

<b>Company: Medtronic plc.</b>	<b>Ticker: MDT</b> <b>Current Price: \$88.27</b>	<b>Industry: Medical Devices Sector: Healthcare</b>	
Target Price: \$118.43 Stop Loss: \$70.02 52 Week High/ Low: \$92.68 / \$68.84	TTM P/E: 30.2x Forward P/E: 16.1x EPS (diluted): \$2.97	Beta (5Y): 0.85 Credit Rating: A (S&P) Rating Outlook: Stable	Market Cap: \$113.2B Avg Vol (3 M): 5.96 (mm) Dividend Yield: 3.02%

### Company Background:

Medtronic plc. Is a global leader in medical technology, dedicated to developing devices that make a substantial impact on patient care. Within their vast product portfolio, the cardiovascular segment offers essential innovations like pacemakers, ICDs, and heart valves that support heart function and improve patient outcomes. The neurological and spinal lines present advanced solutions including pain management implants, brain modulation systems, and empowering surgeons to perform surgeries with a higher degree of efficiency. Their robust surgical line utilizes robotic-assisted AI technologies to refine precision in high-risk operations across various medical fields. Medtronic also supports diabetes management with smart devices like insulin pumps and glucose monitors, giving diabetic patients more freedom and control over their health.

### Industry Outlook:

The dynamics of healthcare are fundamentally shifting to highly personalized and complex care while deviating from traditional *sick-based care*. The aging global population and a concerning drop-off in growth rates are rapidly increasing demand for more innovative and flexible healthcare options such as remote monitoring and AI-based solutions. MedTech specifically has seen significant consolidation post-COVID as the typical growth routes in this industry (M&A or R&D) became infeasible for small names facing unprecedented macro headwinds. Despite this, larger commercial players recorded growth and the highest rate of FDA approvals in 2023.

### Investment Thesis:

Medtronic's extensive product portfolio, robust global presence, and industry-leading commitment to R&D investments uniquely position it to benefit from the growing demand for advanced healthcare solutions anticipated by demographic shifts and the rising prevalence of chronic conditions. With significant growth opportunities in high-impact segments such as diabetes management, cardiac ablation, and renal denervation, Medtronic is well-positioned to drive sustained shareholder value through strategic market expansion and a continuously evolving pipeline of innovative technologies.

### Investment Risks:

Medtronic is exposed to potential margin pressure and constrained growth opportunities due to rising interest rates, which may impact its R&D, M&A activities, and increase the cost of capital. Navigating an increasingly complex regulatory landscape poses operational challenges, while competition from smaller, specialized players threatens to erode market share in targeted segments. Additionally, delays or setbacks in its product development pipeline, particularly in key emerging technologies, could hinder Medtronic's growth prospects and market competitiveness.

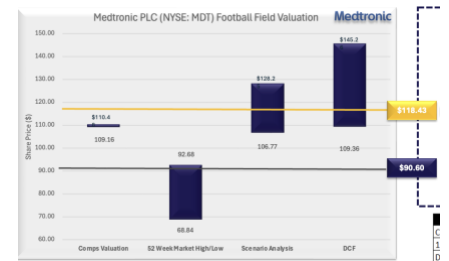
### 3-5 take aways from last quarter investor call transcript:

- Expecting significant ramp up in Pulse Field Ablation systems as supply chain issues have largely been resolved. Optimistic of new therapies in the pipeline.
- Expressed confidence in gaining Medicaid/Medicare approval for Renal Denervation technology, nothing material yet though (expected 2025-26).
- Cited some one-off operational expense issues that drove down EPS, even though EPS still surpassed estimates.

### Relative Valuation

Company	Ticker	Financials		Operating				Trading		
		Market Cap	Enterprise Value	EBITDA Margin	Net Income Margin	Rev Growth	EBITDA Growth	Fwd. P/E	Fwd. EV/EBITDA	Dividend Yield
Medtronic plc	MDT	116,192	136,382	27.7%	12.1%	3.2%	3.3%	16.30x	13.91x	3.1%
Abbott Laboratories	ABT	198,470	206,338	25.8%	14.0%	3.2%	5.8%	22.57x	17.71x	1.8%
Boston Scientific Corporation	BSX	124,820	133,081	25.8%	11.3%	15.7%	17.3%	31.47x	25.18x	0.0%
Stryker Corporation	SYK	135,667	146,454	25.5%	16.1%	9.9%	14.0%	27.88x	22.65x	0.9%
GE Healthcare Technologies	GEHC	39,241	47,098	18.1%	8.1%	2.5%	4.4%	19.14x	12.35x	0.1%
Siemens Healthineers AG	SHL	59,642	75,717	15.8%	8.4%	2.2%	2.8%	21.41x	14.64x	2.6%

### Football Field Valuation



### Discounted Cash Flow

DCF	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	
Revenue	30,557	28,913	30,117	31,686	31,227	32,364	33,608	35,152	36,954	38,864	40,809	43,047	
% growth	-	(5.4%)	4.2%	5.2%	(1.4%)	3.6%	3.8%	4.6%	5.1%	5.2%	5.0%	5.5%	
EBITDA	7,604	6,069	6,409	7,821	6,777	7,363	9,679	10,313	10,960	11,683	12,489	13,390	
% of sales	24.9%	21.0%	21.3%	24.7%	21.7%	22.8%	28.8%	29.3%	29.7%	30.1%	30.6%	31.1%	
EBIT	6,709	5,162	5,490	6,847	5,778	6,409	8,652	9,239	9,830	10,495	11,241	12,074	
% of sales	22.0%	17.9%	18.2%	21.6%	18.5%	19.8%	25.7%	26.3%	26.6%	27.0%	27.5%	28.0%	
Taxes	547	(751)	265	456	1,580	1,133	1,529	1,633	1,738	1,855	1,987	2,134	
% tax rate	8.2%	(14.5%)	4.8%	6.7%	27.3%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	
<b>NOPAT</b>	<b>6,162</b>	<b>5,913</b>	<b>5,225</b>	<b>6,391</b>	<b>4,198</b>	<b>5,276</b>	<b>7,122</b>	<b>7,606</b>	<b>8,092</b>	<b>8,640</b>	<b>9,254</b>	<b>9,940</b>	
D&A	895	907	919	974	999	954	1,027	1,074	1,129	1,188	1,247	1,316	
% of sales	2.9%	3.1%	3.1%	3.1%	3.2%	2.9%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	
(-) CapEx	(1,134)	(1,213)	(1,355)	(1,368)	(1,459)	(1,587)	(1,473)	(1,541)	(1,620)	(1,703)	(1,789)	(1,887)	
% of sales	3.7%	4.2%	4.5%	4.3%	4.7%	4.9%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	
(-) A Net Working Capit	653	(4,420)	(242)	6,796	(5,350)	(449)	(179)	(187)	(196)	(206)	(217)	(229)	
% of sales	(2.1%)	15.3%	0.8%	(21.4%)	17.1%	1.4%	(0.5%)	(0.5%)	(0.5%)	(0.5%)	(0.5%)	(0.5%)	
<b>Unlevered Free Cash Flow</b>		<b>4,547</b>	<b>12,793</b>	<b>(1,612)</b>	<b>4,194</b>	<b>6,498</b>	<b>6,953</b>	<b>7,406</b>	<b>7,918</b>	<b>8,496</b>	<b>8,960</b>	<b>9,140</b>	
<b>Present Value of Free Cash Flow</b>							<b>0.129588</b>	<b>0.193342</b>	<b>0.197785</b>	<b>0.200407</b>	<b>0.203734</b>	<b>0.208187</b>	<b>0.2123206</b>

Terminal value - perpetuity growth method	
Terminal growth rate	3.3%
2030 FCFF * (1+g)	9,588
Terminal value in 2030	192,784
Present value of terminal value	125,801
Present value of future cash flows	34,591
<b>Enterprise value</b>	<b>160,492</b>

Terminal value - EBITDA multiple method	
Terminal year EBITDA	13,390
EBITDA multiple	15.7x
Terminal value in 2030	209,888
Present value of terminal value	172,402
Present value of future cash flows	34,091
<b>Enterprise value</b>	<b>206,493</b>

Terminal value - perpetuity method	
WACC	7.4%
Terminal growth rate	2.5%
2030 FCFF * (1+g)	9,588
Terminal value in 2030	192,784
Present value of terminal value	125,801
Present value of future cash flows	34,591
<b>Enterprise value</b>	<b>160,492</b>
(+) Cash & equity investments	7,843
(-) Debt	(27,865)
(-) Total Minority Interest	(213)
<b>Equity value</b>	<b>140,257</b>
Shares outstanding	1,283
<b>Equity value per share</b>	<b>\$109.38</b>

Year 1 Multiples	
EV/Revenue	5.0x
EV/EBITDA	21.8x
EV/EBIT	23.0x

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### Total Return + ESG

Return	Stock	S&P 500
YTD	+6.55%	26.54%
Last 5 Years	-21.2%	92.32%

### ESG OUTLOOK:

**ESG Risk Rating** COMPREHENSIVE **22.2** Medium Risk

**Ranking**  
Industry Group (1st = lowest risk)  
**Healthcare** 204 out of 588

Universe  
**Global Universe** 5760 out of 15079

Last Full Update: Jun 26, 2023  
Last Update: May 23, 2024

### Industry Comparison

Company	ESG Risk Rating	Industry Rank
Siemens Healthineers AG	18.1	92 out of 588
Boston Scientific Corp.	22.1	202 out of 588
Medtronic Plc	22.2	204 out of 588
Stryker Corp.	23.6	252 out of 588
Becton, Dickinson & Co.	23.7	254 out of 588