

# ModernGraham Valuation

## Company Name:

Company Ticker MDT  
Date of Analysis

Medtronic plc.  
Ordinary Shares

3/2/2018



## 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  | \$106,116,914,500 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 2.43              | Pass |
| 3. Earnings Stability                      | Positive EPS for 10 years prior  |                   | Pass |
| 4. Dividend Record                         | Dividend Payments for 10 years prior   |                   | Pass |
|  | Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end | 5.87%             | Fail |
| 5. Earnings Growth                         | PEmg < 20  | 29.64             | Fail |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50   | 2.11              | Pass |
| 7. Moderate Price to Assets                |  |                   |      |

*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                  | 2.43 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1                    | 1.65 | 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 Score |      | Fail |

### Suitability

|                     |           |
|---------------------|-----------|
| <b>Defensive</b>    | <b>No</b> |
| <b>Enterprising</b> | <b>No</b> |

## Stage 2: Determination of Intrinsic Value

|                             |               |
|-----------------------------|---------------|
| EPSmg                       | \$2.64        |
| MG Growth Estimate          | -2.43%        |
| <b>MG Value</b>             | <b>\$9.60</b> |
| MG Value based on 3% Growth | \$38.32       |
| MG Value based on 0% Growth | \$22.46       |
| Market Implied Growth Rate  | 10.57%        |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$78.33           |
| % of Intrinsic Value | 816.31%           |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>C</b>          |

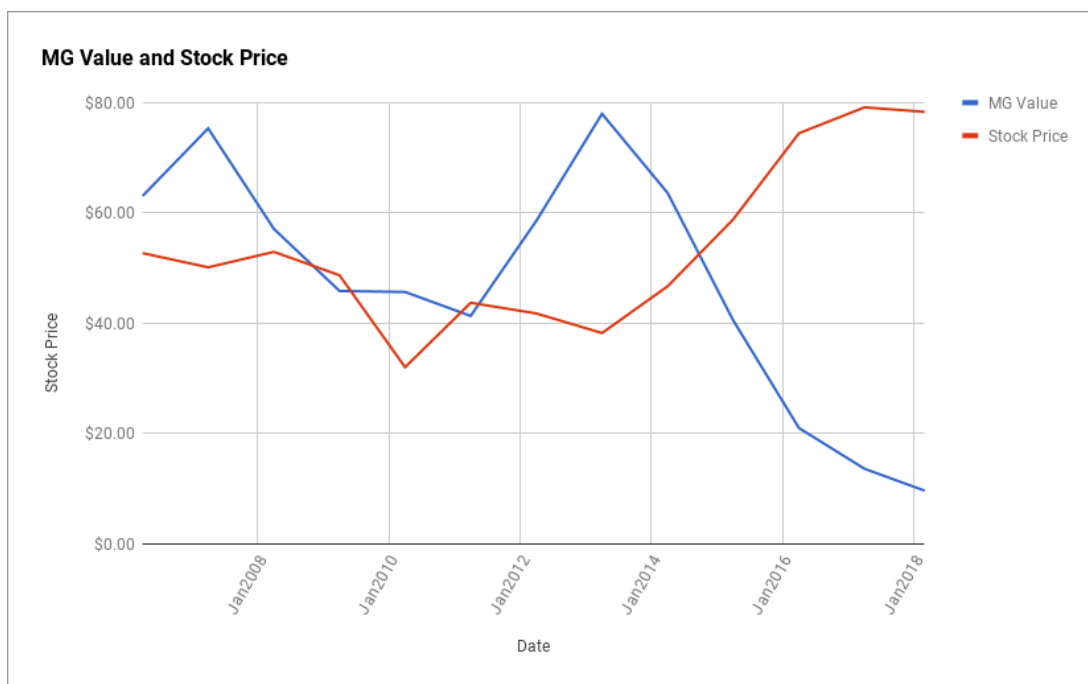
## Stage 3: Information for Further Research

|  |          |
|--|----------|
| Net Current Asset Value (NCAV)                 | -\$14.00 |
| Graham Number                                  | \$45.99  |
| PEmg   | 29.64    |
| Current Ratio                                  | 2.43     |
| PB Ratio                                       | 2.11     |
| Current Dividend                               | \$1.72   |
| Dividend Yield                                 | 2.20%    |
| Number of Consecutive Years of Dividend Growth | 20       |

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)  
[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

| EPS History               |        | EPSmg History   |        |
|---------------------------|--------|---|--------|
| Next Fiscal Year Estimate | \$2.56 | Next Fiscal Year Estimate   | \$2.64 |
| Apr2017                   | \$2.89 | Apr2017   | \$2.73 |
| Apr2016                   | \$2.48 | Apr2016   | \$2.75 |
| Apr2015                   | \$2.41 | Apr2015   | \$2.93 |
| Apr2014                   | \$3.02 | Apr2014   | \$3.15 |
| Apr2013                   | \$3.37 | Apr2013   | \$3.10 |
| Apr2012                   | \$3.41 | Apr2012   | \$2.83 |
| Apr2011                   | \$2.86 | Apr2011   | \$2.49 |
| Apr2010                   | \$2.79 | Apr2010   | \$2.27 |
| Apr2009                   | \$1.84 | Apr2009   | \$1.99 |
| Apr2008                   | \$1.95 | Apr2008   | \$2.01 |
| Apr2007                   | \$2.41 | Apr2007   | \$1.96 |
| Apr2006                   | \$2.09 | Apr2006   | \$1.64 |
| Apr2005                   | \$1.48 | Apr2005   | \$1.34 |
| Apr2004                   | \$1.60 | Apr2004   | \$1.21 |
| Apr2003                   | \$1.30 | Apr2003   | \$0.96 |
| Apr2002                   | \$0.80 | Apr2002   | \$0.76 |
| Apr2001                   | \$0.85 | <b>Balance Sheet Information</b> <b>1/1/2018</b><br>Total Current Assets \$26,607,000,000<br>Total Current Liabilities \$10,933,000,000<br>Long-Term Debt \$25,918,000,000<br>Total Assets \$95,800,000,000<br>Intangible Assets \$61,973,000,000<br>Total Liabilities \$45,566,000,000<br>Shares Outstanding (Diluted Average) 1,354,000,000 |        |
| Apr2000                   | \$0.89 |   |        |
| Apr1999                   | \$0.39 |   |        |
| Apr1998                   | \$0.51 |   |        |





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 PLC Valuation – January 2016 Update \\$MDT](#)
- [Medtronic PLC Valuation – October 2015 Update \\$MDT](#)
- [Medtronic Inc. Analysis – July 2015 Update \\$MDT](#)
- [27 Companies in the Spotlight This Week – 4/4/15](#)
- [Medtronic plc Quarterly Valuation – March 2015 \\$MDT](#)

**Other ModernGraham posts about related companies**

- [UnitedHealth Group Inc Valuation – February 2018 \\$UNH](#)
- [VCA Inc Valuation – Initial Coverage \\$WOOF](#)
- [Universal Health Services Inc Valuation – August 2017 \\$UHS](#)
- [Teleflex Inc Valuation – Initial Coverage \\$TFX](#)
- [BIO-TECHNE Corp Valuation – Initial Coverage \\$TECH](#)
- [LifePoint Health Inc Valuation – Initial Coverage \\$LPNT](#)
- [Psychemedics Corp Valuation – April 2017 \\$PMD](#)
- [Community Health Systems Valuation – Initial Coverage \\$CYH](#)
- [Patterson Companies Inc Valuation – April 2017 \\$PDCO](#)
- [Luminex Corp Valuation – Initial Coverage \\$LMNX](#)