



MEDTRONIC PLC

Q3 2026

Earnings Report Update

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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 reaffirmed FY 2026 guidance, projecting roughly 5.5% organic revenue growth and diluted non-GAAP EPS of \$5.62–\$5.66, including an estimated \$185 million tariff impact.

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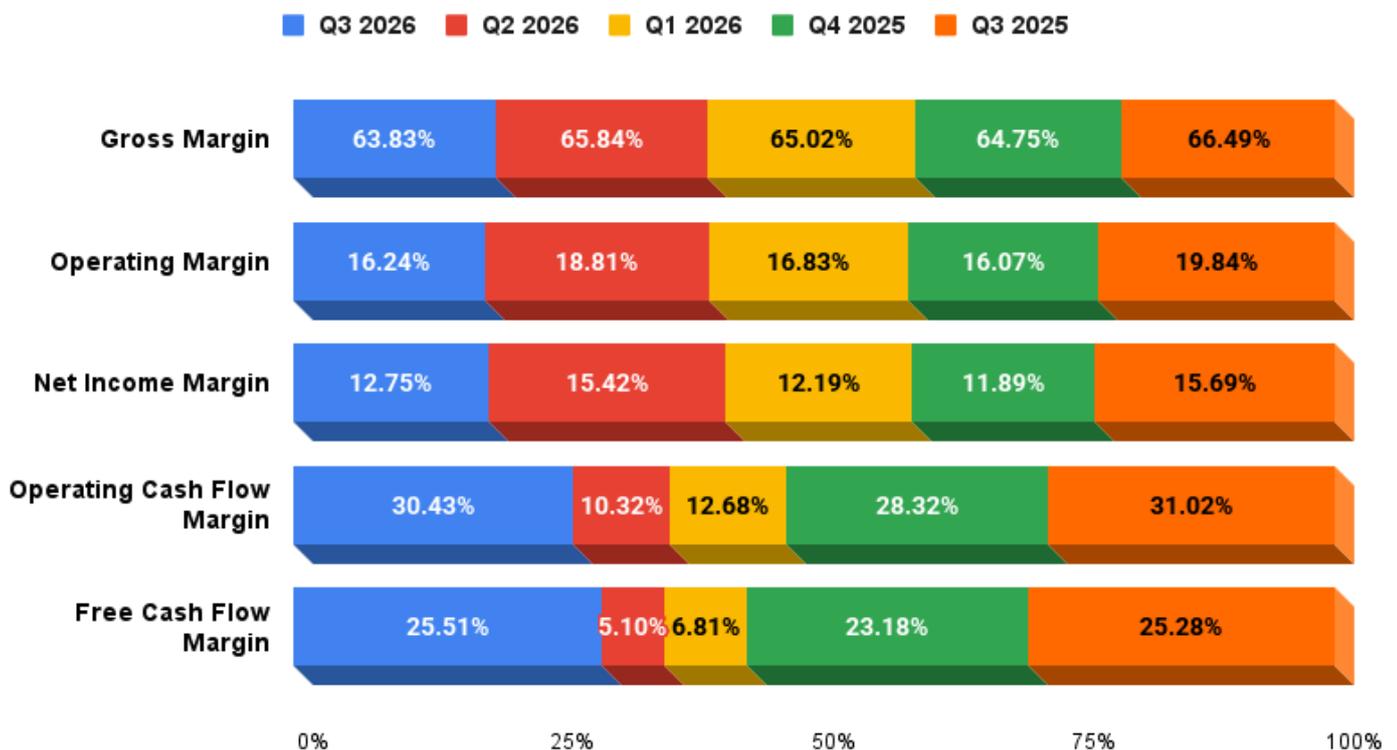
Geoff Martha, chairman and chief executive officer of Medtronic, stated that the third quarter delivered strong performance, with 6% organic revenue growth exceeding guidance and highlighting portfolio strength. He noted that expansion into new markets and investments in high-growth opportunities are driving acceleration across the company. Martha expressed confidence in sustaining long-term growth, supported by Medtronic’s innovation pipeline and portfolio breadth.

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Expectation Analysis

USD (\$)	Q3 2026	ESTIMATE	BEAT/MISS
REVENUE	9.02B	8.89B	1.40%
EBITDA	2.48B	2.42B	2.70%
EBIT	2.18B	2.13B	2.30%
EPS (adjusted)	1.36	1.34	1.90%

Margin and Efficiency Analysis



Revenue/Profitability Summary				
Million USD(\$), except EPS	Q3 2026	QOQ	YOY	
Net sales	9,017.00	0.62%	8.74%	
Gross profit	5,756.00	-2.44%	4.41%	
Operating profit	1,464.00	-13.17%	-11.00%	
Income before taxes	1,404.00	-12.09%	-8.71%	
Net Income	1,150.00	-16.79%	-11.61%	
Earnings per share	0.89	-16.82%	-11.88%	
Cost/Expenses Summary				
Millions USD(\$)	Q3 2026	QOQ	YOY	
Cost of revenue	3,261.00	6.53%	17.34%	
Research & development	722.00	-4.24%	6.96%	
General & administrative	2,956.00	-0.30%	8.80%	
Total operating costs	4,293.00	1.87%	10.99%	
Income tax	254.00	18.14%	7.17%	
Cash Flow Summary				
Millions USD(\$)	Q3 2026	QOQ	YOY	
Net cash from operations	4,757.00	136.31%	5.34%	
Net cash used in investing	-2,017.00	-67.94%	-39.39%	
Net cash used in financing	-3,863.00	-117.51%	-28.00%	
Closing cash balance	1,147.00	-10.53%	-7.50%	
Free Cash Flow	3,341.00	220.94%	7.22%	
Segment Performance				
Millions USD(\$)	Q3 2026	% Revenue	QOQ	YOY
Cardiovascular	3,457.00	38.34%	0.61%	13.83%
Neuroscience	2,558.00	28.37%	-0.20%	4.07%
Medical Surgical	2,173.00	24.10%	0.05%	4.87%
Diabetes	796.00	8.83%	5.15%	14.70%
Others	32.00	0.35%	-8.57%	0.00%
Geographic Performance				
Millions USD(\$)	Q3 2026	% Revenue	QOQ	YOY
US	4,493.00	49.83%	-0.51%	6.04%
International	4,524.00	50.17%	1.78%	11.57%

Performance Highlights

- Medtronic plc recorded a resilient third-quarter performance, with worldwide revenue rising 8.7% reported and 6.0% organically to \$9.0 billion, exceeding internal guidance by roughly 50 basis points. Growth was primarily driven by sustained demand across cardiovascular and diabetes franchises, complemented by favorable product mix and incremental currency support that enhanced reported expansion.
- The Cardiovascular portfolio emerged as the principal growth engine, advancing 13.8% reported and 10.6% organic, supported by high-teens expansion in Cardiac Rhythm & Heart Failure and mid-single-digit gains in coronary and peripheral solutions.
- Neuroscience revenue increased 4.1% reported and 2.5% organic, reflecting balanced performance across neuromodulation and cranial & spinal technologies. Incremental device launches and improved distributor penetration sustained positive momentum within higher-margin neuromodulation categories.
- The Medical Surgical portfolio delivered 4.9% reported and 2.7% organic growth, driven by high-single-digit expansion in acute care and monitoring systems alongside low-single-digit improvements in surgical and endoscopy products.
- The Diabetes business recorded 14.8% reported and 8.3% organic growth, led predominantly by double-digit international demand for continuous glucose monitoring and insulin delivery platforms. Expanding reimbursement coverage and digital integration capabilities strengthened patient adoption and recurring consumables revenue streams.
- Geographically, international markets outperformed the U.S., with international revenue rising 11.6% reported and 6.1% organic, compared with U.S. growth of 6.0% reported and organic. Currency translation added approximately \$243 million, amplifying reported expansion and highlighting geographic diversification as a stability buffer.
- Earnings performance remained constructive as GAAP diluted EPS reached \$0.89, while non-GAAP EPS rose to \$1.36, exceeding midpoint guidance by \$0.03. The divergence between GAAP and adjusted figures largely reflects amortization and restructuring normalization rather than core operating weakness.
- Innovation-led growth remained a central catalyst, highlighted by 80% revenue expansion in Cardiac Ablation Solutions, including 137% growth in the U.S. on the back of pulsed field ablation technology adoption. Regulatory clearances for robotic and spinal surgical platforms further strengthened forward revenue visibility and competitive positioning.

Concerns Raised

- Despite revenue growth, GAAP net income declined year-on-year, reflecting elevated restructuring, litigation, and amortization charges that compressed bottom-line comparability and could continue to weigh on statutory profitability metrics if cost normalization lags revenue scale.
- Inventory buildup and working-capital outflows within operating cash flow trends indicate potential supply-chain or demand-timing inefficiencies. Persistent inventory expansion could pressure free cash flow conversion and raise obsolescence risk in rapidly evolving medical-technology categories.
- Shareholder distributions and debt servicing remain substantial, with significant dividend payouts and debt repayments contributing to reduced ending cash balances. While capital returns support investor sentiment, sustained outflows may constrain balance-sheet flexibility for large-scale acquisitions or accelerated R&D spending.
- Segmental growth dispersion, particularly muted performance in specialty therapies and certain U.S. subsegments, highlights uneven demand recovery and reimbursement sensitivity. Competitive intensity in robotics and diabetes devices, coupled with regulatory approval timelines, could moderate medium-term margin expansion if innovation cycles slow.

OUR INSIGHT

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Medtronic plc continues to demonstrate balanced operational momentum, with Q3 results surpassing consensus, underscoring effective cost discipline and portfolio strength. Long-term investment prospects remain supported by cardiovascular innovation, diabetes expansion, and recurring consumables demand. Key watch points include margin sustainability, inventory normalization, regulatory execution on new platforms, and the pace of U.S. segment recovery amid competitive medical-device dynamics.

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