

ModernGraham Valuation

Company Name:

Medtronic PLC

Company Ticker MDT

Date of Analysis

10/13/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$102,785,253,834	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.81	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	57.10%	Pass
6. Moderate PEmg Ratio	PEmg < 20	21.71	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.98	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	3.81	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.57	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.36
MG Growth Estimate	2.79%
MG Value	\$47.33
MG Value based on 3% Growth	\$48.72
MG Value based on 0% Growth	\$28.56
Market Implied Growth Rate	6.60%

MG Opinion

Current Price	\$72.94
% of Intrinsic Value	154.13%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.78
Graham Number	\$60.13
PEmg	21.71
Current Ratio	3.81
PB Ratio	1.98
Dividend Yield	1.78%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.31	Next Fiscal Year Estimate	\$3.36
Apr15	\$2.41	Apr15	\$2.93
Apr14	\$3.02	Apr14	\$3.15
Apr13	\$3.37	Apr13	\$3.10
Apr12	\$3.41	Apr12	\$2.83
Apr11	\$2.86	Apr11	\$2.49
Apr10	\$2.79	Apr10	\$2.27
Apr09	\$1.84	Apr09	\$1.99
Apr08	\$1.95	Apr08	\$2.01
Apr07	\$2.41	Apr07	\$1.96
Apr06	\$2.09	Apr06	\$1.64
Apr05	\$1.48	Apr05	\$1.34
Apr04	\$1.60	Apr04	\$1.21
Apr03	\$1.30	Apr03	\$0.96
Apr02	\$0.80	Apr02	\$0.76
Apr01	\$0.85	Apr01	\$0.70
Apr00	\$0.89	Apr00	\$0.60
Apr99	\$0.39	Balance Sheet Information Jul15	
Apr98	\$0.51	Total Current Assets	\$29,147,000,000
Apr97	\$0.50	Total Current Liabilities	\$7,660,000,000
Apr96	\$0.45	Long-Term Debt	\$33,709,000,000
		Total Assets	\$104,626,000,000
		Intangible Assets	\$68,356,000,000
		Total Liabilities	\$51,817,000,000
		Shares Outstanding (Diluted Average)	1,436,400,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

[Medtronic Inc. Analysis – July 2015 Update \\$MDT](#)
[27 Companies in the Spotlight This Week – 4/4/15](#)
[Medtronic plc Quarterly Valuation – March 2015 \\$MDT](#)
[15 Companies in the Spotlight This Week – 12/27/14](#)
[Medtronic Inc. Quarterly Valuation – December 2014 \\$MDT](#)

Other
ModernGraham
posts about related
companies

[PerkinElmer Inc. Analysis – October 2015 Update \\$PKI](#)
[Quest Diagnostics Inc. Analysis – October 2015 Update \\$DGX](#)
[Stryker Corporation Analysis – October 2015 Update \\$SYK](#)
[The Best Companies of the Medical Industry – September 2015](#)
[Zimmer Biomet Holdings Inc. Analysis – September 2015 Update \\$ZBH](#)
[Waters Corporation Analysis – September 2015 Update \\$WAT](#)
[Patterson Companies Inc. Analysis – September 2015 Update \\$PDCO](#)
[Edwards Lifesciences Corporation Analysis – September 2015 Update \\$EW](#)
[Baxter International Inc. Analysis – September 2015 Update \\$BAX](#)
[Cerner Corporation Analysis – September 2015 Update \\$CERN](#)