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MEDTRONIC PLC (MDT)

FY 2026

Earnings Report Update

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Company Overview

Medtronic plc is a global medical technology company that develops and manufactures device-based therapies for the diagnosis, treatment, and management of chronic diseases and complex medical conditions. Its core businesses span cardiovascular care, neuroscience, medical-surgical technologies, and diabetes management, offering products such as cardiac rhythm devices, heart valves, neurostimulation systems, surgical instruments, robotic-assisted surgery platforms, insulin pumps, and continuous glucose monitoring solutions.

The company serves hospitals, healthcare systems, physicians, and patients worldwide, providing innovative medical technologies that support disease management, improve clinical outcomes, and enhance patient care across a broad range of therapeutic areas.



Medtronic projects FY27 organic revenue growth of 6.75%–7.25%, supported by a full year contribution from its Diabetes business and the benefit of a 53rd week. The company also expects diluted non-GAAP EPS of \$5.90–\$6.00, representing earnings growth of 6.7%–8.5%, despite factoring in tariff, interest, and tax-related impacts, with foreign exchange expected to have a neutral to modestly positive effect.



Outlook

Expectation Analysis

USD	Q4 2026	ESTIMATE	BEAT/MISS
REVENUE	9.81B	9.61B	2.00%
EBITDA	2.81B	2.90B	-3.20%
EBIT	2.50B	2.59B	-3.60%
EPS (adjusted)	1.55	1.54	0.60%

Source: Quartr

Organic Revenue by Segment & Geographic

Million USD	FY 2025	FY 2026	YOY
Cardiovascular	12,481	13,639	9.28%
Neuroscience	9,846	10,154	3.13%
Medical Surgical	8,359	8,601	2.90%
US Revenue	17,104	18,022	5.37%
International Revenue	16,337	17,344	6.16%

Source: Company's Financial Statement

Financial Summary

Million USD	FY 2025	FY 2026	YOY
Net sales	33,537	36,364	8.43%
Operating profit	5,955	6,467	8.60%
Income before income taxes	5,628	6,136	9.03%
Net income	4,691	4,837	3.11%
Net income per share	3.61	3.73	3.32%
Net cash from operations	7,044	7,330	4.06%
Net cash from financing	(4,361)	(4,751)	-8.94%
Net cash from investing	(1,937)	(2,934)	-51.47%
Closing cash balance	2,218	1,949	-12.13%
Free Cash Flow	5,185	5,426	4.65%

Source: Company's Financial Statement

Performance Highlights

- Medtronic delivered its strongest annual revenue growth in a decade, with FY2026 revenue increasing 8.43% YoY, while Q4 revenue rose 9.90% YoY to \$9.81bn, exceeding management guidance. Growth was driven by broad-based strength across the portfolio, particularly in Cardiovascular, Diabetes, and Medical Surgical businesses. Organic revenue growth reached 5.80% for FY2026 and 6.60% in Q4, demonstrating that performance was not solely driven by foreign exchange gains.
- The Cardiovascular segment remained the primary growth engine, with Q4 revenue increasing 13.80% YoY to \$3.80bn and FY2026 revenue rising 9.28% YoY. The strongest contributor was Cardiac Rhythm & Heart Failure, which grew 21.80% YoY in Q4 and 17.40% YoY for the year, supported by continued adoption of Micra leadless pacemakers, Defibrillation Solutions, and the successful OmniaSecure launch. Cardiac Ablation Solutions was particularly impressive, posting 78.00% global growth and 124.00% U.S. growth, reinforcing Medtronic's expanding leadership in electrophysiology and structural heart interventions.
- The Diabetes business continued to outperform, with Q4 revenue increasing 15.00% YoY to \$837m and FY2026 revenue rising 12.90% YoY, reflecting sustained demand for insulin delivery technologies. Medical Surgical revenue grew 8.00% YoY in Q4 and 2.90% YoY for FY2026, driven by double-digit growth in Acute Care & Monitoring and solid growth in Endoscopy. Together, these businesses provided important diversification to Medtronic's growth profile and reduced dependence on any single therapeutic area.
- While revenue growth remained robust, profitability expansion was more modest due to cost pressures. FY2026 GAAP operating profit increased 8.60% YoY, while Q4 operating profit rose 30.40% YoY to \$1.87bn. However, FY2026 non-GAAP operating margin declined 130bps to 24.40%, reflecting tariff impacts, commercialization spending, and strategic investments across growth platforms. SG&A expenses increased 8.62% YoY to \$11.78bn, while R&D spending rose 5.16% YoY to \$2.87bn, highlighting continued investment in innovation, robotics, cardiovascular therapies, and future product launches.
- Medtronic maintained strong cash-generating capability, with FY2026 operating cash flow increasing 4.10% YoY, while free cash flow rose 4.65% YoY. The company closed the year with approximately \$9.20bn in cash and investments, providing significant financial flexibility for acquisitions, dividends, and shareholder returns. During FY2026, Medtronic returned \$4.20bn to shareholders through dividends and share repurchases while maintaining investment in growth initiatives and tuck-in acquisitions. The balance sheet remains well-positioned to support both innovation and capital returns.
- Medtronic strengthened its growth strategy through acquisitions and innovation across key businesses. Backed by FY2027 guidance of 6.75%–7.25% revenue growth and 6.7%–8.5% EPS growth, the company remains positioned for continued earnings growth.

Concerns Raised

Despite the strong revenue performance, margin pressure remains a key concern. While FY2026 revenue grew 8.43%, non-GAAP operating margin declined by 130 basis points to 24.40%, reflecting the impact of tariffs, commercialization expenses, portfolio investments, and costs associated with scaling new growth platforms. This suggests revenue growth is currently outpacing operating leverage, which could limit earnings expansion if cost discipline weakens.

Another area to monitor is Medtronic's increasing dependence on a few high-growth franchises to drive overall growth. Cardiovascular, particularly Cardiac Rhythm Management and Cardiac Ablation Solutions, accounted for a significant portion of incremental revenue growth, while several businesses within Neuroscience and Structural Heart posted only low-single-digit growth. Any slowdown in procedure volumes, competitive pressure, or adoption rates within these key growth engines could materially affect future performance.

The company is also entering a period of elevated execution risk as it pursues multiple acquisitions, venture investments, and the planned separation of its Diabetes business. While these initiatives strengthen long-term growth prospects, successful integration, regulatory approvals, and commercialization execution will be critical. Delays in product launches, integration challenges, or disruption from the Diabetes separation could weigh on growth and profitability over the medium term.

OUR INSIGHT



Medtronic's FY2026 results reinforce the strength of its transformation strategy, with solid revenue growth, strong cardiovascular momentum, resilient cash flow generation, and continued investment in high-growth medical technology platforms. The company is benefiting from increasing adoption of its cardiac ablation, rhythm management, diabetes, and surgical solutions, while maintaining a strong innovation pipeline that supports future growth.

From a long-term investment perspective, Medtronic remains a high-quality healthcare franchise with a diversified product portfolio, strong market positions, recurring procedure-driven revenue streams, and robust free cash flow generation. Its financial flexibility, shareholder-friendly capital allocation, and exposure to structural healthcare trends position the company well for sustained earnings growth over time.

Key areas to monitor include margin recovery amid ongoing investment spending, execution of the planned Diabetes business separation, and the ability of newer growth platforms to sustain their current momentum. Investors should also watch competitive pressures, regulatory developments, and potential disruptions that could affect growth in its core cardiovascular and diabetes franchises.



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