




# MEDTRONIC PLC

## Q2 2026

# Earnings Report Update

PREPARED BY:  
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# Company Overview

Medtronic plc, founded in 1949 and headquartered in Galway, Ireland, is a global leader in device-based medical therapies. The company operates through Cardiovascular, Neuroscience, Medical Surgical, and Diabetes segments, offering advanced technologies ranging from cardiac devices and surgical robotics to neuromodulation systems and insulin management solutions. Serving clinicians and patients worldwide, Medtronic delivers innovative products that address complex, chronic health conditions.

## GUIDANCE

Medtronic raised its FY26 outlook, lifting organic revenue growth guidance to 5.5%, reflecting improved performance and stronger confidence in accelerating enterprise momentum.

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“In the second quarter, we drove underlying efficiency gains in our gross margin, significantly increased R&D to fuel future growth, and strategically expanded sales and marketing investments to support rising demand and momentum in key programs,” said Thierry Piéton, Medtronic CFO. He added that, given strong first-half results and confidence in accelerating revenue growth, the company is raising its full-year revenue and EPS guidance.

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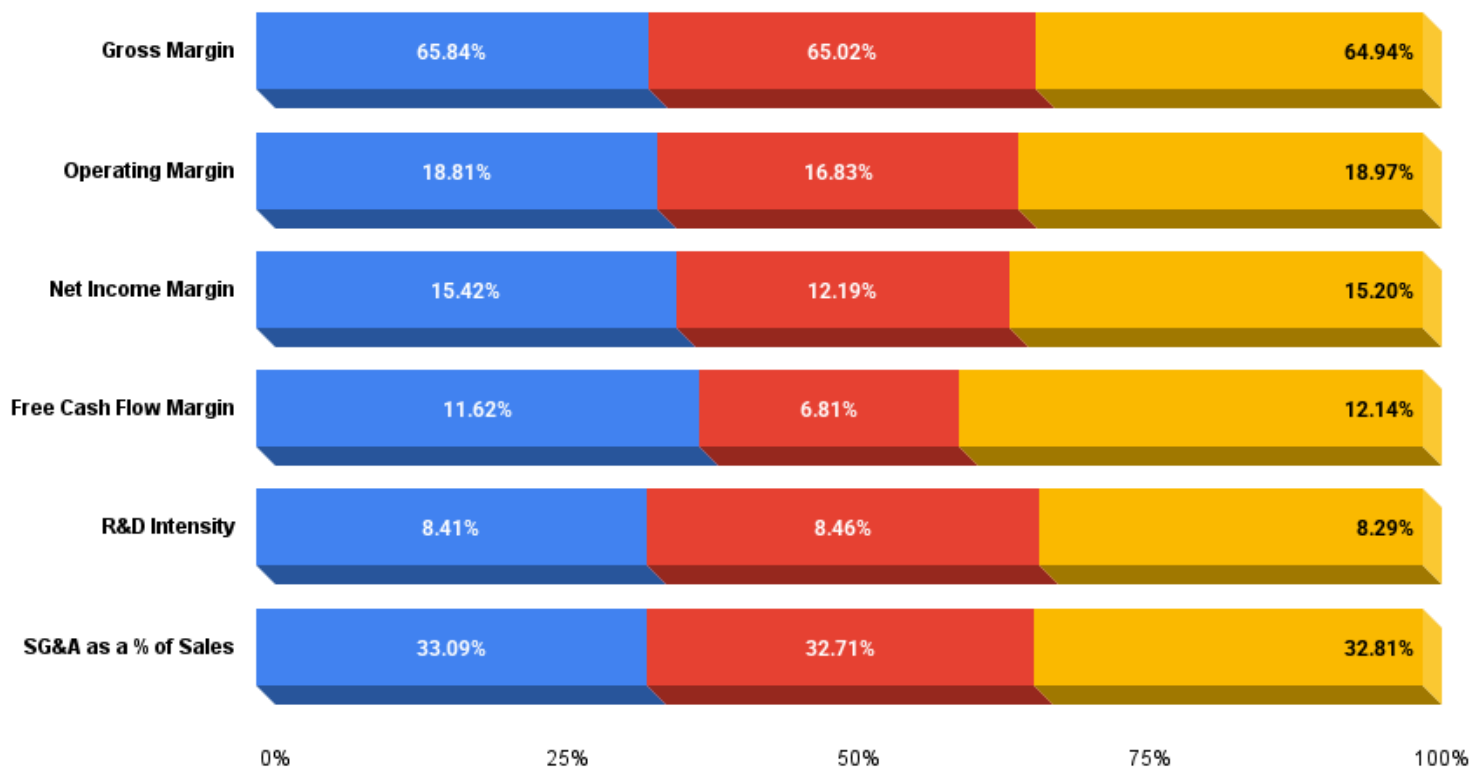
## CEO's Commentary

## Expectation Analysis

| MILLION USD    | Q2 2026 | ESTIMATE | BEAT/MISS |
|----------------|---------|----------|-----------|
| REVENUE        | 8.96B   | 8.86B    | 1.10%     |
| EBITDA         | 2.44B   | 2.44B    | 0.30%     |
| EBIT           | 2.16B   | 2.15B    | 0.30%     |
| EPS (adjusted) | 1.36    | 1.31     | 3.50%     |

## Margin and Efficiency Analysis

■ Q2 2026 ■ Q1 2026 ■ Q2 2025



| Revenue/Profitability Summary |           |           |         |        |
|-------------------------------|-----------|-----------|---------|--------|
| Millions USD(\$), except EPS  | Q2 2026   | QOQ       | YOY     |        |
| Net sales                     | 8,961.00  | 4.46%     | 6.64%   |        |
| Gross Profit                  | 5,900.00  | 5.79%     | 8.12%   |        |
| Operating profit              | 1,686.00  | 16.76%    | 5.77%   |        |
| Income before taxes           | 1,597.00  | 22.75%    | 2.50%   |        |
| Net income                    | 1,382.00  | 32.12%    | 8.22%   |        |
| EPS                           | 1.07      | 32.10%    | 8.08%   |        |
| Cost/Expenses Summary         |           |           |         |        |
| Millions USD(\$)              | Q2 2026   | QOQ       | YOY     |        |
| Cost of products sold         | 3,061.00  | 2.00%     | 3.90%   |        |
| Operating Costs               | 4,214.00  | 1.96%     | 9.09%   |        |
| Research & development        | 754.00    | 3.86%     | 8.18%   |        |
| General & Administrative      | 2,965.00  | 5.67%     | 7.54%   |        |
| Income tax                    | 215.00    | -15.69%   | -23.49% |        |
| Cash Flow Summary             |           |           |         |        |
| Millions USD(\$)              | Oct. 2025 | QOQ       | YOY     |        |
| Net cash from operations      | 2,013.00  | 85.02%    | 3.55%   |        |
| Net cash from investing       | -1,201.00 | -67.04%   | -98.84% |        |
| Net cash from financing       | -1,776.00 | -28.60%   | -40.40% |        |
| Cash balance                  | 1,282.00  | 0.71%     | -8.03%  |        |
| Free Cash Flow                | 1,041.00  | 78.25%    | 2.06%   |        |
| Segment Performance           |           |           |         |        |
| Millions USD(\$)              | Q2 2026   | % Revenue | QOQ     | YOY    |
| Cardiovascular                | 3,436.00  | 38.34%    | 4.60%   | 10.77% |
| Neuroscience                  | 2,563.00  | 28.60%    | 6.04%   | 4.57%  |
| Medical Surgical              | 2,172.00  | 24.24%    | 4.27%   | 2.12%  |
| Diabetes                      | 757.00    | 8.45%     | 4.99%   | 10.35% |
| Regional Revenue              |           |           |         |        |
| Millions USD(\$)              | 45,931.00 |           | QOQ     | YOY    |
| US                            | 4,495.00  |           | 6.92%   | 4.85%  |
| International                 | 4,317.00  |           | 4.23%   | 6.99%  |

# Performance Highlights

- Cardiovascular delivered 9.3% organic growth, supported by broad-based global strength. The U.S. grew 11% organically, led by 20% CRM and strong PFA adoption. International revenue grew 7.8% organically, with double-digit gains in Structural Heart and CRM. PFA now represents 75% of ablation revenue, offsetting a 40% cryo decline, and driving the portfolio's strongest growth in more than a decade.
- Neuroscience grew 3.9% organically, with the U.S. increasing 3.1% and International up 5.5%. Cranial & Spinal Technologies rose mid-single digits globally, supported by U.S. 4.4% growth and International 5.9%, driven by AiBLE™ ecosystem adoption. Neuromodulation delivered high-single-digit organic growth in both regions. Specialty Therapies remained flat, though International saw slight improvement.
- The Medical Surgical Portfolio posted 1.3% organic growth, shaped by contrasting regional trends. U.S. revenue was slightly down (–0.1%) given tender timing and bariatric softness, while International delivered 2.5% organic growth. Endoscopy remained a bright spot globally with strong esophageal and GI Genius™ momentum. Surgical growth is expected to lift with the upcoming U.S. launch of Hugo™.
- Diabetes grew 7.1% organically, underpinned by powerful International momentum at 11.1% organic growth. U.S. organic revenue dipped slightly (–0.8%) early in the quarter as customers awaited newly launched sensors. Demand rebounded strongly with over 35,000 U.S. orders and pre-orders for Simpleria Sync™ and Instinct, positioning the business for accelerating growth in the back half.
- Medtronic delivered a strong Q2 with \$9.0B revenue, up 6.6% reported and 5.5% organic, beating guidance by 75 bps. GAAP and non-GAAP EPS each increased 8%, with non-GAAP ahead of expectations. Robust procedure volumes and broad execution supported outperformance. FY26 guidance increased to 5.5% organic growth and \$5.62–\$5.66 EPS, reflecting confidence in accelerating back-half momentum.
- Medtronic advanced its surgical robotics strategy as the Hugo™ system's Enable Hernia Repair study met safety and effectiveness endpoints, supporting broader clinical momentum. The company also initiated the Embrace Gynecology pivotal trial in the U.S. These milestones strengthen Medtronic's competitive position in RAS and support expectations for accelerating surgical growth as adoption expands.
- Diabetes gained meaningful regulatory momentum with FDA clearance of MiniMed™ 780G integration with the Instinct sensor and approval for Type 2 diabetes use, expanding its addressable population. These updates strengthen the pipeline of near-term growth drivers. Strong global demand trends and a broadened portfolio position the business for sustained share recovery.

# Concerns Raised

- Cardiac Ablation's PFA strength masked a steep 40% cryo decline, with 90% of cryo revenue outside the U.S., pressuring International mix. While PFA adoption drove strong U.S. gains, the portfolio continues navigating transition risk as legacy cryo volumes contract globally.
- Specialty Therapies were flat organically, weighed down by U.S. declines of -2.2%, partially offset by 3.5% International growth. Persistent softness in Pelvic Health and Neurovascular limited overall momentum.
- MedSurg posted modest 1.3% global organic growth, constrained by -0.1% U.S. performance, reflecting tender timing and bariatric market pressure. International growth of 2.5% provided partial offset, supported by Surgical & Endoscopy.
- Despite solid earnings, operating cash flow saw headwinds from higher working capital. Inventories increased by \$672M and operating liabilities declined \$780M, while other operating assets and liabilities reduced cash by \$1.2B.
- Financing activities resulted in \$1.8B net cash outflows, including \$1.8B dividends, \$495M share repurchases, and \$2.93B long-term debt repayment, partly offset by new issuance. Although strengthening the balance sheet, these actions contributed to total cash declining to \$1.28B from \$2.22B.

## SAVEST RATING: NEUTRAL

### OUR INSIGHT

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Medtronic's Q2 performance reflects strengthening fundamentals, with higher gross, operating, and net income margins underscoring improved efficiency and solid profitability. Rising guidance, expanding PFA adoption, and regulatory wins in robotics and diabetes enhance long-term growth prospects.

However, near-term investment intensity, elevated inventory levels, and cash flow pressure require monitoring, alongside transitional risks such as the shift from cryo to PFA. Medtronic presents an attractive long-term investment case driven by durable growth catalysts, while short-term investors should watch cash conversion, margin stability, and execution in key pipeline launches.

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