

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 "adjusted sales" or "underlying growth rate" when referring to non-GAAP sales information, which excludes foreign exchange rate fluctuations, the conversion to a consignment inventory system for surgical structural heart ("Surgical"), the positive impact of transcatheter aortic valve replacement ("TAVR") stocking sales in Germany and the negative impact of de-stocking, sales return reserves associated with TAVR product upgrades, and includes the prior year proforma sales results of a business acquisition. The Company uses the term "adjusted" to also exclude intellectual property litigation income and expenses, amortization of intangible assets, fair value adjustments to contingent consideration liabilities arising from acquisitions, impairments of long-lived assets, and the purchase of intellectual property.

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 exchange rates impact the comparative results and sales growth rates of the Company's underlying business. Management believes that excluding the impact of foreign 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. 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:

TAVR Inventory Write Off - The Company recorded a \$73.1 million charge in 2019 primarily comprised of the write off of inventory in response to strategic decisions regarding its TAVR portfolio.

Intellectual Property Litigation (Income) Expenses, net - In 2019, the Company incurred intellectual property litigation expenses of \$33.4 million.

Change in Fair Value of Contingent Consideration Liabilities - In 2019, the Company recorded a net gain of \$6.1 million related to changes in the fair value of its contingent consideration liabilities arising from acquisitions.

Amortization of Intellectual Property - In 2019, the Company recorded amortization expense of \$4.6 million related to developed technology, patents and trademarks.

Impairment of Long-lived Assets - The Company recorded a \$40.6 million charge in 2019 related to the other-than-temporary impairment of certain in-process research and development assets acquired as part of the acquisition of Valtech Cardio Ltd.

Purchase of Intellectual Property - The Company recorded a \$24.0 million charge in 2019 related to the acquisition of early-stage transcatheter intellectual property and associated clinical and regulatory experience.

Adjusted Free Cash Flow - The Company defines free cash flow as cash flows from operating activities less capital expenditures. During 2019, the Company excluded from its calculation payments related to a litigation settlement, net of the associated tax benefit. During 2018, the Company excluded from its calculation payments related to tax audit settlements and the repatriation tax resulting from U.S. tax law changes. During 2017, the Company excluded from its calculation a receipt of a litigation payment and the amount of an escrow deposit related to the purchase of a building.

Unaudited Reconciliation of GAAP to Non-GAAP Financial Information

Twelve months ended December 31 (in millions, except per share and percentage data)

RECONCILIATION OF GAAP TO ADJUSTED NET INCOME

	2019
GAAP Net Income	\$1,046.9
Non-GAAP adjustments:	
TAVR inventory write-off	73.1
Intellectual property litigation expenses, net	33.4
Change in fair value of contingent consideration liabilities, net	(6.1)
Amortization of intangible assets	4.6
Impairment of long-lived assets	40.6
Purchased in-process research and development	24.0
Provision for income taxes:	
Tax effect on non-GAAP adjustments	(33.6)
Adjusted Net Income	\$1,182.9

RECONCILIATION OF GAAP TO ADJUSTED DILUTED EARNINGS PER SHARE

GAAP Diluted Earnings Per Share	\$ 1.64
Non-GAAP adjustments:	
TAVR inventory write-off	0.09
Intellectual property litigation expenses, net	0.04
Change in fair value of contingent consideration liabilities, net	(0.01)
Amortization of intangible assets	0.01
Impairment of long-lived assets	0.06
Purchased in-process research and development	0.03
Adjusted Diluted Earnings Per Share	\$ 1.86

Note: Numbers may not calculate due to rounding

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

(in millions)	Year Ended December 31,			
	2019	2018	2017	2016
Net cash provided by operating activities	\$1,179.4	\$926.8	\$1,000.7	\$704.4
Capital expenditures	(254.4)	(238.7)	(168.1)	(176.1)
Litigation settlements	138.3	-	(112.5)	-
Tax audit settlements	-	56.7	-	-
Repatriation tax payments	-	41.0	-	-
Deposit of cash in escrow	-	-	(25.0)	-
Adjusted Free Cash Flow	\$ 1,063.3	\$ 785.8	\$ 695.1	\$ 528.3

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

EDWARDS LIFESCIENCES CORPORATION
Unaudited Reconciliation of Sales by Product Group and Region

(\$ in millions)

Sales by Product Group (YTD)	2019	2018	Change	GAAP Growth Rate*	2019 Adjusted	2018 Adjusted					Underlying Growth Rate *
					2019 Adjusted Sales	CASMED Acquisition	Surgical Consignment Conversion	Germany Stocking	FX Impact	2018 Adjusted Sales	
Transcatheter Aortic Valve Replacement	\$ 2,737.9	\$ 2,283.8	\$ 454.1	19.9%	\$ 2,737.9	\$ -	\$ -	\$ 8.0	\$ (32.7)	\$ 2,259.1	21.2%
Transcatheter Mitral and Tricuspid Therapies	28.2	2.9	25.3	NM	28.2	-	-	-	(0.1)	2.8	NM
Surgical Structural Heart	841.7	761.6	80.1	10.5%	841.7	-	82.5	-	(14.5)	829.6	1.5%
Critical Care	740.2	674.5	65.7	9.7%	740.2	15.3	-	-	(9.1)	680.7	8.8%
Total Sales	\$ 4,348.0	\$ 3,722.8	\$ 625.2	16.8%	\$ 4,348.0	\$ 15.3	\$ 82.5	\$ 8.0	\$ (56.4)	\$ 3,772.2	15.3%

* Numbers may not calculate due to rounding.

EDWARDS LIFESCIENCES CORPORATION
Unaudited Reconciliation of Sales by Product Group and Region

(\$ in millions)

Sales by Product Group (YTD)	2018	2017	Change	GAAP Growth Rate*	2018 Adjusted			2017 Adjusted			Underlying Growth Rate *
					Surgical Consignment Conversion	Germany Stocking	2018 Adjusted Sales	Germany Stocking	FX Impact	2017 Adjusted Sales	
Transcatheter Aortic Valve Replacement	\$ 2,283.8	\$ 2,023.8	\$ 260.0	12.8%	\$ -	\$ 8.0	\$ 2,291.8	\$ (1.4)	\$ 20.0	\$ 2,042.4	12.2%
Transcatheter Mitral and Tricuspid Therapies	2.9	3.4	(0.5)	(14.7%)	-	-	2.9	-	-	3.4	(14.7%)
Surgical Structural Heart	761.6	807.1	(45.5)	(5.6%)	82.5	-	844.1	-	9.2	816.3	3.4%
Critical Care	674.5	601.0	73.5	12.2%	-	-	674.5	-	5.1	606.1	11.3%
Total Sales	\$ 3,722.8	\$ 3,435.3	\$ 287.5	8.4%	\$ 82.5	\$ 8.0	\$ 3,813.3	\$ (1.4)	\$ 34.3	\$ 3,468.2	10.0%

* Numbers may not calculate due to rounding.

EDWARDS LIFESCIENCES CORPORATION
Unaudited Reconciliation of Sales by Product Group and Region

(\$ in millions)

Sales by Product Group (YTD)	2017	2016	Change	GAAP Growth Rate*
Transcatheter Aortic Valve Replacement	\$ 2,023.8	\$ 1,628.2	\$ 395.6	24.3%
Transcatheter Mitral and Tricuspid Therapies	3.4	0.3	3.1	NM
Surgical Structural Heart	807.1	774.9	32.2	4.2%
Critical Care	601.0	560.3	40.7	7.2%
Total Sales	\$ 3,435.3	\$ 2,963.7	\$ 471.6	15.9%

2017 Adjusted	
Germany Stocking	2017 Adjusted Sales
\$ (1.4)	\$ 2,022.4
-	3.4
-	807.1
-	601.0
\$ (1.4)	\$ 3,433.9

2016 Adjusted			
Sales Return Reserve	FX Impact	2016 Adjusted Sales	Underlying Growth Rate *
\$ (1.7)	\$ 5.2	\$ 1,631.7	24.1%
-	-	0.3	NM
-	0.8	775.7	4.0%
-	(1.0)	559.3	7.5%
\$ (1.7)	\$ 5.0	\$ 2,967.0	15.7%

* Numbers may not calculate due to rounding.

EDWARDS LIFESCIENCES CORPORATION
Unaudited Reconciliation of Sales by Product Group
(\$ in millions)

Sales by Product Group (YTD)	2016	2015	Change	GAAP Growth Rate*
Transcatheter Aortic Valve Replacement	\$ 1,628.2	\$ 1,180.1	\$ 448.1	38.0%
Transcatheter Mitral and Tricuspid Therapies	0.3	0.2	0.1	NM
Surgical Structural Heart	774.9	785.0	(10.1)	(1.3%)
Critical Care	560.3	528.4	31.9	6.0%
Total Sales	\$ 2,963.7	\$ 2,493.7	\$ 470.0	18.8%

2016 Adjusted		2015 Adjusted			Underlying Growth Rate *
Sales Returns Reserve	2016 Adjusted Sales	Sales Returns Reserve	FX Impact	2015 Adjusted Sales	
\$ (1.7)	\$ 1,626.5	\$ 1.7	\$ (2.5)	\$ 1,179.3	37.9%
-	0.3	-	-	0.2	45.0%
-	774.9	-	2.2	787.2	(1.6%)
-	560.3	-	5.0	533.4	5.0%
\$ (1.7)	\$ 2,962.0	\$ 1.7	\$ 4.7	\$ 2,500.1	18.5%

* Numbers may not calculate due to rounding.