

# MEDTRONIC PLC

## **DIVESTITURE ANNOUNCEMENT** PATIENT CARE, DEEP VEIN THROMBOSIS, AND NUTRITIONAL INSUFFICIENCY BUSINESSES

**APRIL 18, 2017**

- STRATEGIC RATIONALE
- TRANSACTION OVERVIEW / FINANCIAL METRICS
- DIVESTED ASSETS DESCRIPTION

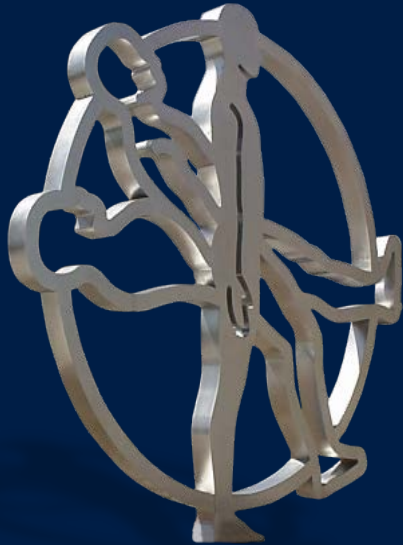
**Medtronic**  
Further, Together

# FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements related to the proposed transaction between Medtronic and Cardinal Health, the expected timetable for completing the transaction, strategic and other potential benefits of the transaction, and other statements about future expectations, beliefs, goals, plans or prospects, all of which are subject to risks and uncertainties such as those described in Medtronic's periodic reports on file with the U.S. Securities and Exchange Commission (the "SEC"). Actual results may differ materially from anticipated results. These forward looking statements speak only as of the date of this presentation, and Medtronic does not undertake to update its forward-looking statements or any of the information contained in this presentation.

## **Non-GAAP Financial Data**

This presentation contains certain financial measures, including estimated future revenue growth rate and potential margin and dilution impacts of the transaction, which are considered "non-GAAP" financial measures under applicable SEC rules and regulations. Medtronic calculates forward-looking non-GAAP financial measures based on internal forecasts that omit certain amounts that would be included in GAAP financial measures. For instance, forward-looking non-GAAP revenue growth and EPS projections exclude the impact of foreign currency exchange fluctuations. Forward-looking non-GAAP EPS impacts also exclude other potential charges or gains that would be recorded as non-GAAP adjustments to earnings during the fiscal year, such as amortization of intangible assets and acquisition-related, certain tax and litigation, and restructuring charges or gains. Medtronic does not attempt to provide reconciliations of forward-looking non-GAAP financial measures to projected comparable GAAP financial measures because the combined impact and timing of recognition of these potential charges or gains is inherently uncertain and difficult to predict and is unavailable without unreasonable efforts. In addition, we believe such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of financial performance. Medtronic generally uses non-GAAP financial measures to facilitate management's review of the operational performance of the company and as a basis for strategic planning. Non-GAAP financial measures should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP, and investors are cautioned that Medtronic may calculate non-GAAP financial measures in a way that is different from other companies. Management strongly encourages investors to review the company's consolidated financial statements and publicly filed reports in their entirety.



- Positive transaction for all involved – Medtronic, Cardinal Health, and our respective shareholders and employees
- Divesting businesses that are lower growth/lower margin
- Enables investment over the long-term in higher returning internal and external opportunities aligned with our growth strategies
- Immediate positive impact to revenue growth and margins with modest near-term dilution
- Improves the sustainability of our growth commitments
- Use of proceeds consistent with our stated capital allocation strategy

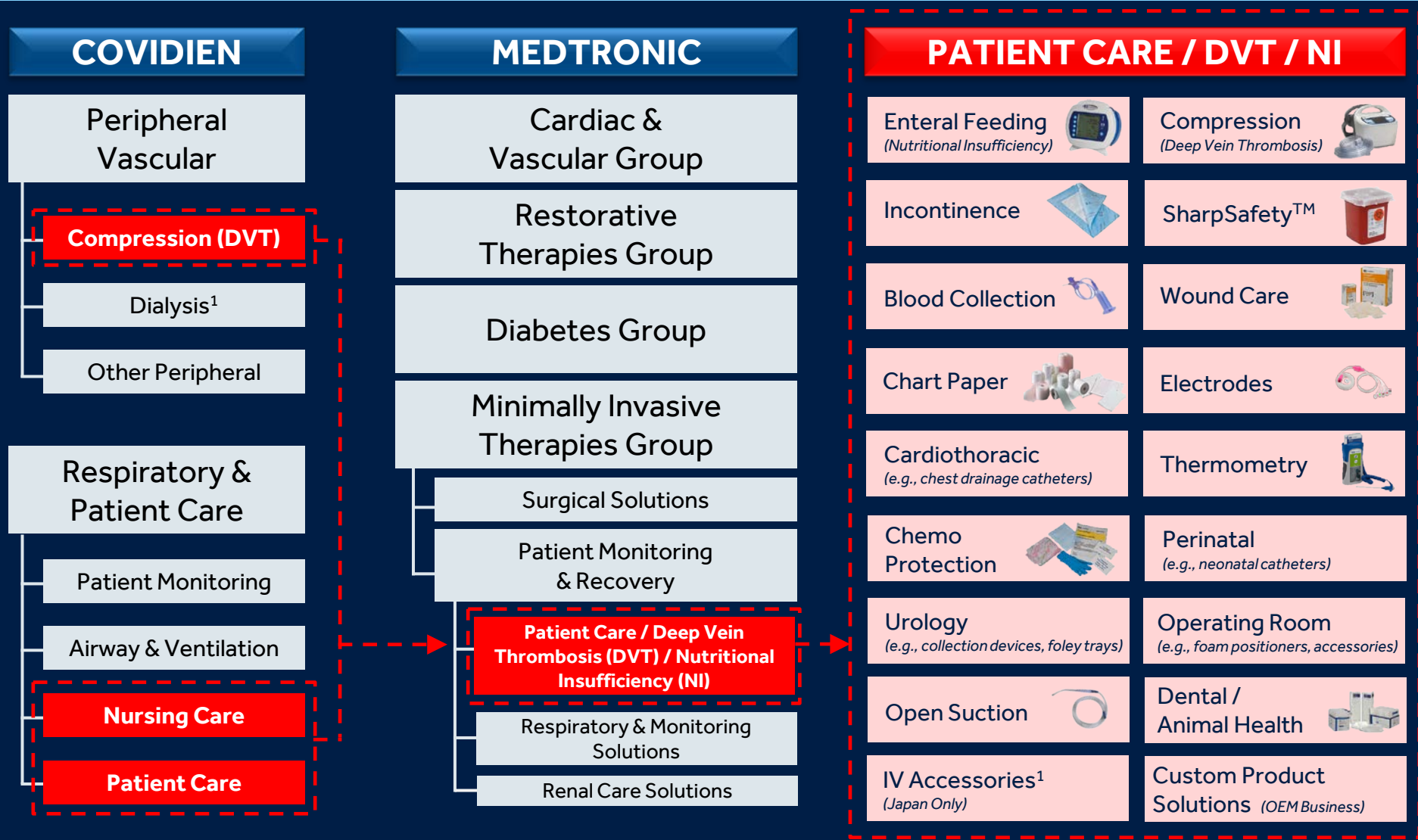
# TRANSACTION OVERVIEW & KEY FINANCIAL METRICS

<b>Transaction Terms</b>	<ul style="list-style-type: none"> <li>• Asset sale</li> <li>• \$6.1 billion cash, subject to certain adjustments</li> <li>• Approx. \$5.5 billion after-tax proceeds</li> </ul>
<b>Expected Close Timing</b>	<ul style="list-style-type: none"> <li>• During MDT Q2 FY18 (Jul. 29 – Oct. 27, 2017)</li> <li>• Subject to regulatory approvals and satisfaction of other customary closing conditions</li> </ul>
<b>Divested Assets</b>	<ul style="list-style-type: none"> <li>• Certain PMR businesses:             <ul style="list-style-type: none"> <li>• Patient Care</li> <li>• Deep Vein Thrombosis</li> <li>• Nutritional Insufficiency</li> </ul> </li> </ul>
<b>Divested Assets Financial Profile</b> <i>(over last 4 reported quarters)</i>	<ul style="list-style-type: none"> <li>• Revenue: \$2.4 billion</li> <li>• Revenue Growth: Declined low-single digits</li> </ul>
<b>Near-Term Use of After-Tax Proceeds</b>	<ul style="list-style-type: none"> <li>• \$1 billion share repurchase</li> <li>• Remaining allocated to pay down debt</li> </ul>
<b>Expected Net Non-GAAP EPS Dilution</b>	<ul style="list-style-type: none"> <li>• ~\$0.12 to ~\$0.18 in FY18</li> <li>• Exact amount primarily dependent on closing date</li> </ul>
<b>Impact to MDT Financial Profile</b>	<ul style="list-style-type: none"> <li>• MDT Revenue Growth: approx. 50 bps improvement<sup>1</sup></li> <li>• MDT Operating Margin: approx. 50 bps improvement<sup>1</sup></li> </ul>

<sup>1</sup> On a non-GAAP, comparable, constant currency basis

# PT CARE/DVT/NI DIVESTITURE

## DIVESTED ASSETS



<sup>1</sup> IV Accessories (only available in the Japan market) were reported under the Dialysis business within Covidien, and represents immaterial revenue within the divested assets.