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Medtronic plc. (MDT) CEO Omar Ishrak on Q2 2020 Results - Earnings Call Transcript

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FQ2: 11-19-19 Earnings Summary

Press Release *10-Q* *Slides*

EPS of $1.31 beats by $0.03 | Revenue of $7.71B (3.01% Y/Y) beats by $48.64M

Earning Call Audio

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Medtronic plc. (NYSE:MDT) Q2 2020 Results Earnings Conference Call November 19, 2019 8:00 AM ET

Company Participants

Ryan Weispfenning - VP-Investor Relations

Omar Ishrak - Chairman and CEO

Karen Parkhill - CFO

Michael Coyle - EVP and Group President of Cardiac and Vascular Group

Robert White - EVP and President of Minimally Invasive Therapies Group

Geoffrey Martha - EVP and President of Restorative Therapies Group

Conference Call Participants

David Lewis - Morgan Stanley

Bob Hopkins - Bank of America

Robert Marcus - JPMorgan

Larry Biegelsen - Wells Fargo

Vijay Kumar - Evercore ISI

Matthew Taylor - UBS

Josh Jennings - Cowen

Credit Suisse - Credit Suisse

Matthew O'Brien - Piper Jaffray

Danielle Antalffy - SVB Leerink

Raj Denhoy - Jefferies

Operator

Ladies and gentlemen, thank you for standing by. And welcome to the Medtronic Second Quarter Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded. [Operator Instructions]

I would like to hand the conference over to Ryan Weispfenning, Vice President-Investor Relations. Please go ahead sir.

Ryan Weispfenning

Thank you. Good morning and welcome to Medtronic's fiscal year 2020 second quarter conference call and webcast. During the next hour, Omar Ishrak, Medtronic's Chairman and Chief Executive Officer; and Karen Parkhill, Medtronic's Chief Financial Officer will provide comments on the results of our second quarter, which ended on October 25th, 2019. After our prepared remarks, we'll be happy to take your questions.

First, a few logistical comments. Earlier this morning, we issued a press release containing our financial statements and the revenue by division summary. We also issued an earnings presentation that provides additional details on our performance and outlook.

During today's earnings call, many of the statements made may be considered forward-looking statements and actual results may differ materially from those projected in any forward-looking statement. Additional information concerning factors that could cause actual results to differ is contained in our periodic reports and other filings that we make with the SEC and we do not undertake to update any forward-looking statements.

For this call, unless we say otherwise, rates and ranges are given on a constant currency basis, which compares to the second quarter of fiscal year 2019 after adjusting for foreign currency. References to organic revenue growth, exclude the impact of our Titan Spine acquisition and currency.

Reconciliations of all non-GAAP financial measures can be found in the attachement to our earnings press release or on our website at investorrelations.medtronic.com. Finally, our EPS guidance does not include any charges or gains that would be reported as non-GAAP adjustments to earnings during the fiscal year.

With that, I'm now pleased to turn the call over to Medtronic Chairman and Chief Executive Officer, Omar Ishrak. Omar?

Omar Ishrak

Thank you, Ryan, and thank you to everyone for joining us. This morning, we reported another quarter of solid results with organic revenue growth and EPS both coming in ahead of Street expectations, reflecting our continued focus on executing to our commitments across Medtronic.

Q2 revenue grew 4.3% in constant currency and 4.1% organic, and acceleration from the first quarter with outperformance in RTG, MITG and diabetes.

We also delivered another quarter of double-digit growth in emerging markets. Our adjusted operating margin expanded approximately 20 basis points, in line with expectations and included key investments ahead of several major new product launches.

Our enterprise excellence initiatives where we leverage our size and scale to improve our effectiveness and efficiency continue to benefit our P&L, particularly on the SG&A line.

On the bottom line, our diluted EPS grew 7.4% or 9% at constant currency, despite the headwind and EPS growth from the increase in our non-GAAP nominal tax rate. Overall, our broad-based performance this quarter demonstrates the consistency of our execution, the strength of our innovation, and the benefit of our business and geographic diversification.

Let's take a look now at the drivers of our quarterly performance, starting with our Restorative Therapies Group. RTG delivered a particularly impressive performance, posting 6% organic growth, which was 150 basis points ahead of our expectations. Strong sales in spine and brain therapies more than offset slower growth in pain therapies. Our surgical synergy strategy for spine surgery, which combines the enabling capital equipment in our Brain Therapies division with the implant in our Spine division is having an exceptional and sustained impact on RTG’s growth.

Our Spine division grew 5.5% organic in the U.S. and 3.5% organic globally. This excludes the early contribution from our Titan Spine acquisition, which is off to a good start. Organic revenue growth in spine hit its highest level in 2.5 years with strong double-digit growth in infused bone graft sales as well as 3% organic Core Spine growth both globally and in the U.S. This was driven by our surgical synergy strategy, where surgeon use of our capital equipment in particular our Mazor robot is resulting in increased sales of our Core Spine implants

In fact, when you combine our spine division sales, with the sales of our capital equipment from our Brain Therapies division that are used in spine surgery, which is how our spine competitors report results our Spine division grew a robust 6.7% organic with our U.S. spine business growing 7.7% organic, well above the market.

As I just mentioned, our surgical synergy strategy is also benefiting our Brain Therapies division, which sells the capital equipment used in spine surgery. Brain Therapies delivered another above-market quarter of 11.3% growth.

In neurosurgery, we had double-digit growth at all three of our offerings, Robotics, Navigation and Imaging. Our Midas Rex powered surgical instruments also grew double-digits, as we fully launched the new Midas Rex's MR8 system in the U.S. during the quarter.

In Brian Therapies, our market-leading neurovascular business also had a very strong quarter with high-teens growth reflecting strength in both ischemic and hemorrhagic stroke. Our ischemic stroke business grew in the high twenties and strong adoption of our Solitaire X stent retriever, Riptide aspiration system and React catheters.

In Hemorrhagic stroke, we grew low double-digits, as expanded indications of our Pipeline Flex for diversion system continued to drive growth. This was Geoff Martha's last quarter leading RTG, before taking over as President of Medtronic earlier this month.

Over his four-year tenure, Geoff revitalized the group. He implemented a strong strategy, built a robust management team and invested in an innovative pipeline. It is also noteworthy that he named a successor from within RTG.

Brett Wall has done an outstanding job, leading our Brain Therapies division, and he has played a vital role in the turnaround of RTG. We look forward to his leadership of the group. In the Minimally Invasive Therapies Group, we had another very strong quarter, growing 6.1% and ahead of expectations, driven by very good performances in both surgical innovations and RGR.

In Surgical innovations, we grew mid-single-digits in both Advanced Stapling and Advanced Energy. Advanced Stapling growth was driven by new products in our Tri-Staple line, including our EEA circular stapler and Tri-Staple 2.0 re-loads.

Advanced Energy growth benefited from continuous innovation in our LigaSure Franchise, including our LigaSure Exact Dissector.

Respiratory GI and Renal delivered another exceptional quarter growing 6.1%. The GI Solutions business grew high single-digits led by strong sales of Bravo calibration-free reflux system, EndoFLIP imaging systems and PillCam systems.

Respiratory and patient monitoring also grew high-single-digits, on strengthening Nellcor Pulse Oximetry, Microstream capnography, and BIS brain monitoring consumables, Puritan Bennett 980 ventilators and McGRATH video laryngoscopes.

In our Cardiac and Vascular Group, we grew 1.3% this quarter, which was in line with our expectations. CVG has gone through a series of below-trend quarters, which we believe are coming to an end. CVG's growth this quarter reflects the challenges of the last few quarters in LVADs and DCBs as well as the sustained headwind in CRM replacement devices, given the longer-life batteries we launched several years ago.

In addition, during the quarter, we implemented a number of changes to our manufacturing processes for our direct product line which temporarily limited supply and affected our revenue growth in CRHF high-power.

We're seeing clear signs of overcoming these headwinds. U.S. DCBs and LVADs both grew in the teens quarter-over-quarter. We have now passed the one-year anniversary of the step-down in LVADs, and we expect to anniversary the DCB challenges in March.

With our CRM replacement devices, both pacemakers and CRT-D replacement -- grew sequentially for the first time in several years. We expect CRM replacement devices to be a net neutral impact to CRHF growth next fiscal year after several years of being a headwind to growth.

Regarding TYRX, we launched our new manufacturing process late last month and expect production volumes in Q3 to return to normal levels. Despite these areas of pressure on CVG growth, we're seeing strong performance in other CVG businesses, including Pacing and TAVR, which combined; represent over 25% of CVG revenue. Our Pacing business grew mid-single digits globally and high single-digits in the U.S. as our Micra Single Chamber Transcatheter Pacing System continues to take share and expand the market.

Beyond Micra, our global pacemaker share is benefiting from unique feature differentiation in our conventional pacemakers, including our Reactive ATP feature, which resulted in differential reimbursement in Japan, as well as the increasing popularity of HIS bundle and left bundle branch pacing, where Medtronic offers unique lead and lead delivery products that enable such procedures.

In our TAVR business, we grew in the low 20s, but mid-20s growth in the U.S. Driven by expansion into the low-risk patient population, we launched our Evolut PRO+ TAVR system in the U.S. late in the quarter. And this drove some of the highest procedural implant volumes that we've ever had in the final two weeks of the quarter.

We see an accelerating growth profile for CVG over the back half of our fiscal year, with the anniversary of the LVAD challenges, improving sequential growth in DCBs, improvements in pacemaker and CRT-D replacement volumes, and the benefit of multiple, important new product launches.

In diabetes, we grew 4.3% slightly ahead of our expectations. Our U.S. business declined in the high single-digits, which is anticipated and resulted from competitive challenges, while we await our new products.

At the same time our international business, which represents just under half of our diabetes revenue grew 19%. The MiniMed 670G which drove strong growth in the U.S. last year is experiencing that same strong consumer demand as we've launched and received reimbursement in select international markets. This demand is not only driving double-digit growth in insulin pumps, but it is also resulting in double-digit growth in recurring revenue from CGM and other consumables.

Late last month, we announced our Sean Salmon who has successfully led our Coronary & Structural Heart division is taking over leadership of the Diabetes Group. Sean has an excellent track record in developing and executing competitive business strategies, including the successful launches of several important new technologies for Medtronic. Sean is actively engaged, and we look forward to the impact that he will make on the business.

Now, turning to emerging markets, which represent 16% of our revenue. In Q2, we grew emerging markets 12% with contributions from geographies around the globe. China grew 13% South Asia grew 14%, as with Eastern Europe which included 20% growth in Russia. In addition, Southeast Asia grew 12%, the Middle East and Africa 10%, and Latin America 9%.

We continue to drive strong growth in these markets as we optimize the distribution channel and uncertain markets, localized R&D and manufacturing. In addition, the diversified growth in markets around the world is important. We believe the geographic breadth of our business and the rapid expansion of healthcare across these markets typically insulates us from country-specific economic cycles. As a result, we expect continued and consistent double-digit growth in emerging markets.

The first half of this fiscal year has gone well, as we've executed to our commitments and delivered better-than-expected results. Now as we look forward, we're even more excited about what lies ahead. As investments we've made in our pipeline begin to pay off by accelerating our revenue growth and creating value for our shareholders.

And CVG as I mentioned earlier, we just launched our next-generation Evolut PRO+ TAVR valve. And we expect to see a full quarter's contribution starting in Q3. In addition, we're expecting imminent U.S. approval for our IN.PACT Admiral AV fistula indication.

As we look to the fourth quarter, and into the start of fiscal 2021, we're anticipating U.S. approval and launch of our Micra AV pacemaker, our next-generation Cobalt and Chrome families of ICDs and CRT-Ds, and our Reveal LINQ 2.0 Insertable Cardiac Monitor.

Outside the U.S., we are also expecting multiple new product introductions, including the European launch of our DiamondTemp ablation catheter and Japanese approvals for our Valiant Navion thoracic stent graft, our preceptor [ph] Quad CRT-P family and Attain Stability Quad Active-fixation CRT-P lead.

At MITG, as we discussed in September during our event in Hartford, we're starting the global launch sequence of our soft tissue robotic system with first-in-human use in commercial sales commencing later this fiscal year. Next fiscal year, we plan to submit for CE Mark in Q1 as well as submit for U.S. IDE approval in the first half, which when approved, will allow for system placements and surgeon training, so we can begin gathering clinical data in the United States.

In RTG, as I mentioned earlier, the Midas Rex MRA drill platform is being launched now in the U.S. and will be introduced to international markets in the back-half of this fiscal year. We're also planning to launch our Stealth Autoguide, cranial robotic system in Q3.

In Pelvic Health, we filed our PMA supplement with the U.S. FDA last month for InterStim SureScan MRI leads and our interest in Micra with MRI, which is 3CC in volume and rechargeable.

In ENT, we're preparing for a fiscal year-end launch of our next-generation intraoperative nerve monitoring system NIM Vital.

In Pain Therapies, we plan to unveil our next-generation Spinal Cord Stimulator at the NANS Conference in January. In Diabetes, we continue to prepare for the launch of the MiniMed 780G, our advanced hybrid closed loop system with Bluetooth connectivity. We expect our 780G pivotal data to be presented at the ATTD Conference in February.

Earlier this month, to bridge the time before our next-generation technology is available in the U.S. we’ve put in place a next-tech pathway program which allows customers who are out of warranty or new-to-pump therapy to purchase a MiniMed 670G while accessing our next-generation pump technology at no additional cost when it becomes available.

These are some of the highlights from our pipeline. There are course several more product launches that we're preparing for across the company. While we continue to invest in building out a robust long-term pipeline of continuous innovation, invention, and disruption.

As I've noted before, we expect our growth rate to accelerate with the second half of FY 20 growing faster than the first, as we anniversary recent headwinds, and launch multiple new products.

And in FY 2021, we expect our top-line momentum to accelerate. As we get the increasing benefit of the FY 2020 product launches as well as a product slated to launch next fiscal year.

With that, let me now ask Karen to take you through a discussion of our second quarter financials. Karen?

Karen Parkhill

Thank you. As Omar mentioned, we delivered second quarter organic revenue growth of 4.1% and adjusted EPS was $1.31 growing 7.4%. We came in $0.03 above the midpoint of our guidance, driven by our operational outperformance.

Our adjusted operating margin was 28.1% reflecting improvement of approximately 20 basis points. We delivered strong improvement in adjusted SG&A of approximately 90 basis points, as we implement and drive efficiencies and improvements across the company under our Enterprise Excellence program.

Our improvement in SG&A was offset by declines in gross margin reflecting the negative impact of foreign currency and China tariff. Below the operating profit line our adjusted interest expense declined 32%, driven by our successful debt issuance and tender transactions earlier this calendar year.

As you know, our cost of debt reduction is helping to offset an increase in our annual tax rate from U.S. tax reform. Generating strong free cash flow remains a priority across the company.

Second quarter free cash flow was $1.6 billion, up 66% from last year. We are tracking nicely towards our full-year conversion ratio target of 80% plus. We remain committed to disciplined capital deployment, balancing investment in R&D and tuck-in acquisitions to drive future growth, with returning a minimum of 50% of our annual free cash flow to our shareholders.

In the second quarter, we returned over $1.1 billion or 71% of the cash we generated, resulting in a total shareholder payout of 64% on adjusted net earnings.

Before I turn the call back to Omar, I would like to update our annual revenue growth and EPS guidance. For the year, we continue to expect organic revenue growth to approximately 4%, with revenue growth accelerating in the back half relative to the first.

While the impact of currency is fluid, if recent exchange rates hold, foreign currency would have a negative impact on full-year revenue growth of approximately 80 basis point to 120 basis points.

With the strength we're seeing across several of our businesses, from neurosurgery and neurovascular, to spine surgical innovations and TAVR, we are raising the organic growth guidance for our three largest business groups. We now expect CVG to grow 2.5% to 3% up from 2.5%.

MITG to grow 5% to 5.5% up from 5%, and RTG to grow 4.5% to 5% up from 4% to 4.5% previously. These three groups combined contribute 92% of our revenue. In diabetes, which represents 8% of our sales, we now expect low single-digit organic growth, reflecting competitive pressures in the U.S. while we await new product approval.

For the third quarter, we anticipate organic revenue growth of 4% plus with currency having a negative impact of 50 basis points to a 120 basis points at recent rates. By group, we expect CVG to accelerate to 3.5% to 4%, diabetes to be flat to slightly down and MITG and RTG to grow 4.5% to 5% all, on an organic basis.

As Omar mentioned, we are anticipating either U.S. or European approval on a long list of products, starting in the fourth quarter and building into the early part of next year. Our Micra AV Transcatheter pacemaker Precept [ph] PC Deep Brain Stimulator. InterStim micro 3CC sacral nerve stimulator.

MiniMed 780G advanced hybrid closed loop, DiamondTemp RF ablation catheter and AV fistula indication for our IN.PACT Admiral drug-coated balloon. And next-generation for our Intellis SCS system, LINQ 2.0 Insertable Cardiac Monitor in Cobalt and Chrome family ICD and CRT-D. I'm sure, I left some off here. But as you can see, we have a lot of that's coming, which is why we expect fourth-quarter growth to accelerate as we begin to see the early impact of some of these launches.

Turning to margins, we continue to expect our full-year operating margin to expand by roughly 40 basis points on a constant currency basis, driven by our enterprise excellence initiatives. For the third quarter, we would expect slight improvement in operating margin, offset by a currency headwind.

Below the operating line, we expect our quarterly non-GAAP interest expense to be similar to the second quarter for the remainder of the year. In addition, we now expect our third quarter adjusted nominal tax rate to be in the range of 15 to 15 and a quarter, and an annual range of 15 to 15.5.

We remained focused on optimizing our underlying operating tax rate overtime. We are raising our fiscal year 2020 EPS guidance to a range of $557 million to $563 million to reflect the second quarter's outperformance, a $0.03 increase from the prior range of $554 million to $560 million. This includes a negative $0.09 impact of currency at recent rates.

For the third quarter, we expect EPS of $1.37 to $1.39 including a $0.02 currency headwind at recent rates.

Now, I will return the call back to Omar.

Omar Ishrak

Thanks. Karen. As I mentioned earlier, Geoff Martha became President of Medtronic earlier this month. And at the start of the next fiscal year, I will retire as CEO, and Geoff will take my place. I'm excited with the Board selection of Geoff as the next leader of Medtronic. Geoff has proven itself as a leader who can execute and deliver strong financial performance, develop our people and enhance our company's culture.

I know he will take Medtronic to new levels of performance and growth. We're working together closely to ensure a very smooth transition. Before we go to the Q&A, I've asked Geoff to say a few words. Geoff?

Geoffrey Martha

Thanks, Omar. While first, I want to reiterate what an honor it is to have been selected by the Board as Medtronic's next CEO. And I'm really looking forward to leading this great company. Now looking at this past quarter's results, I'm particularly pleased to see our strategies are working in spine with strong growth in that business, driven by enabling technology like our Mazor robot.

And the transition with Brett as the head of RTG has been incredibly smooth. While he officially took over earlier this month, Brett really lead the execution down the stretch in Q2 for RTG. Look, RTG is in good hands, I'll just say that.

Now as I look ahead, I'm incredibly excited about Medtronic's future. We have several product launches coming up, and you could be assured that executing on these is top of my list of priorities. Actually, the entire Medtronic leadership team is focused and committed to delivering on our pipeline, allowing us to build momentum as we head in the back half of the fiscal year and into the next. Also during this transition period, I'm connecting with many important Medtronic stakeholders, and thinking about how our strategy will evolve and how we will achieve that next level of performance.

For starters, I'm spending a lot of time meeting with our business leadership and customers beyond RTG. I also plan to meet with and listen to the investment community over the coming months. The transition with Omar is going great. We've worked together for a long time, and we know how to build off each other's strength.

Additionally, I am thrilled with the support from the Board and my colleagues on the executive committee. Having continuity and a transition like this, makes life a lot easier. While it's still too early to comment on specifics on how our strategy will evolve, I'd like to share a few initial thoughts. First, one thing that won't change is our focus on the Medtronic mission, which drives us to use technology to alleviate pain, restore health, and extend life.

In fact, we're looking to place even more emphasis on innovation driven growth. Technology has always been the lifeblood of this company and growth is the name of the game in Medtech [ph].

We will be laser-focused on getting our organic revenue growth rates up. Getting more aggressive with tuck-in M&A and being decisive with capital allocation to the highest growth segments. All of this will increase our weighted average market growth rate or our WAMGR.

Reinvigorating our diabetes business is also a priority. This is a rapidly growing market that has huge long-term potential. And I'm confident in our ability to leverage our strength to get back to leading the innovation in this space. We have a strong foundation with which to work and a really exciting pipeline of innovation on both the pump and the sensor side.

Also, I am really confident that Sean along with the rest of the diabetes business will get this right. Most importantly, he has committed to improving the patient experience. Now as we do this, along with executing on our product pipeline, we expect to return to share-taking mode.

In fact, we see opportunities for share gains throughout the Medtronic portfolio. And we'll be measuring ourselves on just that. I like to keep things simple. Grow our WAMGR, and measure our business performance or whether we're taking share or not. You'll hear more on these priorities overtime. And I look forward to sharing our full plans with you when we host Medtronic's Investor Day next June.

So at this point, I'll turn it back to Omar.

Omar Ishrak

Thanks Geoff. Let's now move on to Q&A. In addition to Karen and Geoff, two of our Group Presidents Mike Coyle and Bob White are also here to answer your questions. As Brett Wall and Sean Salmon are new to their roles of running RTG and diabetes respectively, they won't join the earnings call until the next quarter.

Karen, Geoff and I will answer the questions related to those two groups today. As usual, we want to try to get to as many questions as possible. So please help us by limiting yourself to one question and if necessary a related follow-up. If you have additional questions, please contact Ryan and our Investor Relations team after the call. Operator first question please?

Question-and-Answer Session

Operator

Your first question comes from the line of David Lewis with Morgan Stanley.

David Lewis

Good morning. Thanks for taking the question, just a quick one for Karen and maybe a follow-up for Mike. So Karen, just thinking about the back half of your revenue, kind of two-part related question. If we think about, I appreciate the updated guidance for diabetes, but if you look into the back half of the year, you had nice acceleration here in the second quarter and it's sort of deceleration plan for the third in the back half. So anything other than diabetes suggests why the business would decelerate in the back half, and sort of related on earnings, great expansion so far this year, it's not implied much expansion in the back half of the year, and you've got your non-op tailwinds in interest and tax. So kind of into the back-half of the year, anything we should be picking up from the top or bottom line, because it looks on the margin a little conservative, then a quick one for Mike.

Karen Parkhill

Yes, thanks for the question, David. Let me touch on the comps first, because I know there's some question about that. And the FY 2019 comps alone can be a little bit misleading. What dictated the cadence in FY 2019 is really what happened in FY 2018.

Recall in the first half of FY 2018, we faced some significant, but transitory issues. The IT outage, the Puerto Rico hurricane, and for that reason, I would say double-stack of FY 2018 and FY2019 would be a good base comparison where our growth by-quarter with that double-stack was 4.5% 5.3%, 5.5% and 5%.

But comps aside, what is really going to drive our acceleration in the back half is our pipeline. And we have indicated you should start seeing that in 4Q and continuing into next year. And related to EPS, yes we were pleased that we were able to raise our EPS guidance by a total of $0.13 so far this year, $0.03 on the heels of Q2. And while interest tax and FX are a little more favorable, we do plan to reinvest those benefits to ensure that we can fully support our upcoming launches, because they do drive our future revenue growth.

David Lewis

Okay, very helpful Karen. Mike, just real quickly for me. Can you just talk to us about how share is fairing in the low-risk expansion markets, prior to the approvals, any comments you want to make this weekend on data that suggested relative differences in outperformance? Thanks so much.

Michael Coyle

Sure, in terms of overall growth, we were globally growing in the low twenties and in U.S. mid-20s. So it was a little slower than the overall market principally because of the presence now with another competitor in the space, who has taken some modest share in the U.S. as well as the rate of ramp for the new centers that are coming onstream with the NCD.

So we think that's going to bounce around a little bit, but we were very pleased with the growth profile clearly accelerated from where we've been in the earlier part of the year, and late part of last year.

And then terms of the data that was shared at the AHA, we're still digesting those datasets. These were non-randomized datasets that were coming out of France that basically were concentrated in accounts that were heavily users of the [indiscernible] product lines. So we were not sure that the propensity matching that they did is appropriate to what we've seen.

But I think the other piece of it is, they were not using Evolut PRO+ and they're certainly not using Evolut PRO+ in those datasets where the addition of the [Indiscernible] has really improved the PBL performance and now with Evolut PRO we have the lowest profile devices and we have those pericardial [indiscernible] into the large 34 millimeter size segment.

So we know that there have been multiple randomized datasets that have done these comparisons, and we've not seen that kind of mortality different. So we're going to have to continue just to understand it and digest it.

Ryan Weispfenning

Thanks David. Next question, please Regina.

Operator

Your next question comes from the line of Bob Hopkins with Bank of America

Bob Hopkins

Oh, thank you. And good morning, and thanks for taking the question. Just want to focus on the changed guidance in diabetes for a minute. I guess the specific question would be maybe if you could just go into little more detail on what specifically has changed and driven the reduction in the guidance here. Maybe a sense for U.S. O-U.S. assumptions in the back half. And then more broadly on diabetes, does -- how does this impact your view on the future growth rate of diabetes say in fiscal 2020, 2021? Thank you

Karen Parkhill

Yes, thanks for the question, Bob. We -- Omar did talk about the fact that we're facing competitive challenges in the U.S. in diabetes, while we await new product launches. But international growth continues to grow well. You saw that in our results, and we expect that strong international growth to continue.

In the meantime in the U.S. Omar mentioned we did initiate a next-tech pathway, which you also may have seen advertised. That means that we'll defer some revenue until we can upgrade those patients to the new technology

And in terms of future growth for diabetes, we believe that that will follow our robust pipeline and we expect growth acceleration in that business with the pipeline as we do in many of our other businesses.

Omar Ishrak

I just wanted to get it very clear that we're very excited about this pipeline. The 780G promises to be an outstanding product. We're making good progress in terms of our enrollment in the pivotal trial. We've already submitted for our next-generation hardware for approval with the FDA. And so that whole pipeline is on track. And we're going to go through a period of some pressure especially with new patients in the U.S.

But look, there should be no doubt about our enthusiasm from this pipeline and what we see into the future in diabetes. As Geoff pointed our earlier, this is an area of focus for us and one that we will win in.

Bob Hopkins

Great. And then just one quick follow-up Omar for you is, just -- just wanted to gauge your confidence in the outlook for growth in China. And the reason I ask is that another device company this quarter talked about pricing in China for medical devices being a little more pressured than they anticipated. And while it sounded like a bit of a one-off, I just wanted to make sure we got your opinion on the subject and the outlook for growth in China for your business.

Omar Ishrak

Look we're very confident about China. We've had consistent results there and one that we expect to continue and continue to depend on in terms of double-digit growth coming out of China. There are some different purchasing processes that are in place, and most of these are really around more commoditized products some of which we play in, but the government has been very thoughtful about which products to put into these big tenders. And we feel that the majority of our product line is separated clinically.

In any case even in those situations there are optimizations we can do in the distribution channel through which we can cover that. So look, we're completely confident about our growth, about our growth in China. The team there has performed in a very consistent fashion quarter-after-quarter and we're pretty confident that we can maintain that.

Ryan Weispfenning

Okay. Thanks, Bob. Next question, please Regina.

Operator

Your next question comes from the line of Robbie Marcus with JPMorgan.

Robert Marcus

Thanks and congrats on a nice quarter. Karen, I was wondering if you could touch on the cadence of growth in the back part of the year. You talked about four plus percent in third quarter. In the press release, you talked about accelerating topline growth in the back half of the year. What does that imply for fourth quarter?

Karen Parkhill

Yes. So thanks Robbie for the question. We do expect growth acceleration in the fourth quarter as we continue to launch important new products. It's hard to sit here in November, and know exactly which products will hit when. And so, and you also have the possibility that some doctors maybe holding some patients as they await approval for some important things in our pipeline like DBS.

So it's hard to predict and pin down fourth-quarter at this point. But we'll have a better view when we get to the call in February. And in the meantime, just know that we do expect to see growth acceleration from third quarter.

Robert Marcus

Got it. And I was hoping the spine business came in very impressive growth rate here. If you could just talk about a little more detail into robotic placements, what sort of centers are buying here? What percentage of your base has a robot? Any data points you could give us, so we could think about the pull-through going forward? Thanks.

Geoffrey Martha

I'll take this, it’s Geoff. I'll take this one Robbie. Yes, first the results in the spine business, which the best we've seen in a long long long time. It really is a direct result of the surgical synergy strategy, which has real staying power here and has meaningfully improved the intrinsic value of our spine franchises. As you pointed out, it's the capital equipment, the Mazor O-arm navigation, significant placements both placements and sales and the pull-through of the spine implants. It's created a great competitive differentiation and a really nice business model for us.

And, look we're not giving specifics on how many Mazor placements, but I can tell you, it's like the last several quarters meaningfully more than the competition. And so when you stack quarter-after-quarter-after-quarter of meaningfully more placements in the competition, our installed base has gotten pretty big. And this is we've got a lot of momentum here. And when you have an organization like RTG that with the resources and the capabilities if you can get somebody organization like that focused on something like this with this kind of momentum it's going to, it's going to continue. So we feel very good about it.

Robert Marcus

Thank you very much.

Ryan Weispfenning

Thanks Robbie. Next question please Regina.

Operator

Your next question comes from the line of Larry Biegelsen with Wells Fargo.

Larry Biegelsen

Good morning. Thanks for taking the question. One, two-part question for Mike on CVG and one Pain Stim question for Geoff. So Mike, first on Micra AV, your confidence in approval based on the Marvel 2 data. Just that's an important product for you, but it does small dataset. And second, the sustainability of the TAVR growth you saw this quarter. It sounds like based on your comments that that could potentially accelerate from here?

And just lastly Geoff, do you think we've turned the corner on the Pain Stim market for your business and the market? Thanks for taking the question.

Michael Coyle

Thanks Larry. On the Micra AV, we were very pleased with the Marvel 2 data that were shown at AHA. We had essentially median AV Synchrony levels of 94% which is pretty close to what you would see with a standard pacemakers system. So obviously all the benefits that we will get on complication reduction from no pocket no leads are coming at very little trade-off in terms of the AV Synchrony.

So we think that's going to be very helpful. We believe the dataset is fully consistent with what the FDA wanted to see and has seen. So we've now submitted. And so we have a high degree of confidence of having this product available in the marketplace in the U.S. in the fourth quarter.

And in terms of the sustainability of the TAVR market. Obviously, we were very pleased with the acceleration of growth that we saw as we headed into the low-risk dataset. I would say, we still maintain an expectation for the overall market growth of the TAVR market to be in that $5 billion range in calendar 2021. So we're very comfortable that everything is tracking in terms of how we have expected it to happen over the last several years. And so we feel good about that growth engine for us for the next period of time.

Geoffrey Martha

Okay. On the – Larry, it’s Geoff on the Pain Stim business. I will split it into two pieces. Here there's the market, and then our performance. On the market, obviously it's as you can see from our larger competitors that have reported the markets come down, and in the short-term I think it's going to be I'll call it flattish. Over the medium and longer-term we do see this getting back to mid-single to high single-digit growth in the SCS space. But it has been, I'd say we're anticipating a flattish market here for the next quarter or two.

And in terms of -- and I do think there's things that can be done to better position SCS space with payers, but in the short-term it is an innovation-driven segment. And we're very excited about our next-generation Intellis. As you know the first-generation did very well, over the last year plus and we already have the next-generation which we'll be talking about when we're rolling out at NANS in January. So we're excited, and over the last quarter we have seen our trialing implants and evaluations have grown the last couple of quarters, as well as our Intellis sales. We're seeing strong Intellis sales as well. So it is picking up. We do see it trending in the right way, but I don't see it getting back to the high single-digits here for a bit.

Larry Biegelsen

Thanks for taking the questions.

Ryan Weispfenning

Thanks Larry. Next question, please.

Operator

Your next question comes from the line of Vijay Kumar with Evercore ISI.

Vijay Kumar

Hey guys, thanks for taking my question. Maybe one on the 3Q guidance here. Sequentially organic seems to be flattish. I'm curious, why MITG would moderate comp seem to be okay in that segment. And then more importantly on diabetes, flat-to-down, how much of that flat-to-downs are you assuming a share loss versus the new, the upgrade program which you assume is you're deferring revenue recognition maybe parse out the share loss versus the upgrade program impact? Are you seeing any -- are you seeing any delays in FDA approvals because one of your other competitors seems to be having issues on the diabetes side from a regulatory perspective?

Karen Parkhill

Thanks for the questions Vijay. So first on MITG, we had a very strong quarter in MITG and we're not going to extrapolate a very strong quarter in 2Q onto the back half. We still see strength in MITG and we're pleased with that strength. We did have some share gains from a competitor stapler recall in the second quarter and we'll see if that continues. In terms of diabetes, the upgrade program is an impact for us in the third quarter, and in terms of market share, our installed base is increasing, particularly as we as we put 670G's in Europe.

So we're seeing an installed base increase and we're pleased with that. And then in terms of product launches, I'll let Omar comment.

Omar Ishrak

No I think into the product launches, look right now, as I said, we're on track. The most important product launch we have is the 780G. And like I mentioned earlier, we've already submitted our next-generation hardware for approval with the FDA. We've completed delta enrolment and we expect to see the initial pivotal trial results at the ATTD Meeting in Europe in February.

And we expect delta approval first and Pete [ph] approval will follow that. Look the exact timing is up to the FDA. There's no signal to us that things will be unnecessarily delayed or anything like that. So as far as we can see things are progressing as normal. They have their normal questions and we go through this process. So I anything out of the ordinary there.

Vijay Kumar

That's helpful, Omar. And just one quick one on SG&A. Some of the comments you made on OpEx management. It looks like these trends are sustainable. So just curious on OpEx trends going forward?

Karen Parkhill

Yes thanks Vijay. We have said that we expect to deliver 40 basis points of margin improvement this fiscal year and that hasn't changed. You've seen us drive greater improvement in SG&A and a throughout this year and that shouldn't change. We've had some gross margin pressure driven mainly by FX, but we've been offsetting that and continue to deliver the margin expansion that we've committed.

Vijay Kumar

Thanks guys.

Ryan Weispfenning

Thanks, Vijay. Next question please Regina.

Operator

Your next question comes from the line of Matt Taylor with UBS.

Matthew Taylor

Good morning and thank you for taking the questions. Question for Geoff, you talked a little bit about some growth priorities that you have and really talked about being more aggressive on tuck-in M&A. I guess, I was wondering if we should view that as a little bit of a pivot and if you could expand on the areas that you think are really kind of right for those tuck-ins, and what kind of characteristics would you look for in the deals that you'd like to do?

Geoffrey Martha

First of all, I don't want to know if I call the pivot. [Indiscernible] towards more of a focus on innovation driven growth here for the last year or so, and building up the pipeline and so no more it's got the whole company focused on pipeline execution. So that's first and foremost is our top priority is executing on that pipeline that we've built. And then, I've been working closely with the group, the group before group leaders including Sean and Brett that are new to it on a capital allocation strategy, that moves to the highest growth segments, that isn't done necessarily at the group level, that's done at a more granular level, and our goal is to through R&D investments and through using our balance sheet for tuck-in M&A to increase that the [Indiscernible] of the company.

And so when we're looking at tuck-in M&A, I'm not going to comment on specific segments, but it's going to be those areas that whether it'd be within the groups or even adjacencies to the groups that are going to grow our WAMGR. And so that's, that's about it.

Matthew Taylor

And just had a follow-up on the ischemic stroke market that you seem to have really strong results this quarter. One of your competitors talked about a slowdown in that market. Are you seeing any slowdown or are you gaining shares, can you talk about the dynamics there?

Geoffrey Martha

Well the market is still growing pretty strong. Maybe a little bit, maybe a little bit, slightly less than it's grown over the last recent few quarters. But our performance and our performance has been I'd say better than the competition. And it's coming. It comes down to the strategy that Brett and Stacy [ph] to put in place that's really having a broad portfolio across both the ischemic side and the hemorrhagic side, having good products on all of those areas, it matters in the space. And that strategy is paying off, and we recently launched the new stent retriever, you know on top of the ischemic space, and on top of the new aspiration system, with our two catheters, you combine that with the breadth of the portfolio that's what's driving our results.

And so yes, the market grew a little bit less than it has in the past. We still see this as a very strong market going forward. I mean every, every, everywhere I go in the world outside the U.S. in the U.S. you get asked about stroke, and outside the U.S. you have health ministers asking about how we can help them build out their system. It's just a very robust segment for us right now.

Matthew Taylor

Okay, great thanks for the thoughts.

Ryan Weispfenning

Thanks, Matt. Next question please.

Operator

Your next question comes from the line of Josh Jennings with Cowen.

Josh Jennings

Hi, good morning. Thanks for letting me ask the questions Omar, just a question for you. I think when you took the [technical difficulty] seated in years and creating the term economic value creation if you will, and the evolution to value-based healthcare delivery system has been a little bit slower than expected. Can you -- can you give us your view on how the trajectory of the trajectory of the evolution of the healthcare delivery system?

And then just for Mike, just TAVR question asymptomatic date of the recovery trial was presented at AHA over the weekend. You've been a little bit less vocal than one of your competitors on the asymptomatic opportunity. Can you give us your read through on the recovery trial data and then any plans for an asymptomatic trial with Evolut with the Evolut platform? Thanks for taking the questions.

Omar Ishrak

Okay, let me go first on that value-based healthcare stuff. It's true that when I first started that was an area that we looked at, but really, what we're focused on was what we call the economic value. In other words, we knew how to create clinical value with our products and we needed to understand how that translated into economic value for the system. And while doing so we quickly understood that a lot of the economic value is created outside of the providers themselves who were purchasing our devices.

And so, we try to understand that, and through this process we realize that there's lots of stakeholders here. There's a lot of unknowns in this -- in this system. And in the end, we focused on areas where the technology had a direct impact on value creation and those models we've put in place and they've been very successful and they continue to be successful, led by directs being the most the biggest example of that. And that continues to be good.

In terms of the broader evolution of these models, look this needs complete stakeholder alignment. There's not something that Medtronic can do on its own. That's, that's just not possible. And it needs clear leadership in that direction. I've got no doubt that at some point in the future, the healthcare models have to move to one that's based on paying for value. But like I said, that requires a lot of alignment and it's probably going to take some time.

In the meantime, our understanding of the direct relationship between technology and value we'll continue to have, and be prepared to go into risk-based models where we have direct control because we've clinical evidence that proves that we can take those risks, and those have been successful.

Michael Coyle

And then Josh in response to your question about the recovery trial. Obviously we view it as good news that there was a positive outcome for intervention, earlier intervention in aortic stenosis with in this case obviously Saber [ph] showing mortality benefit versus conservative management. So we think that's good for the overall space in terms of intervention. We have been a little cooler on the idea of using a lot of investment into the asymptomatic group just based on experiences we've had over the years with -- for example ICDs where the market was really driven by incidence pool as opposed to prevalence pool. And so the availability of the patients to come in when they're asymptomatic is a little bit more of a question.

So when we've done this work, we viewed it as a relatively smaller driver of overall TAVR market growth. In fact, we don't include it in our overall estimates for the market growth. So again, this would only be good news. And we're going to continue to look at as we head into the operating plan period here for the work that we're doing in spaces like mitral, replacement mitral repair. These are large clinical trial requirements as well. Is this the best use of dollars to go after asymptomatic, we'll make that call as part of our sort of normal planning process.

Ryan Weispfenning

Thanks Josh. Next question please.

Operator

Your next question comes from the line of Matt Miksic with Credit Suisse.

Matthew Miksic

Hi, thanks for taking the questions. Just one on TYRX and just one follow-up based on your last comment Mike on Mitral. So you mentioned TYRX manufacturing. I was wondering if you could give us an update, an uptake there potential plans for guidelines or enhanced reimbursement or any of the things that that you had talked about a little earlier in the year related to Rapid?

Michael Coyle

Yes, so in this past quarter we were completing the move of the manufacturing facility from the manufacturing side in New Jersey that we acquired as part of that acquisition of TYRX into the Rice Creek facility here in Minnesota where we have extensive experience in drug device combinations. As we were ramping that, and obviously we had to ramp it significantly relative to the rapid results being out in last quarter's Q1 growth of in the mid-30s. We began to see yields not where we wanted them. And so we were re-engineering processes associated with that move.

As you know this business, that original facility was under a warning letter, so we're being very careful about making sure we have very robust validation and verification activities taking place, which took some of our manufacturing capacity offline, while we did that work. That has now been completed at the end of last month. We have implemented these new processes and we're ramping nicely in terms of production to a point where I think we're back to normalized production here for the full quarter three. That's certainly is our expectation.

So that's behind us. And we're now driving growth. In terms of guidelines, we continue to work with professional societies around guidelines. And we'll have more to say about that as decisions rollout. But clearly, the availability of the robust evidence that came from Rapid is there has really helped us in terms of being able to drive adoption of the technology as we saw in Q1. And I expect that we will continue to be a valuable to us here in the second half and beyond.

Matthew Miksic

That's great. And then Mike, you mentioned you're sort of picking your spots investment in Structural Heart and mitral and replacement and repair. Just any color or update on either of those fronts if you would?

Michael Coyle

Well obviously we continue to think we have a leadership position in the mitral valve replacement market. And in fact, we now have our transfemoral system locked down in terms of design, and we have approval for the feasibility IDE in that space. And so we're going to certainly be prosecuting those clinical trials. We have important investments going on internally in the repair space. We're not really prepared yet to discuss those publicly. But we do think there are some very interesting opportunities for us in that space that would be complementary to where others are investing in that space.

And then obviously we continue to rollout labeling indications in the TAVR space for the bicuspid market for example is that enrollment has been completed, and we will be pursuing labeling indications or removal of labeling restrictions in that area.

So as I said, we're looking at a number of other things as part of our sort of preparation, with regard to the work we're doing in -- plan in preparation for next year's operating plan. And we'll probably have more to say about that around the time of the Analyst Meeting in June.

Matthew Miksic

Great. Thank you.

Ryan Weispfenning

Thank you Matt, next question please Regina.

Operator

Your next question comes from the line of Matthew O'Brien with Piper Jaffray

Matthew O'Brien

Good morning. Thanks for taking the questions. Just two here together. Sounds like a lot of the products are on schedule for introduction as expected, but the one that seems a little bit aggressive to me is InterStim II. So would just love to hear why you are so confident in the timing of that product coming out.

And then secondly, Mike on the TAVR side of things. You mentioned a little bit of impact competitively, was that impact level less than you expected, more than you expected kind of inline just any kind of color there would be helpful? Thank you.

Michael Coyle

Yes, so Matt on the first one, I – you know we have InterStim II and Microstream. I'm not sure, did you mean Microstream or InterStim II or both?

Matthew O'Brien

Yes, any color. Thanks.

Michael Coyle

Right. So the Microstream as we we've announced, we submitted that to the FDA and we believe that's on track for mid-calendar 2020 approval. And then also InterStim II which is our that's our Microstream is our rechargeable platform. Again, this is the -- this will be our first rechargeable platform. It will be a three 3CC device, fully -- a full body MR labeling with our proven overdrive battery chemistry on there. So this is going to be a great product. That's the Microstream. That is mid-calendar 2020. And then our InterStim II which will have improved, which is our primary cell device our recharge-free device. The next-generation of that will have that will come out with MR labeling around the same time. So we're feeling. Here we will have a full portfolio of both recharge-free and recharge and feeling really good about that based on the timing of our submissions and the normal FDA review.

Geoffrey Martha

And then in terms of your question about competitive product entry to the TAVR space. Obviously it was March that the third competitor came into the market. And so we're now into about the third quarter of their presence in the marketplace, and we'd estimate they have somewhere between 1% and 2% market share. And that is in line maybe a little lower than we had expected when we put together our operating plan for the entrant. There's certainly trialing going on in the product, and we would expect that to continue, but we think we've done a good job securing our share positions in the face of now at their competitor.

Ryan Weispfenning

Thanks Matt. We’ll take the next question please.

Operator

Your next question comes from the line of Danielle Antalffy with SVB Leerink.

Danielle Antalffy

Hi good morning, guys. Thanks so much for taking the question. Just a quick question on the U.S. piece of the business. It looks like that was pretty strong. We're coming to almost 300 basis points of growth acceleration on a comp adjusted basis. I was wondering if you could talk about how sustainable you think that is as we look over the next few quarters and maybe you point out what's sort of driving that, and I have one follow-up on CVG? Thanks so much.

Michael Coyle

Okay let me take the U.S. growth. Look overall, it’s in line with what we were expecting. As we've mentioned many times before, growth particularly in the U.S. is driven by innovation. So when as a new product that comes in, that that increases procedures for the right reasons. Then we get clear growth. And we expect that dynamic to continue. The baseline growth remains pretty consistent, the number of procedures and all of that remains pretty consistent. And whenever we have new product entries that drives the growth rate up, and we don't expect that dynamic to change looking into the future and we expect with the pipeline that we have, and they are all on track and we've got lots of exciting products all the way from the Micra AV pacemaker to the 780G Insulin pump to the InterStim Micro and all the other stuff that we've talked about. All of those things were launched in the U.S. will drive the market up and we'll get share gains as a result of that. So that's the way I look at the U.S. market, it’s really innovation-driven.

Danielle Antalffy

Okay got it. And then on CVG, Mike I was hoping you could talk a little bit about what's driving the modest guide higher in the back half of the year. I guess that it feels like LVADS should start to anniversary some of their tough comps maybe DCB start to stabilize, but otherwise just curious if you could point to what's really driving the upside in the back half of the year in CVG? Thanks so much.

Michael Coyle

Sure. Danielle. The headwinds that you talked about especially LVADS one is clearly now behind us in that we've anniversaried that sort of step change in the market that happened at the end of Q2 a year ago. So that really helps in terms of overall prior year comps. And as you mentioned with DCB, we have now begun to see the sequential growth that we've been expecting as more datasets are available. That basically help address this question, about the safety signal that that has been raised. And obviously the availability of the AV fistula data which was shown at the CIRSE meeting, basically showed we did not see that mortality signal in the one-year data for those datasets, and we saw very significant reductions in reintervention rates more than 50% reductions in reintervention in that AV fistula patient population, which we think will help not just NAV fistulas, which obviously expands DCB markets, but also is going to help us with the confidence in the SFA position.

So those headwinds basically becoming mitigated is helpful. We also have the headwinds associated with the replacement cycle in especially pacemakers and in CRT-D devices that has begun to mitigate and even though we still see pressure in these traditional ICD segment CRT-D is the biggest single replacement component of our market. And obviously pacemakers are a big component as well. So whereas we've had the last couple of years of very significant headwinds, as we head into FY 2021 we are beginning to see that turn into a neutral impact on our overall growth market or growth trends, which then allows us to see the benefits of the new products that are coming into the market

Obviously we talked about the Evolut PRO+ and the low-risk indication. We also are expecting eminently officially indication for the In.Pact Admiral will be introducing our new ICD family on the Galaxy platform, which the cobalt and chrome product lines which are going to add numerous feature set benefits that we'll talk about as we launch the product.

We also have link 2 moving into the market here as we get to the end of the year, but probably the most important of those products is the Micro AV which we expect to have in the fourth quarter and that should help us with that fourth-quarter acceleration that Karen was talking about.

Danielle Antalffy

Thank you so much.

Ryan Weispfenning

Thanks, Danielle. We’ll take one more question please Regina.

Operator

Your final question will come from the line of Raj Denhoy with Jefferies.

Raj Denhoy

Thank you. Good morning. Maybe a couple of questions. First for Karen, you know I think you described the decline in gross margins was because of currency, but also because of China tariffs. And I'm curious if you could maybe parse out, what is, what each of those is contributing to the decline in gross margins, and is there any view to any improvement in that you know if the tariffs get reduced or any relief there?

Karen Parkhill

Yes thanks for the question Raj. We did see the most significant impact from FX. It was about 70 basis points on the gross margin. And then the China tariffs was a smaller impact. And in terms of gross margin going forward, we expect gross margin to be relatively stable to where it is today in the second quarter going forward. And we anticipate continuing to offset that with SG&A improvement as we further drive margin expansion.

Raj Denhoy

Okay, that's helpful. And maybe just lastly on diabetes. And I appreciate the confidence in recovery, they're returning to growth as you move into next year. But I guess, you know when one thinks about the competitive landscape and diabetes, there's going to be some developments from your competitors on automated insulin delivery systems as well. And so the question is really how confident you are that 780G can get you where you need to go and whether you still need to have improvements on the CGM side of that business and particularly in order to see improving results?

Michael Coyle

Yes, I think the 780G will take us a long way and it actually differentiates us in terms of the algorithm over anything that anyone has or from what we can see projecting. And so the advanced hybrid closed-loop system is really going to separate us from that dimension.

I think with the sensor area, we still have work to do. And I think that's going to take a little longer, in reducing the number of fingersticks, where we continue to make progress, but that's going to be an area of pressure even going into next year, but we expect that there are many other benefits for the 780G in terms of not only the algorithm, but in terms of its capabilities that we will benefit from. So that's the way I'd look at it. The sensor area is going to take a little longer to completely resolved. We'll make incremental progress, but that's going to take a little longer.

Raj Denhoy

Great. Thank you.

Ryan Weispfenning

Thanks, Raj. Omar, any final words.

Omar Ishrak

Well listen. Thank you all for your questions and on behalf of the entire management team, I'd like to thank you again for your continued support and interest in Medtronic. We look forward to updating you on our progress on our Q3 earnings call, which we currently anticipate holding on Tuesday February 18th. So thank you all very much.

Operator

Ladies and gentlemen, this does conclude today's call. Thank you all for joining. And you may now disconnect.