

Med

MEDTRONIC PLC (MDT) Q1 2027

Earnings Report Update

**PREPARED BY:
SAVEST RESEARCH**

Company Overview

Medtronic plc is a leading medical technology company operating globally. Its core business centres on developing and manufacturing device-based medical therapies across cardiovascular, neuroscience and medical-surgical applications, including cardiac devices, spinal and neurological technologies, surgical systems and diabetes management products.

The company serves healthcare systems, physicians, clinicians and patients, with its products supporting the treatment and management of cardiovascular, neurological, spinal, surgical and diabetes-related conditions.

“

Medtronic raised FY2027 organic revenue growth guidance by 50bps to 7.25%–7.75%, from 6.75%–7.25%, following the quarterly performance. Non-GAAP diluted EPS guidance was also increased to \$5.94–\$6.00, from \$5.90–\$6.00, with foreign exchange expected to have a neutral to 1% accretive impact. The revised guidance implies continued growth across the portfolio, although subsequent quarters will provide a clearer assessment of underlying momentum following the Q1 benefit from the additional fiscal week.

”

Outlook

Expectation Analysis

USD	Q1 2027	ESTIMATE	BEAT/MISS
REVENUE	9.76B	9.54B	2.2%
EBITDA	2.63B	2.55B	3.1%
EBIT	2.32B	2.26B	2.4%
EPS (adjusted)	1.45	1.39	4.5%

Source: Quartr

Revenue by Market Platform and Geograpghic

Million USD	Q1 2027	Q1 2026	YOY
Cardiovascular	3,927	3,285	19.54%
Neuroscience	2,678	2,427	10.34%
Medical Surgical	2,279	2,073	9.94%
US revenue	4,906	4,224	16.15%
International Revenue	4,850	4,354	11.39%

Source: Company's Financial Statement

Financial Summary

Million USD	Q1 2027	Q1 2026	YOY
Net sales	9,756	8,578	13.73%
Operating profit	1,764	1,445	22.08%
Income before income taxes	1,769	1,302	35.87%
Net income	1,479	1,047	41.26%
Earnings per share	1.15	0.81	41.98%
Net cash from operation	1,793	1,088	64.80%
Net cash from investing	(1,619)	(719)	-125.17%
Net cash from financing	(343)	(1,381)	75.16%
Net change in cash	(258)	(945)	72.70%
Closing cash balance	1,691	1,273	32.84%
Free Cash Flow	1,290	584	120.89%

Source: Company's Financial Statement

Performance Highlights

- Medtronic recorded 13.7% YoY revenue growth in Q1 FY2027, with organic growth also at 13.7%, supported by broad-based expansion across its major portfolios. However, the quarter contained an extra fiscal week, which management estimates contributed approximately \$570 million to revenue. U.S. revenue grew 15.8% organically, ahead of 11.6% internationally, reflecting particularly strong adoption of newer cardiovascular and neuroscience technologies in the domestic market.
- Cardiovascular remained the largest growth contributor, with organic revenue increasing 18.9% and representing approximately 40% of Group revenue. Electrophysiology Therapies led performance with 29.1% organic growth, including strong Cardiac Ablation Solutions demand, while Interventional Cardiology, CardioVascular Surgery and Peripheral Vascular Health also expanded. U.S. Electrophysiology growth of 41.2% was particularly significant, reflecting continued adoption of the company's pulse-field ablation technologies.
- Growth extended beyond Cardiovascular. Neuroscience increased 9.3% organically, led by 12.9% growth in Cranial & Spinal Technologies and contributions from newer platforms including Altaviva. Medical Surgical grew 10.2%, with Acute Care & Monitoring up 14.2%, while Diabetes advanced 14.9% organically. The breadth of growth across all major portfolios reduced dependence on any single therapy category and reflected contributions from both established franchises and newer products.
- Profitability improved alongside revenue growth. GAAP operating profit increased 22.1%, expanding operating margin by 120bps to 18.1%, while non-GAAP operating profit increased 14.9% and adjusted margin improved 10bps to 23.7%. Gross margin remained broadly stable at 65.0%, as higher sales were accompanied by increases in production, R&D and SG&A expenditure. R&D increased 6.2%, below revenue growth, while SG&A rose approximately 14.0%, reflecting continued commercial investment.
- Bottom-line growth exceeded the improvement in underlying operating earnings. GAAP net income attributable to Medtronic increased 41.4%, while diluted EPS rose 40.7%. Non-GAAP net income and diluted EPS increased by a more moderate 14.4% and 15.1%, respectively, providing a better indication of recurring earnings growth. Reported earnings also benefited from higher non-operating income and a reduction in the effective GAAP tax rate to 16.4% from 19.6%.
- Cash conversion strengthened during the quarter, with operating cash flow increasing 64.8% YoY and free cash flow more than doubling by approximately 121%. Capital expenditure remained broadly unchanged, allowing more of the improvement in operating cash generation to flow through to free cash flow. Investment activity included the acquisitions of Scientia Vascular and SPR Therapeutics, while Medtronic also announced an investment in Pi-Cardia and a partnership with Cornerstone Robotics. These transactions complement internal product development, including expanded CE Mark indications for Affera and Sphere-9 and FDA clearance for the next-generation Touch Surgery Aide platform.

Concerns Raised

The headline 13.7% organic growth benefited materially from the additional fiscal week, which management estimates contributed approximately \$570 million. This creates a favourable calendar effect that will not recur consistently, making subsequent quarters important for assessing the underlying growth trajectory on a normalised basis.

Expense growth also requires monitoring. SG&A increased broadly in line with revenue, while restructuring and other operating charges remained elevated. Although adjusted operating margin improved, the increase was limited to 10bps, indicating that stronger revenue growth has not yet translated into substantial underlying margin expansion.

Execution around portfolio restructuring remains another consideration. Medtronic is progressing with the separation of its Diabetes business, with a split-off currently the preferred structure, while simultaneously integrating acquisitions and investing in new cardiovascular, neuromodulation and surgical technologies. Regulatory approvals, commercial adoption and effective capital allocation across these initiatives will influence the earnings contribution from the portfolio transformation.

OUR INSIGHT

“

Medtronic's quarterly performance reflects broader growth across its portfolio, led by Cardiovascular and supported by Neuroscience, Medical Surgical and Diabetes. Growth in newer platforms, particularly electrophysiology and enabling technologies, alongside improved operating profit and cash generation, strengthens the company's underlying earnings profile.

The long-term investment case is supported by Medtronic's diversified medical-technology portfolio, recurring healthcare demand, product pipeline and expanding exposure to higher-growth areas such as pulse-field ablation, surgical robotics and neuromodulation. Cash-flow improvement also provides capacity to fund innovation, acquisitions and shareholder distributions.

Key watchpoints include growth normalisation after the extra fiscal week, adjusted margin expansion, commercial adoption of new products, execution of the Diabetes separation, integration of recent acquisitions and regulatory developments. The ability to convert portfolio innovation into sustained organic growth above historical levels will be central to the longer-term earnings trajectory.

”

INVESTMENT ADVISOR & INTER-DEALER BROKER

INDIVIDUALS

FAMILY OFFICES

INSTITUTIONS

CONTACT US



+234 913 444 6070



globaladvisory@savest-financial.com



Scan the QR Code to access our website

DISCLAIMER:

Savest Financial Services Limited ("Savest Financial"), a SEC-registered investment advisor in Nigeria, provides this report strictly for informational purposes. This material does not constitute an offer, solicitation, or recommendation to buy or sell any security or investment product. The information contained herein is based on sources believed to be reliable; however, Savest makes no representation or warranty, express or implied, as to its accuracy or completeness. Opinions and estimates reflect the judgment of Savest as of the report date and are subject to change without notice. Past performance is not indicative of future results.

At the time of this analysis, the company is held in Savest Financial's model portfolio. The Managing Director, Nathan Nwokoro, and the analyst responsible for this report, Adedeji Michael, hold positions in the company's stock. Accordingly, potential conflicts of interest may exist. Neither Savest Financial nor its representatives accepts liability for any direct or consequential loss arising from the use of this report or its contents.