

Covidien Announces Transactions Aimed at Emerging Markets 'Value Segment'

Brazil Acquisition, China Joint Venture Enable Company to Address Underserved Markets, Expand Patient Access to Care

DUBLIN, Ireland--(BUSINESS WIRE)--Jan. 13, 2014-- Moving decisively to accelerate a key component of its emerging markets strategy, [Covidien](#) plc (NYSE:COV) has completed two transactions – one in Brazil and the other in China – that will enable it to help better meet the specific needs of underserved 'value segment' markets. The value segment includes markets with hospitals that primarily serve patients facing care affordability challenges.

In Brazil, Covidien has acquired WEM Equipamentos Eletrônicos Ltda., a privately held manufacturer of electrosurgical generators, disposables and accessories based in Ribeirao Preto. In China, Covidien has entered into a joint venture with the Changzhou Kangdi Medical Stapler Co., Ltd., a manufacturer of open stapler products based in Jiangsu Province.

Terms of the deals were not disclosed. Total impact on Covidien's 2014 revenue and earnings is expected to be minimal, but each deal establishes a presence for Covidien in segments of the Brazil and China markets where the company currently has a limited footprint.

These underserved segments represent a strategic opportunity for Covidien, as growth resulting from scaling these businesses is expected to exceed that of the overall market over time. In addition to opening a new growth segment to Covidien, the transactions support the company's vision to improve patient outcomes and expand global access to care.

"These deals accelerate our entry into an increasingly important customer segment that we believe will enable us to grow above market over time and increase access to affordable healthcare solutions," said Brian King, President, Emerging Markets, Covidien. "By combining Covidien's proven business model with the capabilities of our new partners, we'll be able to scale the value segment opportunity and help provide more affordable healthcare solutions in new markets."

Covidien has acquired all of WEM and will manage the business as part of its Brazilian operations. Covidien and Kangdi will partner through a shared ownership agreement with Covidien holding majority control and will operate as a separate joint venture.

The transactions provide Covidien with capabilities such as lower cost manufacturing, complementary channels and local brands to address the different affordability needs of the value segment.

Covidien intends to leverage the two companies' existing product portfolios, manufacturing infrastructure, relationships and other capabilities to provide cost-effective solutions specifically designed for healthcare providers within the value segment. Covidien also plans to integrate its existing tailored products portfolio into the channels provided through these transactions.

About Covidien

Covidien is a leading global healthcare products company that creates innovative medical solutions for better patient outcomes and delivers value through clinical leadership and excellence. Covidien develops, manufactures and sells a diverse range of industry-leading medical device and supply products. With 2013

revenue of \$10.2 billion, Covidien has more than 38,000 employees worldwide in more than 70 countries, and its products are sold in over 150 countries. Please visit www.covidien.com to learn more about our business.

FORWARD-LOOKING STATEMENTS

Any statements contained in this communication that do not describe historical facts may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Any forward-looking statements contained herein are based on our management's current beliefs and expectations, but are subject to a number of risks, uncertainties and changes in circumstances, which may cause actual results or Covidien actions to differ materially from what is expressed or implied by these statements. The factors that could cause actual future results to differ materially from current expectations include, but are not limited to, the ability to successfully integrate WEM's operations with Covidien's and the time and resources required to do so; the uncertainties inherent in emerging markets activities; the ability to successfully participate in a joint venture in the event our partners have economic or business interests or goals that are inconsistent with ours, competitive developments and other risks and uncertainties described in more detail in Covidien's Annual Report on Form 10-K for the fiscal year ended September 27, 2013 and Covidien's subsequent filings with the SEC. We disclaim any obligation to update these forward-looking statements other than as required by law.

Source: Covidien plc

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