

Financial Outlook

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Edwards' Delivers Outstanding Financial Performance



Edwards Lifesciences

Edwards is Poised for Strong Organic Revenue Growth

EXCEPTIONAL REVENUE GROWTH

STRONG PROFITABILITY

ROBUST CASH FLOW AND DISCIPLINED CAPITAL DEPLOYMENT

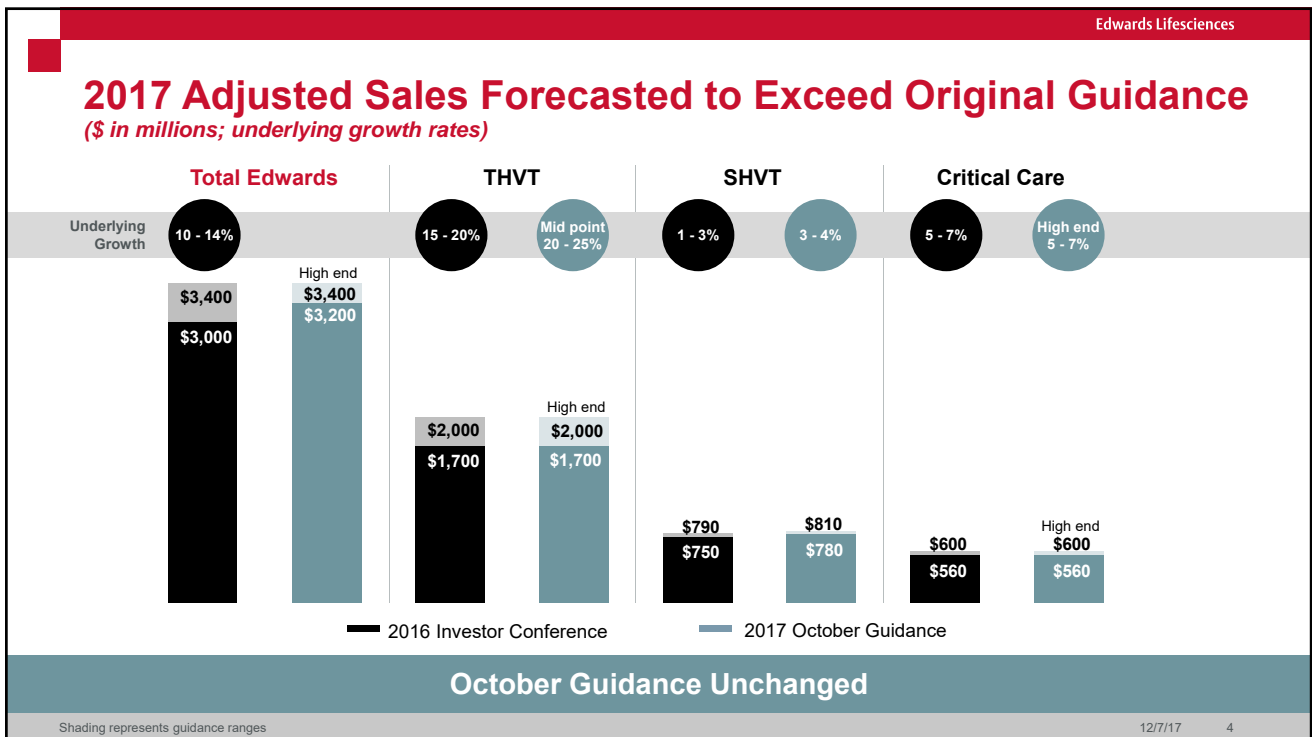
Growth rate meaningfully higher than Med Tech average

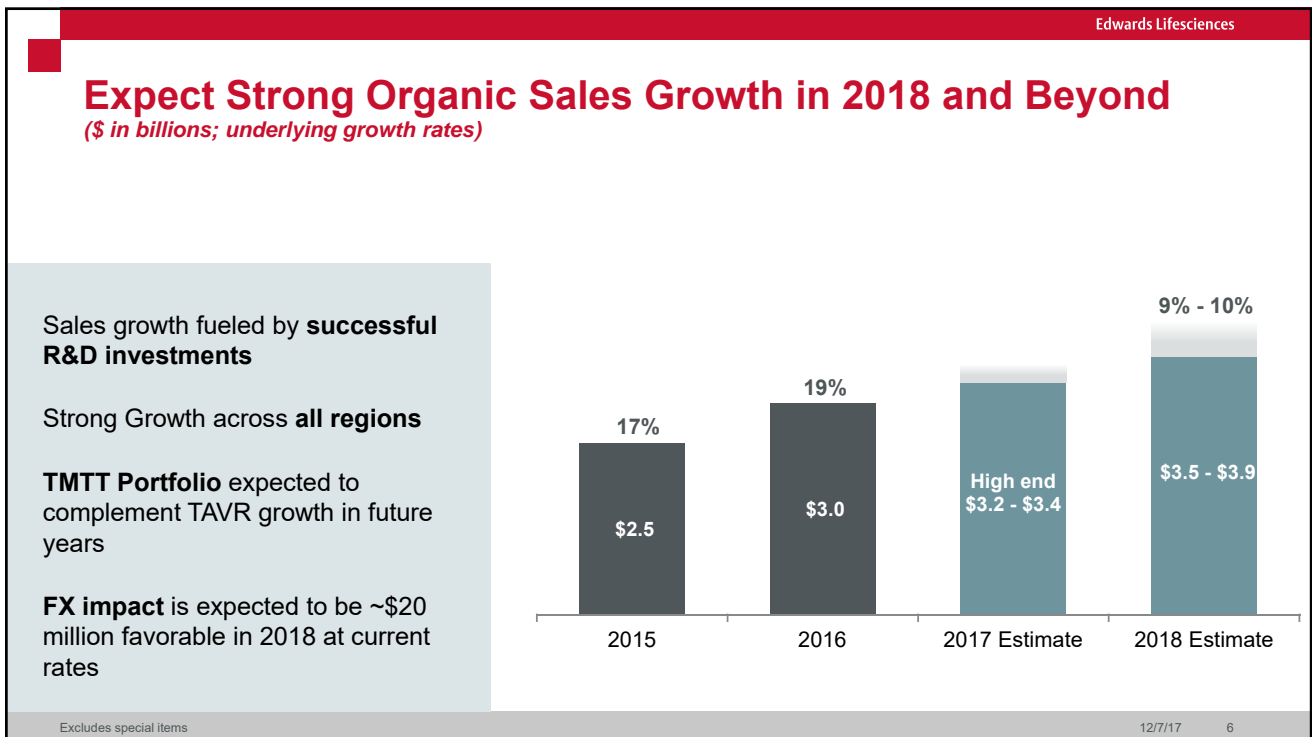
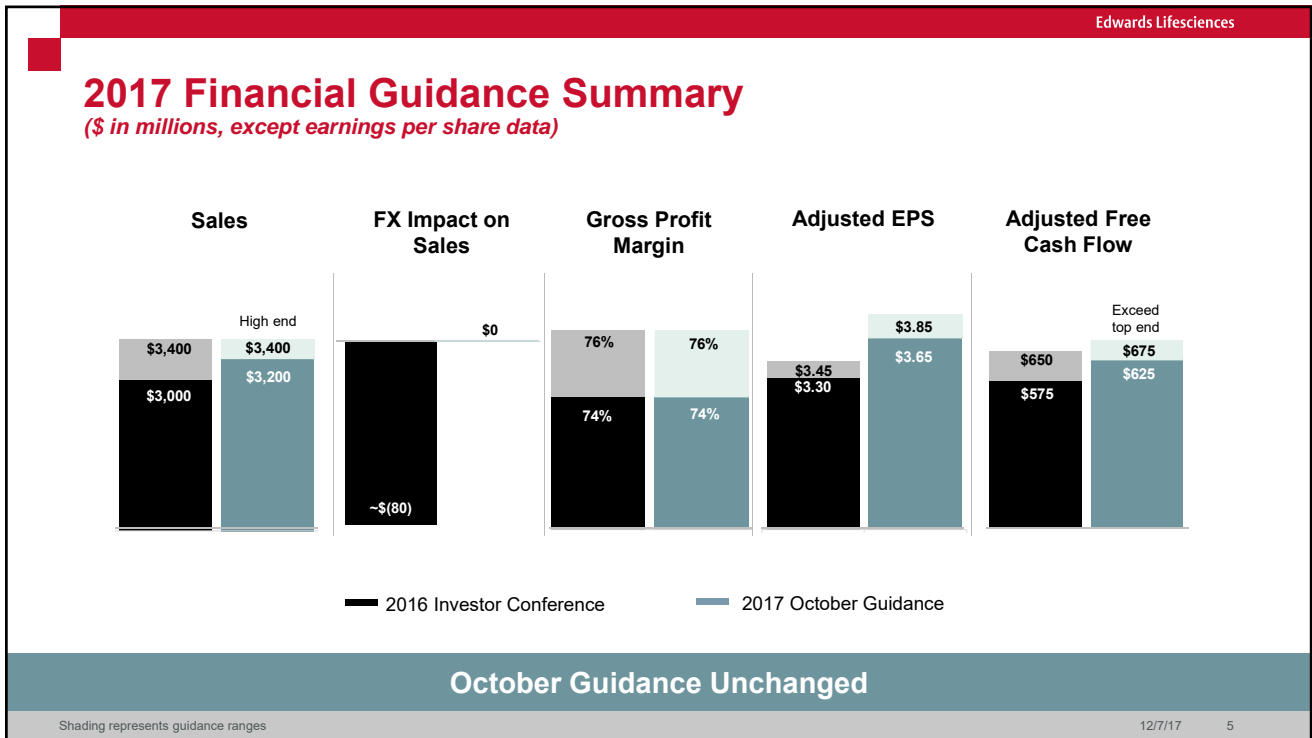
Durable leadership positions in new and growing therapies

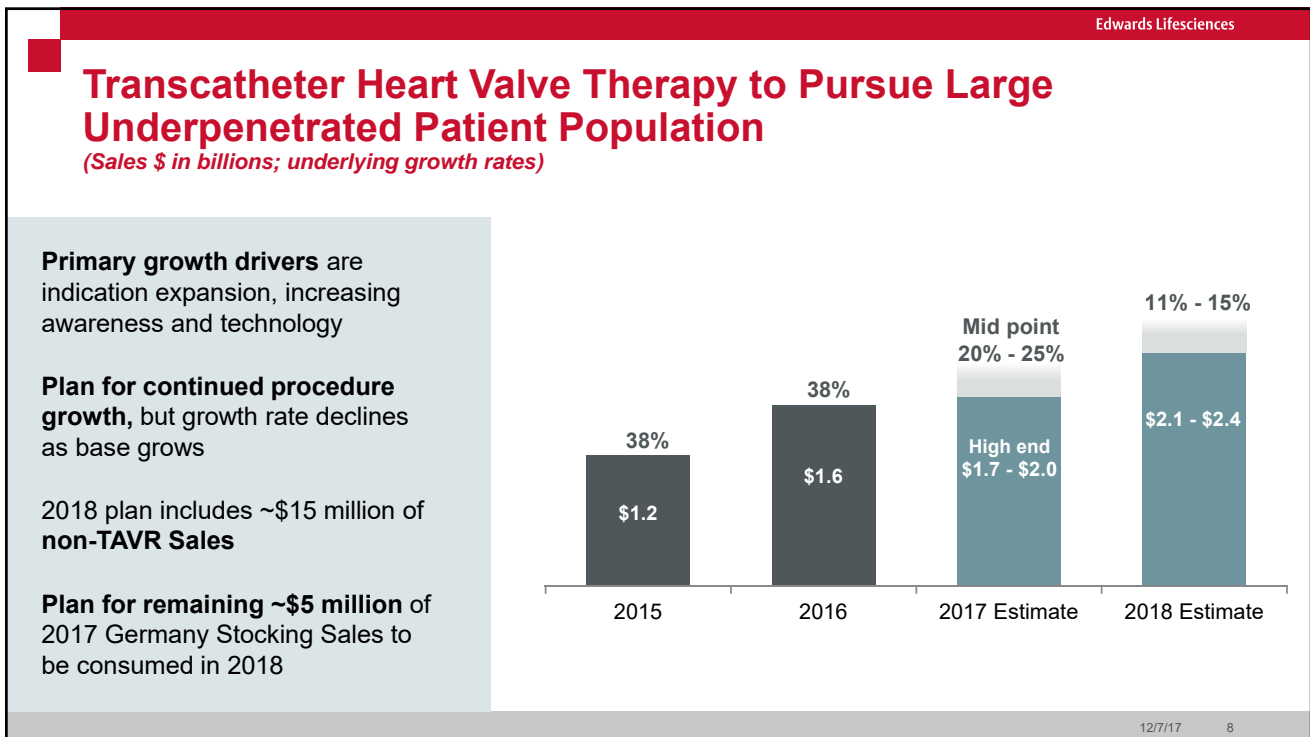
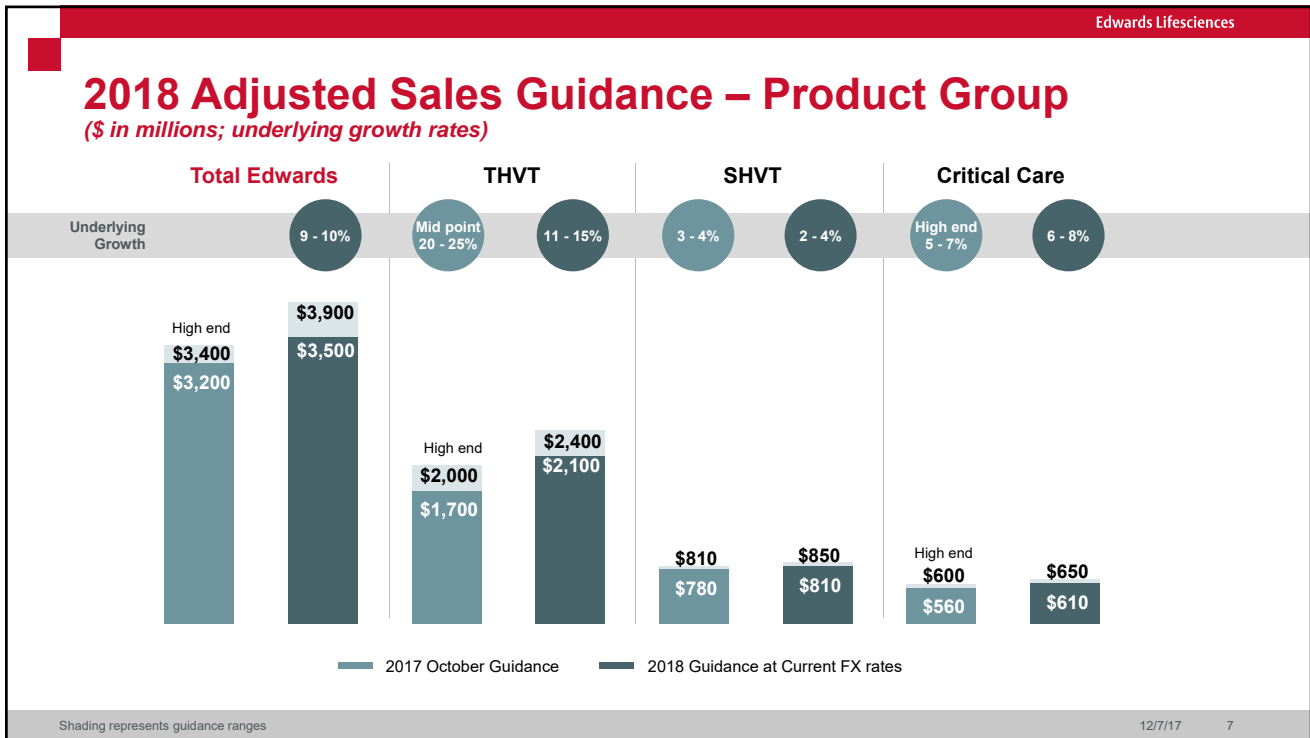
Successful R&D investments in therapies that benefit patients and fuel organic growth

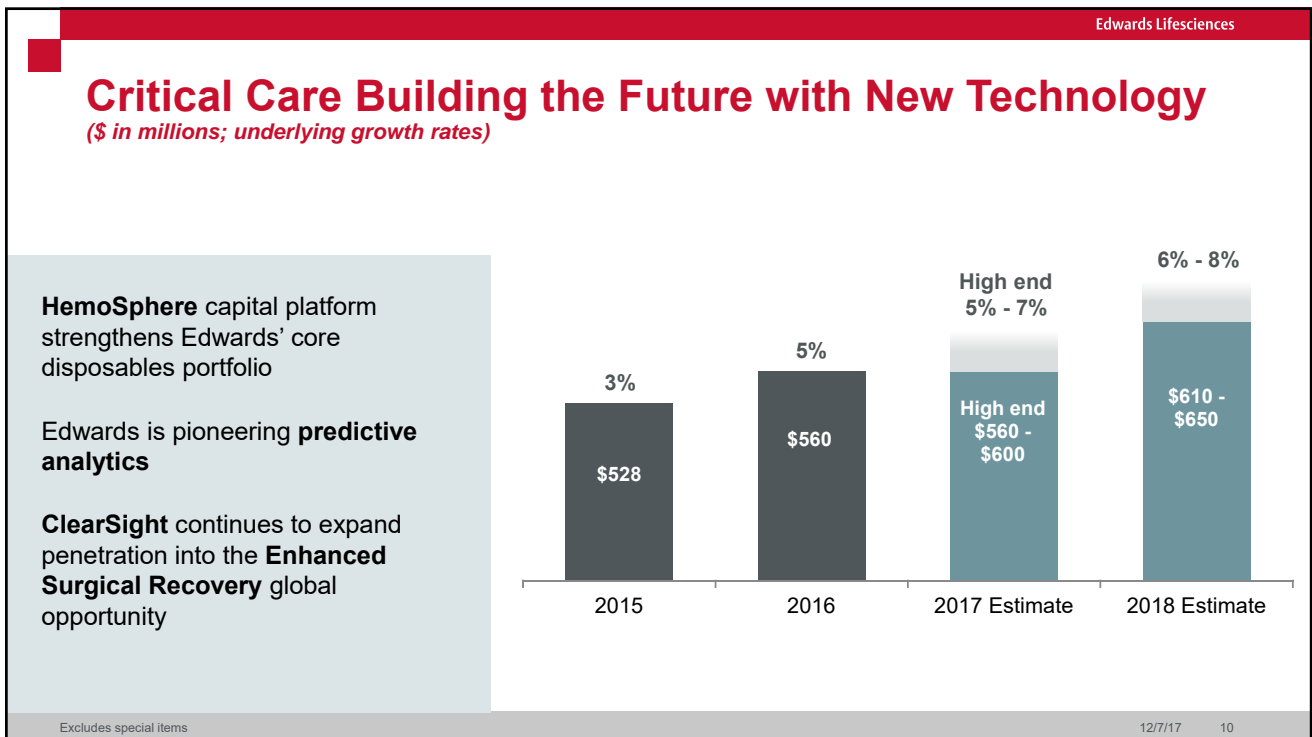
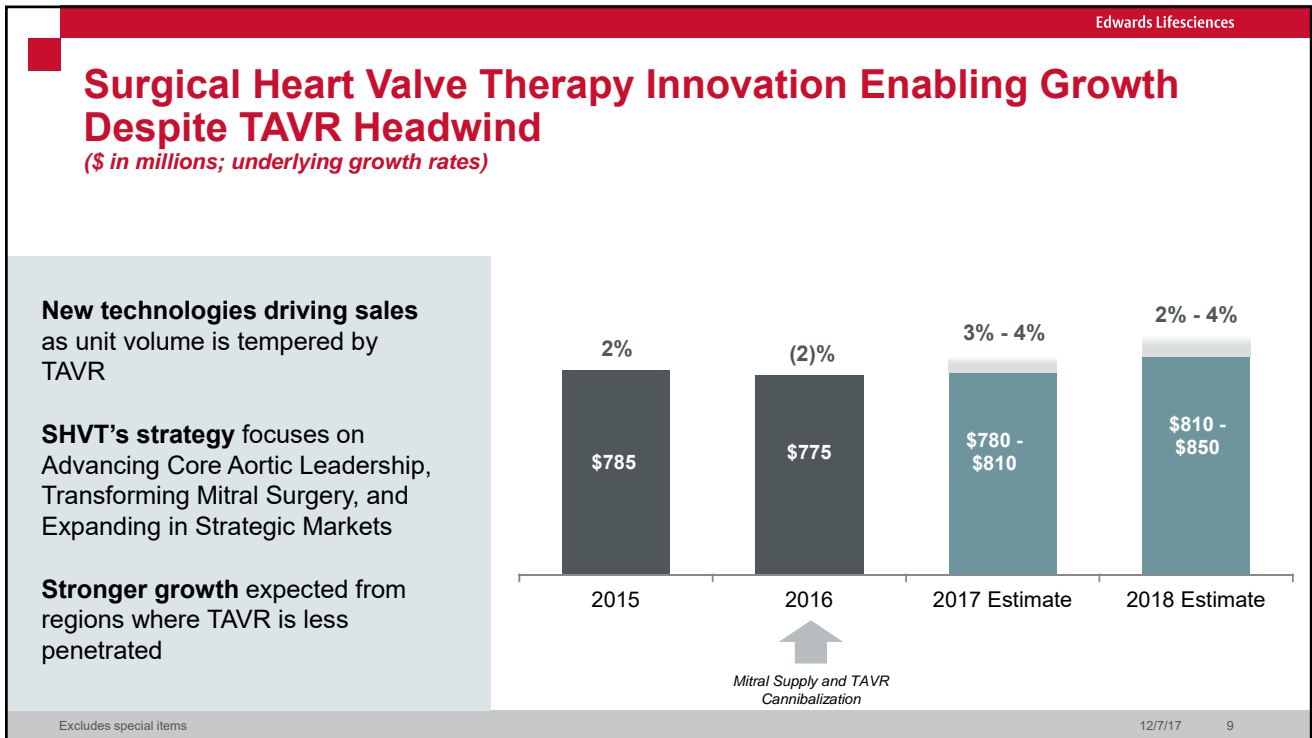
LONG-TERM SHAREHOLDER RETURNS

12/7/17 3









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Edwards Delivers Strong Profits While Investing in the Future

EXCEPTIONAL REVENUE GROWTH

STRONG PROFITABILITY

ROBUST CASH FLOW AND DISCIPLINED CAPITAL DEPLOYMENT

- Maintaining mid-70% gross profit margin while investing in capacity
- Disciplined SG&A expense management
- Aggressive investments in high potential growth platforms

LONG-TERM SHAREHOLDER RETURNS

12/7/17 11

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Edwards' Portfolio Generates Attractive Gross Profit Margins

Gross profit margins reflect **innovative products**

2017 gross profit margin improved >1pp due to **product mix**

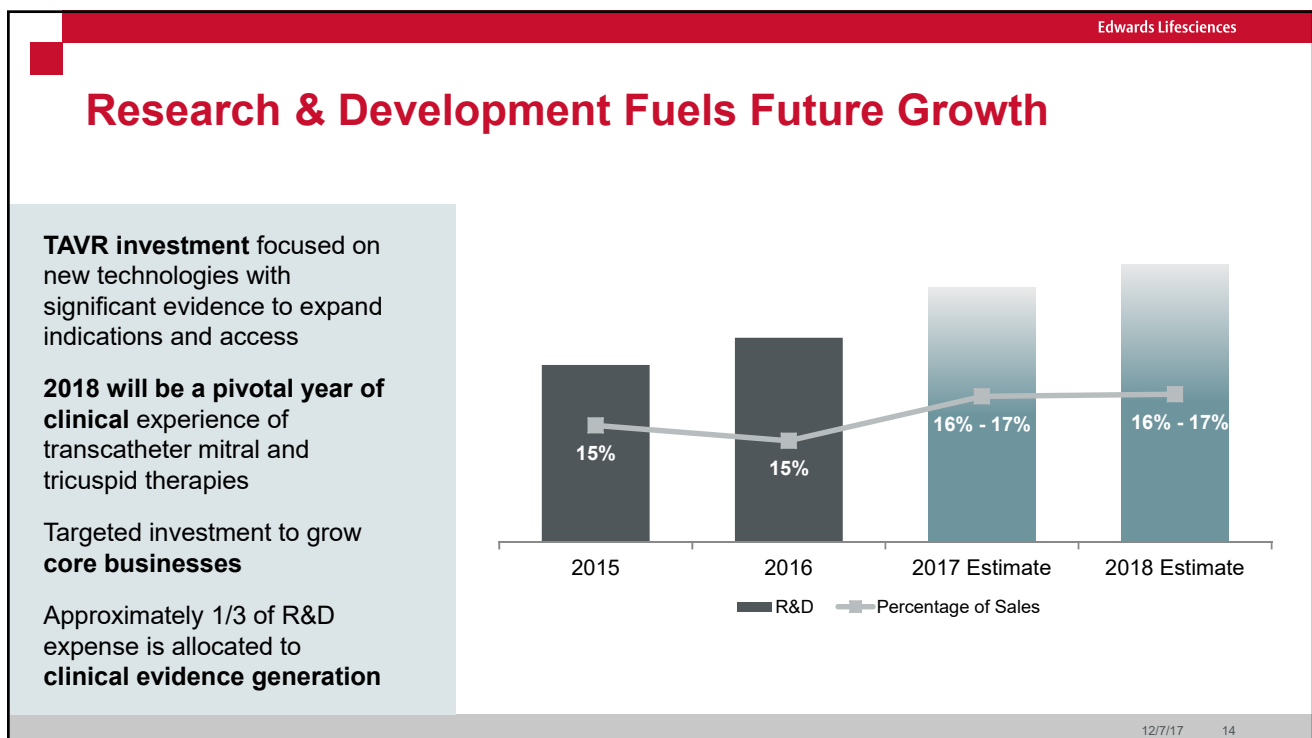
Continue to invest in **expanding capacity** in 2018

Year	Gross Profit	GP Margin
2015	75%	75%
2016	73%	73%
2017 Estimate	74% - 76%	74% - 76%
2018 Estimate	74% - 76%	74% - 76%

Gross Profit
 GP Margin

12/7/17 12

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<h2 style="color: red;">2018 Gross Profit Margin Outlook</h2> <p style="color: red;"><i>Tailwinds & Headwinds</i></p>		
Sales Mix	Corporate Gross Profit Margin reflects increasing mix of transcatheter products New product margins improve as volumes increase	+
Supply Chain Enhancements	Execute Lean initiatives Optimize production footprint and supplier management Simplify Global Distribution	+
Expanding Capacity	Invest to support growth of premium transcatheter products	-
Other Factors	Increase in materials and labor Modest price compression driven by volume discounts New product margins begin below the corporate average, but improve as volumes increase	-
Net Impact	Near-term Gross Profit Margins lifted by product mix but tempered by capacity investments Planned long-term Gross Profit Margin expansion	=
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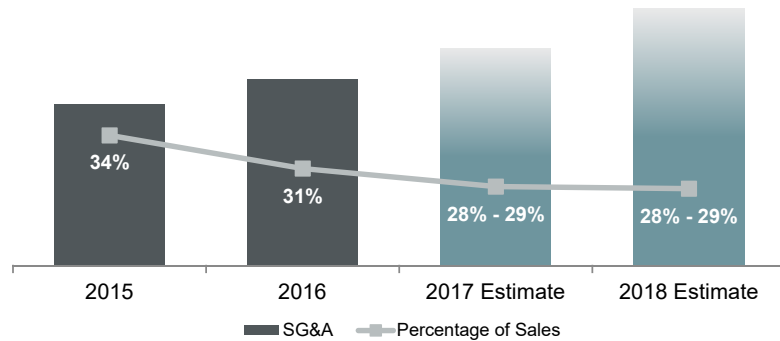
Focused Strategy Allows Disciplined SG&A Spending While Providing High Level of Clinical Support

Disciplined expense controls and sales growth have resulted in **significant P&L leverage**

Assumes no **Medical Device Excise Tax**

FX did not materially affect SG&A ratio in 2017

Future investments will be required to support commercialization of new structural heart products



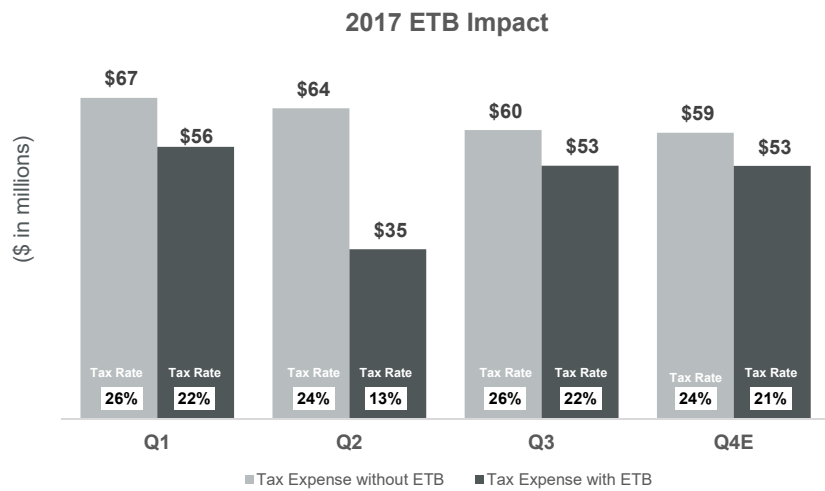
Tax Rate Is Expected to Be Less Predictable Due to Excess Tax Benefit Accounting

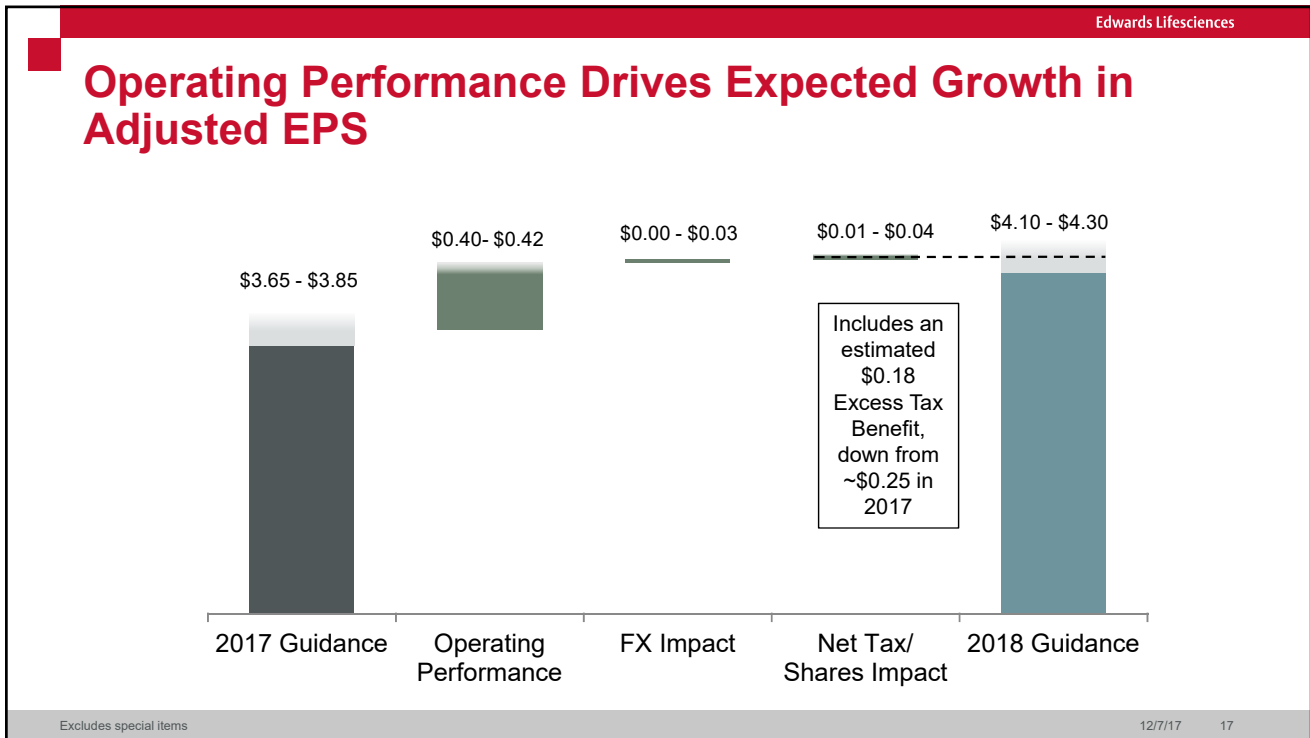
The impact from ETB depends on:

- **Number of exercises**
- **Exercise price**
- **Stock Price**

Historically, more options have been **exercised in Q2**

A **\$5 change in stock price** would result in an estimated \$0.01-\$0.03 change in 2018 ETB impact to EPS





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2018 Guidance Summary

(Excludes special items; \$ and shares in millions except Adjusted EPS)

Measure	FY 2018	Measure	FY 2018
Sales	\$3,500 - \$3,900	Operating Margin	28% - 32%
Underlying growth	9% - 10%	Net Interest expense	~\$10
FX Impact on Sales	~\$20 favorable	Tax rate	19% - 21% (3 - 4pp ETB benefit)
Gross Profit Margin	74% - 76%	Adjusted EPS	\$4.10 - \$4.30
SG&A % of Sales	28% - 29%	Free cash flow	\$700 - \$775
R&D % of Sales	16% - 17%	Shares Outstanding	213 - 215

Year over year quarterly sales growth rate expected to ramp during 2018

Assumes current exchange rates

12/7/17 18

2018 Financial Communications

THV + TMTT = THVT	THVT guidance and results will include both THV and TMTT TMTT portion will be identified for transparency TMTT contributes <1% to THVT 2018E underlying growth rate
2018 THVT Regional Reporting	For competitive reasons, beginning Q1 2018 reported results will include US and OUS growth commentary rather than exact sales dollars
Non-GAAP Gross Profit Margin	Beginning in 2018, we will present a non-GAAP gross profit margin rate which excludes Amortization of Intellectual Property, consistent with our non-GAAP EPS
Operating Margin	Beginning in 2018, we will present a non-GAAP operating margin to offer greater transparency on business operations
Excess Tax Benefit (ETB)	We will continue to quantify the impact of ETB on our guidance estimates and actual results As ETB is difficult to forecast, actual ETB results may vary significantly

Plan for Continued Modest Margin Expansion Over Time

	2018	Longer-Term	Commentary
Sales Growth	Substantially higher organic growth than industry average		Our long-term strategic plan projects organic underlying sales growth at a substantially higher rate than industry average Organic innovation may produce variable quarterly growth rates
Gross Margin	=	≥	Near-term Gross Profit Margin lifted by product mix but tempered by capacity investments; mix and efficiencies expected to lift longer-term margin
R&D % of Sales	=	≤	Significant investments in clinical trials to expand indications and develop new technologies; future sales growth likely to exceed R&D growth
SG&A % of Sales	=	≤	Disciplined focus on leveraging our scale and controlling growth in SG&A, partially offset by additional investments to support new product introductions
Operating Margin	=	>	Modest expansion over time
Tax Rate %	≤		Less predictability due to stock-option accounting change and potential policy changes
Outstanding Shares	Net reduction over time		

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Edwards Capital Allocation Strategy Fuels Organic Revenue Growth and Creates Shareholder Value

EXCEPTIONAL REVENUE GROWTH

STRONG PROFITABILITY

ROBUST CASH FLOW AND DISCIPLINED CAPITAL DEPLOYMENT

Successful share repurchase strategy
Cash flow sufficient to fund strategic acquisitions
Balance sheet flexibility

LONG-TERM SHAREHOLDER RETURNS

12/7/17 21

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Robust Free Cash Flow

(Operating Cash Flow minus Capital Expenditures; excludes special items)

Continued growth results in significant cash flows that fund future opportunities

2017 Capital Expenditures expected to be **~\$200 million**; budgeted to increase in 2018

Free cash flow generation: **~30% US & ~70% OUS**

\$25 million contribution in 2017 to Edwards Foundation from litigation settlement

Year	Free Cash Flow (\$ in millions)
2015	\$447
2016	\$528
2017 Estimate	Exceed top end \$625 - \$675
2018 Estimate	\$700 - \$775

12/7/17 22

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Capital Allocation Strategy Fuels Future Growth and Shareholder Value

Fund strategic external investments:

- Selective acquisitions, likely smaller in size
- Minority investments and options
- Intellectual property

Disciplined capital expenditures to **support growth**

Share repurchase is the preferred method for returning capital to investors

Management is committed to **disciplined** use of cash

Year	Repurchase Amount (\$ million)
2011	~300
2012	~350
2013	~500
2014	~300
2015	~250
2016	~650
2017E	~750

Since 2011, average share repurchase price was ~\$54

12/7/17 23

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Executed Accelerated Share Repurchase and Expanded Share Repurchase Authorization by \$1 Billion

<p>Completed ASR and additional repurchases in Q4 totaling \$250 million</p>	<p>Executed \$150 million Accelerated Share Repurchase program and retired 1.1 million shares on November 29th; balance of shares to be retired by year end</p> <p>~\$750 million repurchases completed year to date, including ~\$100 million from 10b5-1 and open market repurchases in Q4</p> <p>\$1.3 billion remaining of repurchase authorization</p>
<p>Share Repurchase Strategy</p>	<p>Offset dilution from employee stock awards</p> <p>Execute opportunistic repurchases to reduce net shares outstanding</p>
<p>Commitment to returning capital to shareholders</p>	<p>\$1.7 billion in share repurchases 2015-2017 YTD</p> <p>Expect ongoing share repurchases in 2018 and beyond</p>

12/7/17 24

Harpoon and Neovasc Updates

Completion of Harpoon Acquisition

Paid **\$100 million** in cash upon closing on December 1st

Absorbing the R&D and SG&A expense, which is expected to total **~\$20 million in 2018**

Future potential milestone payments for sales and regulatory targets over the next 10 years

Likelihood of contingent milestone payments will be re-evaluated periodically, with changes reflected in Statement of Operations

Neovasc Judgement

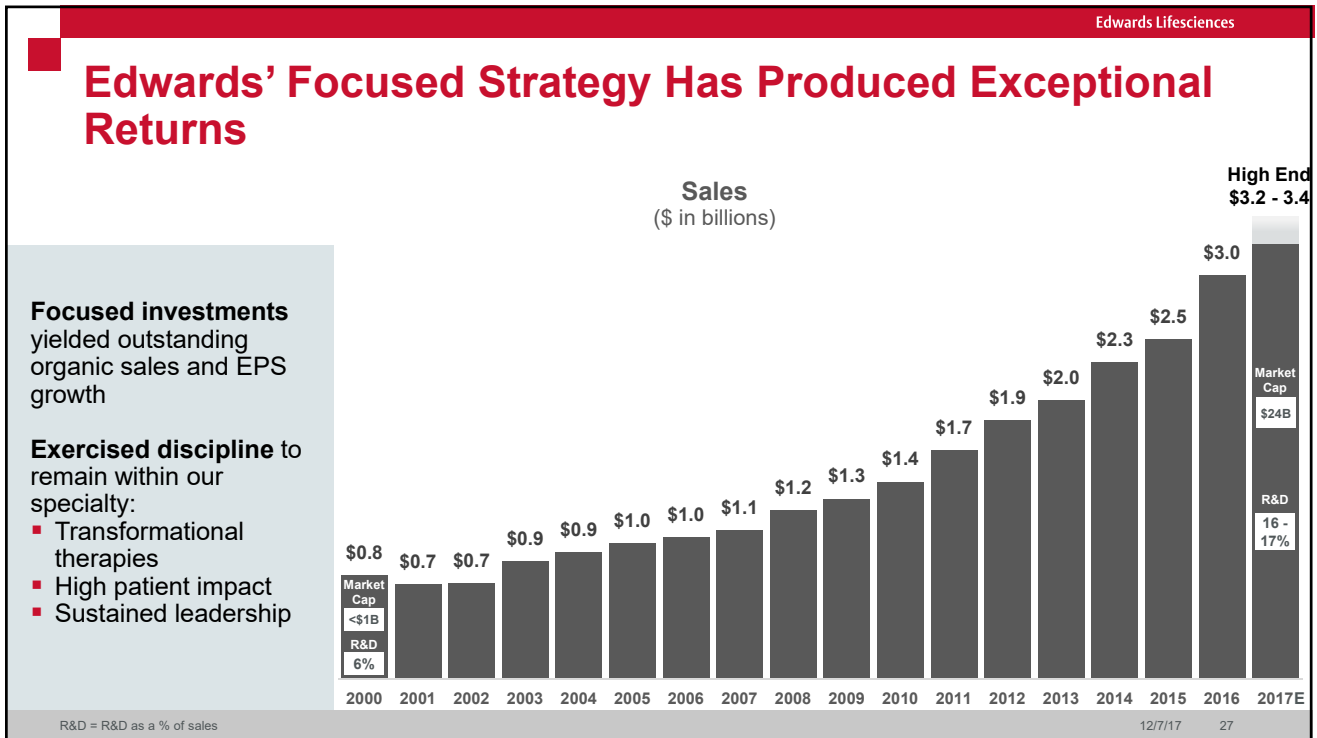
Received **\$113 million** in cash in November

Cash redeployed for Harpoon acquisition, share repurchase and Foundation funding

Represented damages and interest for judgement relating to theft of trade secrets

Edwards Has Delivered Exceptional Shareholder Value





Edwards Lifesciences

Dedicated to Creating Long-Term Value

Exceptional Revenue Growth

- Growth rate meaningfully higher than Med Tech average
- Durable leadership positions in new and growing therapies
- Successful R&D investments in therapies that benefit patients and fuel organic growth

Robust Cash Flow and Disciplined Capital Deployment

- Successful share repurchase strategy
- Cash flow sufficient to fund strategic acquisitions
- Balance sheet flexibility

Strong Profitability

- Maintaining mid-70% gross profit margin while investing in capacity
- Disciplined SG&A expense management
- Aggressive investments in high potential growth platforms

Long-Term Shareholder Returns

- Consistently strong Total Shareholder Returns
- Pay for performance plan aligns management incentives with investors
- Tenured management team and consistent strategy

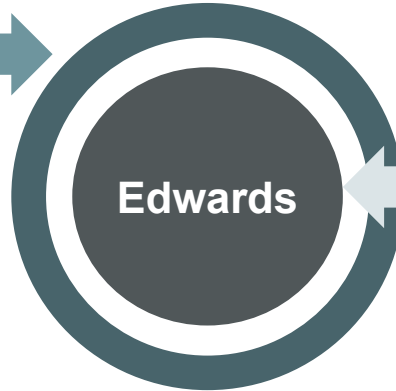
12/7/17 28

Edwards Is Attractively Positioned in High Growth Markets

Industry Dynamics

Factors

- Large Investment Required
- Non-Commodity
- Large TAM
- Rapid Growth



Opportunity

Edwards Advantages

- Focused Investment
- Continuous Innovation
- Attractive Margins
- Extraordinary Clinical Data
- Efficient Capital Deployment

