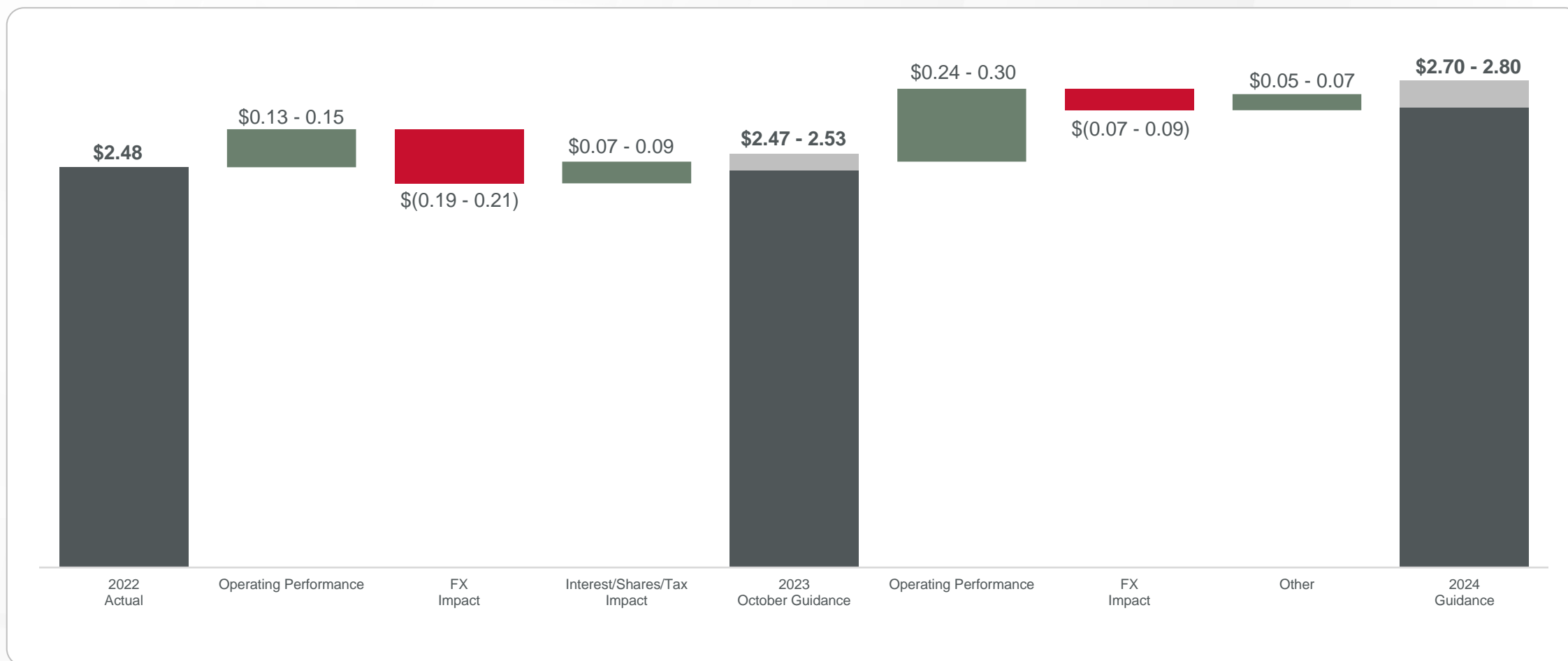
- Focused investment in clinical trials to expand indications
- Strategic investments in new technology platforms for structural heart disease initiatives

## Disciplined Spending

*SG&A: 29 - 30% of 2024 sales*

- Continued investment in patient activation initiatives
- Expansion of field-based personnel
- Increased focus on efficient G&A leverage

# 2023 investments set to fuel 2024 earnings



(Adjusted earnings per share)

## 2024 Implications of Critical Care Spin-off

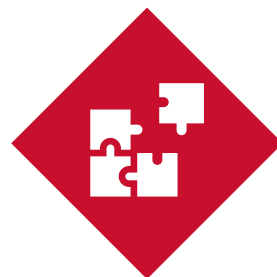
- No core financial impact in 2024; separation expected at the start of 2025
- One-time charges associated with typical spin-off transactions
- More financial information to be filed with Form 10 in mid-2024

# Edwards Financial Objectives

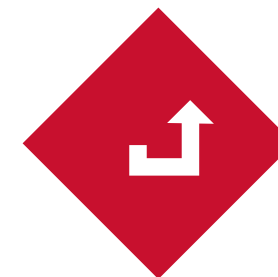
## Robust Cash Flow and Strategic Capital Deployment



Supports global  
capacity expansion



Strategic acquisitions to  
support and supplement  
R&D initiatives



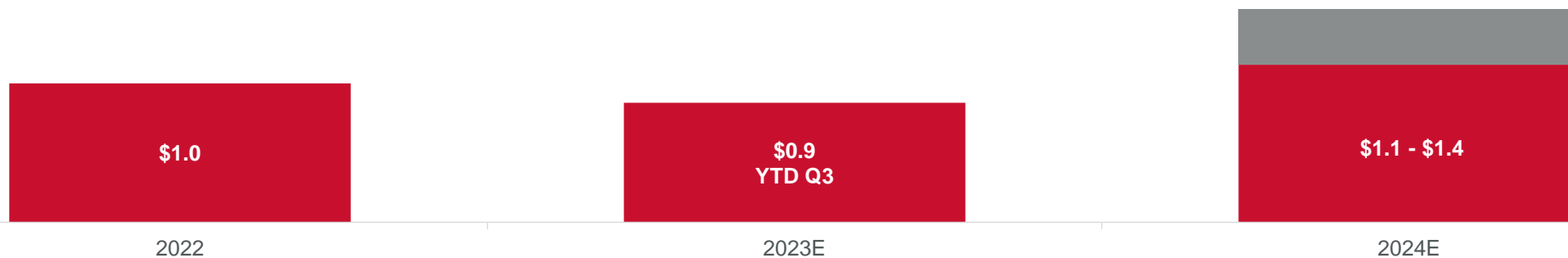
Returning capital to  
shareholders through  
opportunistic share repurchases

# Cash Flow and Capital Deployment

## 2024 Expectations

- Continued growth results in significant cash flows that fund future internal and external opportunities
- Strong free cash flow conversion supporting healthy balance sheet
- Diluted shares outstanding estimated between 600 and 610 million

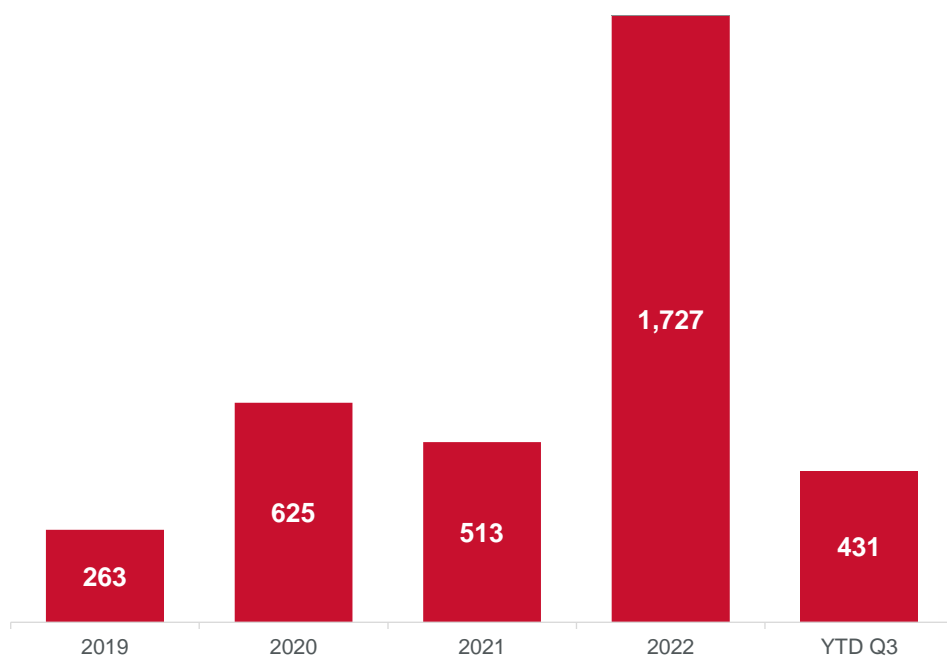
## Adjusted Free Cash Flow (\$ in billions)



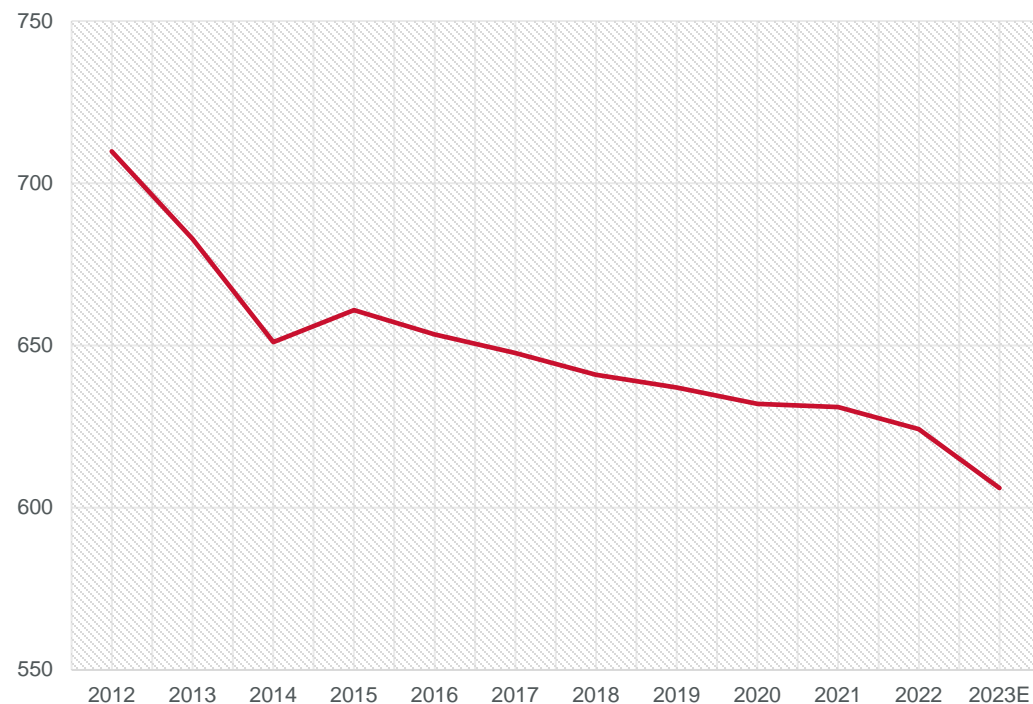


# Track Record of Opportunistic Share Repurchases

## Share Repurchases (\$ millions)

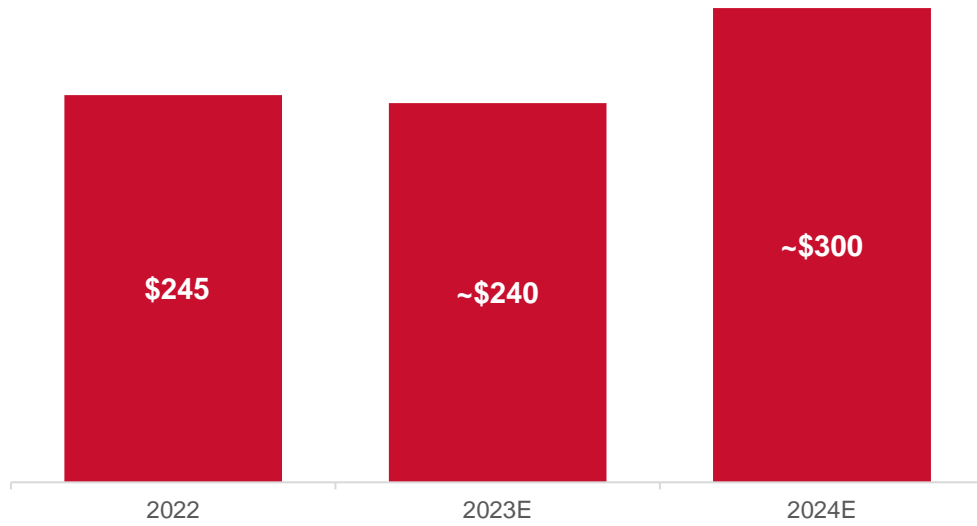


## Shares Outstanding (millions)

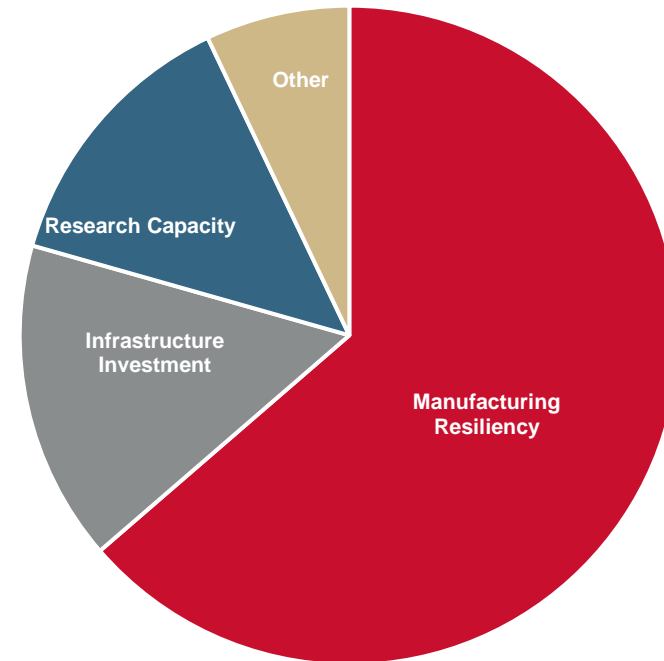


# Investing Capital for the Future

## Capital Spending (\$ millions)

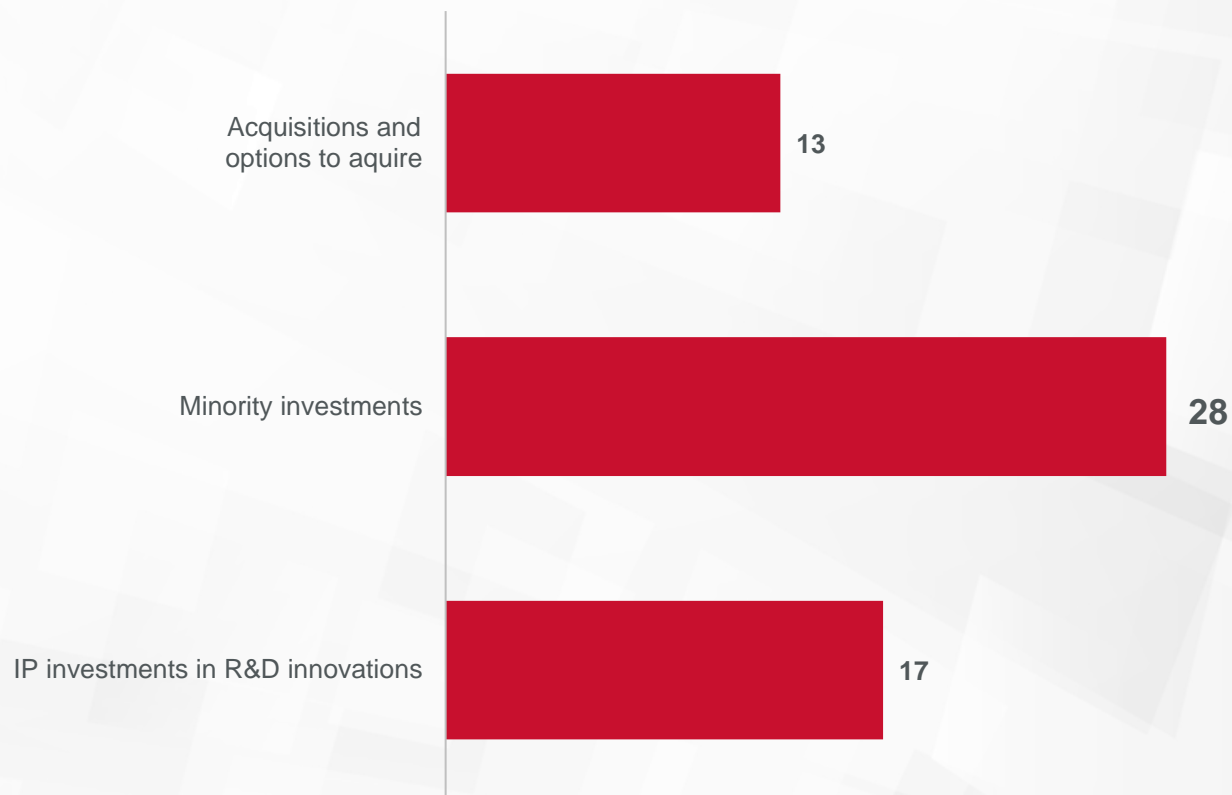


## Where are we Investing?



# Active Portfolio Management

## Closed Transactions in Last 5 Years



## FOCUSED ADDITIONS

- TAVR / TMTT / Surgical
- New SHD segments
- Early-stage, pre-revenue start-ups

## EXITS

- Non-strategic products
- Low growth potential

# 2024 Guidance Summary

<b>Sales</b>	\$6,300 - 6,600	<b>Operating Margin</b>	29% - 30%
<b>Constant Currency Growth</b>	8 - 10%	<b>Tax Rate</b>	14 - 17%
<b>FX Impact on Sales</b> <i>At current rates</i>	~(\$50) <i>(1.0pp downside to growth)</i>	<b>Earnings Per Share</b>	\$2.70 - 2.80
<b>Gross Profit Margin</b>	76 - 78%	<b>Diluted Shares</b>	600 – 610
<b>SG&amp;A % of Sales</b>	29 - 30%	<b>CAPEX</b>	~\$300
<b>R&amp;D % of Sales</b>	17 - 18%	<b>Free Cash Flow</b>	\$1,100 - \$1,400

Note: \$ in millions except earnings per share. Excludes special items.

# Longer-Term Outlook



## Sales

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Constant currency  
sales growth of 10%+



## Operating Efficiency

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### Gross Profit Margin

Mix and efficiencies expected to benefit margin, partially offset by new product introductions

### SG&A

Leveraging scale and controlling G&A expenses, partially offset by investments to support growth initiatives

### R&D

Significant investments in clinical trials to expand indications and develop new technologies, likely outpaced by growth in sales



## Earnings

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### Tax Rate

Upward pressure, subject to tax law changes

### Earnings Per Share

- Routine share repurchases to offset dilution from employee options
- Opportunistically reduce net shares outstanding
- FX volatility mitigated by consistent hedging strategy

Long-Term Shareholder Returns

# Closing Remarks

**Bernard Zovighian**

Chief Executive Officer

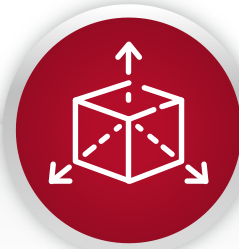


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# Entering a new era of Structural Heart innovation



Sharpened  
**Focus on SHD**



Expanding  
**Opportunity**



Sustainable  
**Growth**

## Our Credo

At Edwards Lifesciences, we are dedicated to providing innovative solutions for people fighting cardiovascular disease.

Through our actions, we will become **trusted partners** with customers, colleagues, and patients – creating a community unified in its mission to improve the quality of life around the world. Our results will benefit customers, patients, employees and shareholders.

We will celebrate our successes, thrive on discovery, and continually expand our boundaries. We will act boldly, decisively, and with determination on behalf of people fighting cardiovascular disease.

Helping patients is our life's work, and  
*life is now*

## Patient-Focused Culture



## Unique Innovation Strategy



**Innovation**

Pioneer breakthrough technologies with compelling evidence



**Leadership**

Lead groundbreaking standards of care through trusted relationships



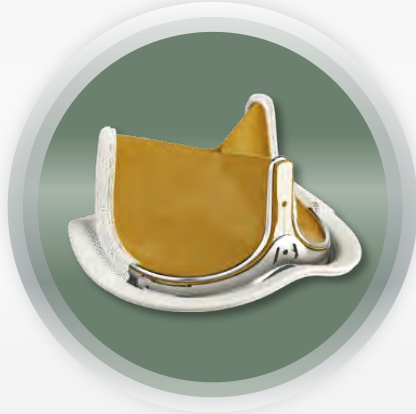
**Focus**

Singular focus on the large unmet needs of structural heart patients

Create Meaningful Value by Transforming Patient Care

# Our leadership creates momentum within SHD

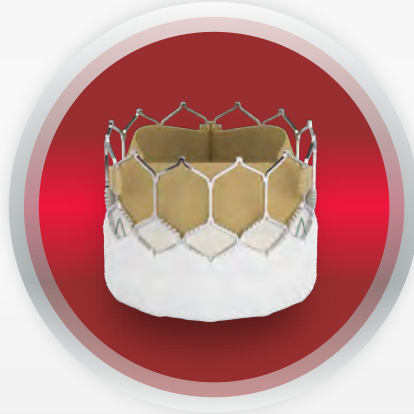
Leading  
innovator



**Surgical**

Innovating premium  
technology for patients best  
treated with surgery

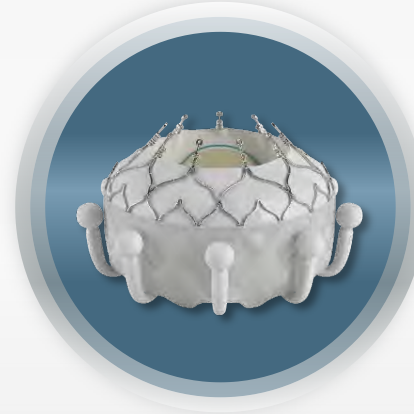
Revolutionizing  
AS treatment



**TAVR**

Accelerating the  
transformation of care  
for millions of AS  
patients still untreated

Pioneering  
breakthroughs



**TMTT**

Reaching inflection point  
with a therapy portfolio  
to treat millions of MR  
and TR patients

Natural  
progression



**Interventional HF**

Investing in early-stage  
technology solutions



# Clear strategy for sustainable growth

**2024**

## Building momentum

Key milestones and strong financial performance



**2025-2026**

## Faster growth

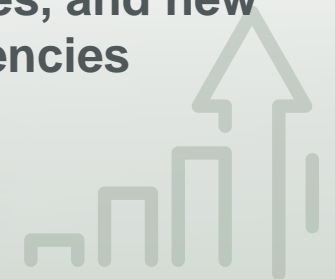
Achievement of new indications and launch of new technologies following spin-off



**Long-term**

## Expanding opportunities

Continued healthy momentum driven by new indications, new technologies, and new adjacencies





GLOBALLY,

ONE  
MILLION  
PATIENTS

ONE MILLION+ SAPIEN  
HEART VALVES AND COUNTING



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## EDWARDS LIFESCIENCES CORPORATION

### Non-GAAP Financial Information

To supplement the consolidated financial results prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), the Company uses non-GAAP historical financial measures. Management makes adjustments to the GAAP measures for items (both charges and gains) that (a) do not reflect the core operational activities of the Company, (b) are commonly adjusted within the Company's industry to enhance comparability of the Company's financial results with those of its peer group, or (c) are inconsistent in amount or frequency between periods (albeit such items are monitored and controlled with equal diligence relative to core operations). The Company uses the term "underlying" when referring to non-GAAP sales and sales growth information, which excludes currency exchange rate fluctuations. The Company uses the term "adjusted" to also exclude intellectual property litigation expenses, intellectual property agreements, amortization of intangible assets, and fair value adjustments to contingent consideration liabilities arising from acquisitions.

Management uses non-GAAP financial measures internally for strategic decision making, forecasting future results, and evaluating current performance. These non-GAAP financial measures are used in addition to, and in conjunction with, results presented in accordance with GAAP and reflect an additional way of viewing aspects of the Company's operations by investors that, when viewed with its GAAP results, provide a more complete understanding of factors and trends affecting the Company's business and facilitate comparability to historical periods.

Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies and should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. A reconciliation of non-GAAP historical financial measures to the most comparable GAAP measure is provided in the tables below.

Fluctuations in currency exchange rates impact the comparative results and sales growth rates of the Company's underlying business. Management believes that excluding the impact of currency exchange rate fluctuations from its sales growth provides investors a more useful comparison to historical financial results.

Guidance for sales and sales growth rates is provided on an "underlying basis," and projections for diluted earnings per share, net income and growth, gross profit margin, taxes, and free cash flow are also provided on a non-GAAP basis, as adjusted, for the items identified above due to the inherent difficulty in forecasting such items without unreasonable efforts. The Company is not able to provide a reconciliation of the non-GAAP guidance to comparable GAAP measures due to the unknown effect, timing, and potential significance of special charges or gains, and management's inability to forecast charges associated with future transactions and initiatives.

Management considers free cash flow to be a liquidity measure which provides useful information to management and investors about the amount of cash generated by business operations, after deducting payments for capital expenditures, which can then be used for strategic opportunities or other business purposes including, among others, investing in the Company's business, making strategic acquisitions, strengthening the balance sheet, and repurchasing stock.

#### **The items described below are adjustments to the GAAP financial results in the reconciliations that follow:**

**Adjusted Free Cash Flow** - The Company defines free cash flow as cash flows from operating activities less capital expenditures. During 2023, the Company excluded from its calculation payments related to an Intellectual Property Agreement.

EDWARDS LIFESCIENCES CORPORATION  
Reconciliation of GAAP to Non-GAAP Financial Information  
Adjusted Free Cash Flow \*

(in millions)	Year Ended December 31, 2022	Nine Months Ended September 30, 2023
<b>Net cash provided by operating activities</b>	\$1,218.2	\$759.2
Capital expenditures	(244.6)	(164.7)
Intellectual property agreement	-	300.0
<b>Adjusted Free Cash Flow</b>	<b>\$ 973.6</b>	<b>\$ 894.5</b>

\* See description of "Adjusted Free Cash Flow" on the Non-GAAP Financial Information page.





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Helping Patients is Our Life's Work, and

*life is now*