DBS

Medtronic PLC

Earning in-line with guidance, insulin pump headwinds still persevere

27 March 2026

Company Overview

Medtronic Public Limited Company is an Ireland-based company which provides healthcare devices. Its revenue breakdown in FY4/25 was: Cardiac and vascular (37%), Neuroscience (29%), Medical Surgical (25%), and diabetes (8%). It makes most of its revenues from the US (51%).

Investment Overview

3QFY4/26 results in-line with guidance. 3QFY4/26 revenues grew 8.7% y/y to USD9.0bn, with diluted EPS of USD1.36, in-line with 3Q guidance mid-point. Growth was driven primarily by cardiovascular portfolio which grew 13.8% y/y to USD3.5bn, due to strong demand in the pulsed field ablation portfolio in the US. Neuroscience portfolio grew 4.1% y/y to USD2.6bn. Free cash flow remained supportive of dividend continuity.

Outlook remains balanced. Management reiterates its FY4/26 guidance of revenue growth of 5.5% and non-GAAP EPS of USD5.62-5.66, despite the slight beat in 3Q, indicating possible growth deceleration in 4Q. Risks include pricing pressure and growing competition in China. Their Symplicity Spyral product for renal denervation is expected to be a talking point as it treats resistant hypertension, a condition that is estimated to affect c.2mn US patients. However, FX headwinds remain a drag. Opportunities include further scaling-up of their surgical robot and TAVR products.

Leading provider of insulin pumps getting phased out. Medtronic has long been the leader in insulin pumps, receiving recurring revenues from patients suffering from type 1 and type 2 diabetes. These pumps are attached to the body for long-term use and may cause discomfort or inconvenience due to long external tubes ranging from 30cm to 70cm. Insulin doses are calculated and often injected 3 times a day from the pump to the body through the tube. GLP-1 drugs have been growing in popularity for treatment of type 2 diabetes as it only requires 1 injection per week, eliminating the need for an insulin pump. This could put 50% of Medtronic's insulin pump sales at risk of being phased out.

We have a HOLD rating on Medtronic, with a TP of USD90. Our TP is based on a 14.9x 26F PE, 1.0 SD below its 5-year average. We believe Medtronic will continue to be impacted by headwinds such as a shrinking insulin pump market.

Risks

Medtronic is at risk of losing 50% of its insulin pump market to GLP-1 drugs. The growing popularity of GLP-1 drugs may be detrimental to Medtronic's insulin pump sales as type 2 diabetes patients may move away from using insulin.

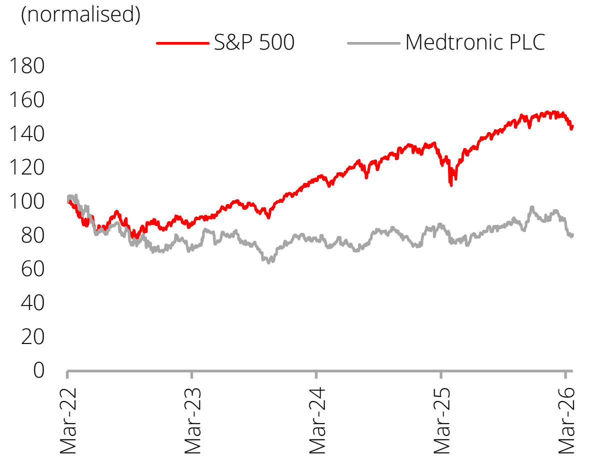
Nico CHEN
Analyst
dbsvhk@dbs.com

Key Financial Data

Bloomberg Ticker	MDT US
Sector	Health Care Equipment & Services
Share Price (USD)	87.67
DBS Rating	HOLD
12-mth Target Price (USD)	90.00
Market Cap (USD bn)	111.2
Volume (m shares)	797.5
Dividend yield (%)	3.3
Net Debt/Equity (x)	0.4
Fwd. P/E (x)	19.9
P/Book (x)	2.3
ROE (%)	14.3

Closing Price as of 26 Mar 2026
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: Thomson Reuters

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Financial Summary (USDmn)

FY Jan	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	31,227	32,364	33,626	36,170	38,632
% y/y	*(1.4)*	*3.6*	*3.9*	*7.6*	*6.8*
Gross Profit	20,759	21,384	22,096	23,649	25,257
% y/y	*(4.7)*	*3.0*	*3.3*	*7.1*	*6.8*
EBITDA	10,994	10,918	11,509	11,925	12,514
% y/y	*(4.9)*	*(0.7)*	*5.4*	*3.7*	*4.8*
Net Profit	7,045	6,918	7,079	7,260	7,801
% y/y	*(7.1)*	*(1.8)*	*2.3*	*2.6*	*7.5*
FCF	4,580	5,200	5,185	5,946	6,987
% y/y	*(23.4)*	*13.5*	*(0.3)*	*14.7*	*20.2*
CAPEX	1,459	1,587	1,859	1,815	1,772
% y/y	*6.7*	*8.8*	*17.1*	*(2.4)*	*(3.2)*
EBITDA Margin (%)	35.2	33.7	34.2	33.0	32.4
Net Margin (%)	22.6	21.4	21.1	20.1	20.2
ROA (%)	7.7	7.6	7.8	7.8	8.2
ROE (%)	13.5	13.6	14.3	14.8	15.2
Tax Rate (%)	13.7	16.0	16.7	17.9	18.1

Source: Visible Alpha

Valuation Metrics

FY Jan	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
P/E (x)	30.6	31.3	23.9	19.9	17.8
P/B (x)	2.2	2.3	2.3	2.3	2.2
Dividend Yield (%)	3.2	3.2	3.2	3.3	3.4
EV/EBITDA (x)	12.0	12.1	11.5	11.1	10.5
FCF Yield (%)	4.0	4.5	4.6	5.3	6.3
Dividend Per Share (DPS)	2.7	2.8	2.8	2.9	2.9

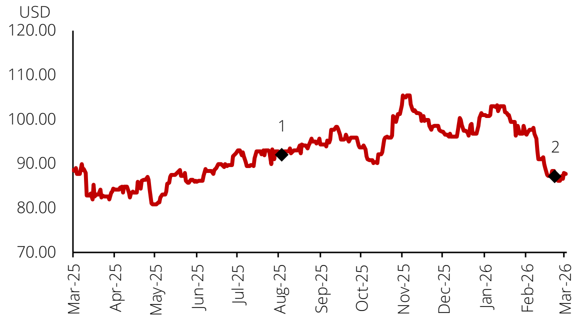
Source: Visible Alpha

Credit & Cashflow Metrics

FY Jan	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity (%)	47.2	49.6	59.1	56.6	52.7
Net Debt / Equity (x)	0.3	0.3	0.4	0.4	0.3
Debt / Assets (%)	26.8	27.8	31.1	30.4	29.1
Net Debt / Assets (x)	0.2	0.2	0.2	0.2	0.2
EBITDA / Int Exp (%)	17.3	15.2	15.8	16.7	17.1
ST Debt / Total Debt (x)	0.0	0.0	0.1	0.0	0.1
Debt / EBITDA (x)	2.2	2.3	2.5	2.4	2.3
[Cash + CFO] / ST Debt (%)	699.9	13.5	5.6	12.9	15.1
Receivables Days	70.1	69.1	70.7	68.6	68.5
Days Payable	31.1	27.2	26.6	27.5	26.6
Inventory Days	61.9	58.8	59.4	60.2	59.8

Source: Visible Alpha

Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions

S.No.	Date	Closing Price	Target Price	Rating
1	27-Aug-25	92.05	92.00	HOLD
2	18-Mar-26	87.21	90.00	HOLD

Source: DBS

Analysts: Nico CHEN

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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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DBS REGIONAL RESEARCH OFFICES

HONG KONG
DBS Bank (Hong Kong) Ltd
Contact: Dennis Lam
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

SINGAPORE
DBS Bank Ltd
Contact: Andy Sim
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA
PT DBS Vickers Sekuritas (Indonesia)
Contact: William Simadiputra
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND
DBS Vickers Securities (Thailand) Co Ltd
Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: DBSVTresearch@dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand