

Medtronic

“Medtronic is the global leader in medical technology- alleviating pain, restoring health, and extending life for people with chronic conditions around the world.”

Philip Bauch
Christopher Gohmert
Jon Zahradka

Medtronic

- April 29, 1949 in Minneapolis, Minnesota
- \$15.8 Billion Revenue – Year End 4-30-2010
- 7 Business Segments
- International Sales in over 120 countries
- Approximately 43,000 employees

Divisions & Sales

<i>(dollars in millions)</i>	Net Sales		% Change
	Fiscal Year		
	2010	2009	
Cardiac Rhythm Disease Management	\$ 5,268	\$ 5,014	5%
Spinal	3,500	3,400	3
CardioVascular	2,864	2,437	18
Neuromodulation	1,560	1,434	9
Diabetes	1,237	1,114	11
Surgical Technologies	963	857	12
Physio-Control	425	343	24
Total Net Sales	\$15,817	\$14,599	8%

Net Sales Geographically

Geographic Information

Net sales to external customers by geography are as follows:

<i>(in millions)</i>	United States	Europe	Asia Pacific	Other Foreign	Consolidated
Fiscal Year 2010					
Net sales to external customers	\$9,366	\$4,014	\$1,903	\$534	\$15,817
Long-lived assets*	\$7,573	\$5,431	\$ 253	\$362	\$13,619
Fiscal Year 2009					
Net sales to external customers	\$ 8,987	\$ 3,564	\$ 1,558	\$ 490	\$14,599
Long-lived assets*	\$ 7,236	\$ 5,660	\$ 185	\$ 286	\$13,367
Fiscal Year 2008					
Net sales to external customers	\$ 8,336	\$ 3,288	\$ 1,437	\$ 454	\$13,515
Long-lived assets*	\$ 7,456	\$ 4,791	\$ 168	\$ 36	\$12,451

*Excludes other long-term financial instruments and long-term deferred tax assets, net, as applicable.

No single customer represents over 10 percent of the Company's consolidated net sales in fiscal years 2010, 2009 or 2008.

Tools

Buffettology Spreadsheet

GuruFocus

Article

Buffett & Interpretation of Financial Statements

Interpretation of Financial Statements

Current Ratio: 1.9

Goodwill: Increasing

Intangible Assets: \$ 2,559,000,000

Return on Assets: 11.0%

Long term Debt: Paid with NI in 2.24 years

Debt to Shareholders' Equity: .65

Preferred Stock: None

Interpretation of Financial Statements

Retained Earnings: Increasing-\$14.8 Billion

Treasury Stock: Common stock has decreased by 118 million shares since 2003

Capital Expenditures: 18.2% of earnings

Return on Equity: 21.2%

Stock Buybacks: Yes

Borrowings: 27% short-term, 73% long-term

R&D Costs: 36.8% of gross profit, 10.8 % of sales

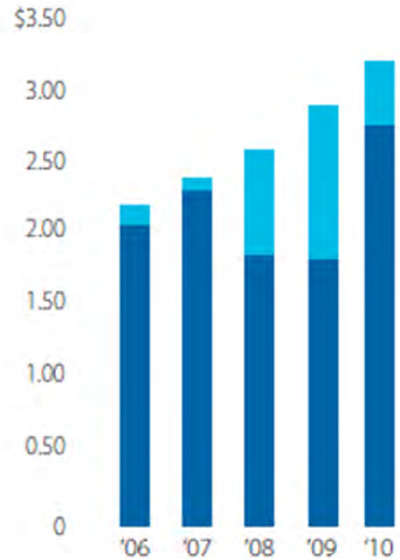
Borrowings

(in millions)

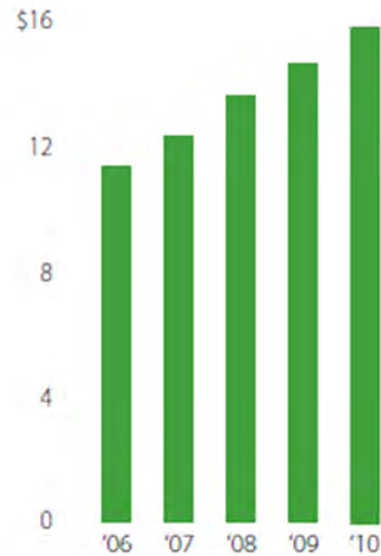
Fiscal Year	Obligation
2011	\$2,600
2012	49
2013	2,221
2014	569
2015	1,255
Thereafter	3,068
Total long-term debt	9,762
Less: Current portion of long-term debt	2,600
Long-term portion of long-term debt	\$7,162

Graphs

Diluted Earnings Per Share
(in dollars)

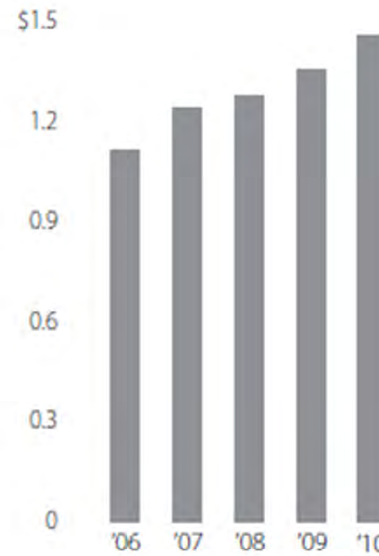


Net Sales
(dollars in billions)



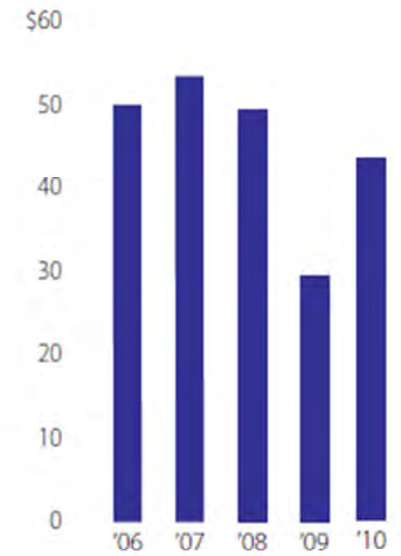
5-year CAGR* 9.5%

Research and Development Expense
(dollars in billions)



5-year CAGR* 8.9%

Closing Stock Price
(in dollars)



5-year CAGR* (3.7)%

■ Excluding special charges, restructuring charges, certain litigation charges, net, IPR&D and certain acquisition-related costs, non-cash charge to interest expense due to the change in accounting rules governing convertible debt, and certain tax adjustments

■ As reported

5-year CAGR* for diluted earnings per share, as reported 13.7%

5-year CAGR* for diluted earnings per share, excluding special charges, restructuring charges, certain litigation charges, net, IPR&D and certain acquisition-related costs, non-cash charge to interest expense due to the change in accounting rules governing convertible debt, and certain tax adjustments 11.6%

*Compound Annual Growth Rate

Default

STRETD®	
current year	26 Nov 2010
Price	33.84
EPSttm	2.890
PE Ratio	19.83
HGrowth	13.17 %
Payout	29 %
Dividend Reinvestment Strategy <input checked="" type="radio"/> Buy additional shares <input type="radio"/> Invest at the rate below	
Note: PE Ratio is ave of last 4 yrs	
Investment Period	5 years
Tax - dividends	0 %
Tax - capital gains	0 %
Calculate	27.58% per year
Sync with TARG	

TARGD®		
current year	Req Return	15.0 %
EPSttm	2.890	
PE Ratio	19.83	
HGrowth	13.17 %	
Payout	29 %	
Dividend Reinvestment Strategy <input checked="" type="radio"/> Buy additional shares <input type="radio"/> Invest at the rate below		
Note: PE Ratio is ave of last 4 yrs		
Investment Period	5 years	
Tax - dividends	0 %	
Tax - capital gains	0 %	
Calculate	\$45.62	
Sync with STRET		

Safety

STRETD®	
current year	26 Nov 2010
Price	33.84
EPSttm	2.890
PE Ratio	10.54
HGrowth	6.99 %
Payout	29 %
Dividend Reinvestment Strategy <input checked="" type="radio"/> Buy additional shares <input type="radio"/> Invest at the rate below	
Note: PE Ratio is ave of last 4 yrs	
Investment Period	5 years
Tax - dividends	0 %
Tax - capital gains	0 %
Calculate	7.64% per year
Sync with TARG	

TARGD®		
current year	Req Return	15.0 %
EPSttm	2.890	
PE Ratio	10.54	
HGrowth	6.99 %	
Payout	29 %	
Dividend Reinvestment Strategy <input checked="" type="radio"/> Buy additional shares <input type="radio"/> Invest at the rate below		
Note: PE Ratio is ave of last 4 yrs		
Investment Period	5 years	
Tax - dividends	0 %	
Tax - capital gains	0 %	
Calculate	\$24.32	
Sync with STRET		

Default

STRETD®		TARGD®	
current year	26 Nov 2010	current year	
Price	33.84	Req Return	15.0 %
Dividend Reinvestment Strategy	EPSttm	2.890	EPSttm
<input checked="" type="radio"/> Buy additional shares	PE Ratio	19.83	PE Ratio
<input type="radio"/> Invest at the rate below	HGrowth	13.17 %	HGrowth
Note: PE Ratio is ave of last 4 yrs	Payout	29 %	Payout
Investment Period	5 years	Tax - dividends	0 %
Tax - capital gains	0 %	Tax - capital gains	0 %
Calculate	27.58% per year	Calculate	\$45.62
Sync with TARG		Sync with STRET	

Kill It

STRETD®		TARGD®	
current year	26 Nov 2010	current year	
Price	33.84	Req Return	15.0 %
Dividend Reinvestment Strategy	EPSttm	2.890	EPSttm
<input checked="" type="radio"/> Buy additional shares	PE Ratio	9	PE Ratio
<input type="radio"/> Invest at the rate below	HGrowth	6 %	HGrowth
Note: PE Ratio is ave of last 4 yrs	Payout	29 %	Payout
Investment Period	5 years	Tax - dividends	0 %
Tax - capital gains	0 %	Tax - capital gains	0 %
Calculate	3.81% per year	Calculate	\$45.62
Sync with TARG		Sync with STRET	

Default

STRETD®	
current year	26 Nov 2010
Price	33.84
EPSttm	2.890
PE Ratio	19.83
HGrowth	13.17 %
Payout	29 %
Dividend Reinvestment Strategy <input checked="" type="radio"/> Buy additional shares <input type="radio"/> Invest at the rate below	
Note: PE Ratio is ave of last 4 yrs	
Investment Period	5 years
Tax - dividends	0 %
Tax - capital gains	0 %
Calculate	27.58% per year
Sync with TARG	

TARGD®	
current year	
Req Return	15.0 %
EPSttm	2.890
PE Ratio	19.83
HGrowth	13.17 %
Payout	29 %
Dividend Reinvestment Strategy <input checked="" type="radio"/> Buy additional shares <input type="radio"/> Invest at the rate below	
Note: PE Ratio is ave of last 4 yrs	
Investment Period	5 years
Tax - dividends	0 %
Tax - capital gains	0 %
Calculate	\$45.62
Sync with STRET	

Kill It Again

STRETD®	
current year	26 Nov 2010
Price	33.84
EPSttm	2.890
PE Ratio	8
HGrowth	5 %
Payout	29 %
Dividend Reinvestment Strategy <input checked="" type="radio"/> Buy additional shares <input type="radio"/> Invest at the rate below	
Note: PE Ratio is ave of last 4 yrs	
Investment Period	5 years
Tax - dividends	0 %
Tax - capital gains	0 %
Calculate	0.82% per year
Sync with TARG	

TARGD®	
current year	
Req Return	15.0 %
EPSttm	2.890
PE Ratio	19.83
HGrowth	8.29 %
Payout	29 %
Dividend Reinvestment Strategy <input checked="" type="radio"/> Buy additional shares <input type="radio"/> Invest at the rate below	
Note: PE Ratio is ave of last 4 yrs	
Investment Period	5 years
Tax - dividends	0 %
Tax - capital gains	0 %
Calculate	\$45.62
Sync with STRET	

Conclusion

Purchase MDT