Medtronic News

Medtronic announces intention to separate its combined Patient Monitoring and Respiratory Interventions businesses

Separation of the combined Patient Monitoring and Respiratory Interventions businesses ("NewCo") expected to better position both NewCo and Medtronic for long-term success and value creation

- Enhances both Medtronic and NewCo's strategic and operational focus on meeting the needs of their respective patients, physicians, customers, and other stakeholders
- Advances the Medtronic portfolio management and capital allocation strategies focused on higher growth markets and revenue acceleration
- Pursuing NewCo separation via a distribution that is expected to be tax-free to Medtronic shareholders for U.S. federal income tax purposes or other alternatives

DUBLIN, Oct. 24, 2022 /PRNewswire/ -- Medtronic plc (NYSE:MDT), a global leader in healthcare technology, today announced its intention to pursue a separation of the company's combined Patient Monitoring and Respiratory Interventions businesses ("NewCo"), which are part of the company's Medical Surgical Portfolio.

"We are executing on our portfolio management strategy, taking action to create value for Medtronic and our shareholders. This separation will allow Medtronic to focus our company and our capital on opportunities better aligned with our long-term strategies to accelerate innovation-driven growth, and will position NewCo to unlock value. Independently, NewCo will be a leading connected care company with a compelling leadership position, attractive margins, and potential for growth acceleration with increased investment and dedicated capital allocation," said Geoff Martha, chairman and CEO of Medtronic. "Looking ahead, we remain focused on active portfolio management with an ongoing process of evaluating potential additions and subtractions to further accelerate Medtronic's growth over the long-term."

Medtronic – The leading global healthcare technology company

The decision to pursue a separation represents an important next step in ongoing portfolio assessment by Medtronic that demonstrates its commitment to creating value for all of its stakeholders. The separation will enable greater investment focus in the areas of highest strategic priority across the company, and will facilitate the execution of its leadership strategy in attractive medtech markets that leverage the company's strengths. Following the separation of NewCo, Medtronic will have:

- A more streamlined portfolio with sharpened focus on deploying capital into opportunities most aligned with its long-term growth strategies;
- Modestly faster organic revenue growth and an increased weighted average market growth rate (WAMGR); and
- A strong balance sheet and continued commitment to its strategy of driving durable growth.

NewCo is uniquely positioned to offer the full suite of connected patient monitoring and respiratory care solutions

NewCo is expected to be a premier partner for connected care solutions with best-in-class brands and leading positions in patient monitoring and critical care:

- The Patient Monitoring technology portfolio includes Nellcor™ pulse oximetry, Microstream™ capnography, BIS™ brain monitoring, INVOS™ perfusion monitoring, and HealthCast™ connected care solutions.
- The Respiratory Interventions technology portfolio includes Puritan Bennett™ ventilators, Shiley™ airway portfolio, McGrath™ MAC video laryngoscopy, DAR™ breathing systems, as well as PAV+, NIV+ and IE Sync ventilation software solutions designed to improve workflow and care delivery.

Patient Monitoring and Respiratory Interventions reside in the Respiratory, Gastrointestinal & Renal division within the Medtronic Medical Surgical Portfolio. In fiscal year 2022, the combined business generated global revenue of approximately $2.2 billion. The combined business has a constant currency revenue growth profile and gross margin profile slightly below overall Medtronic and an operating margin profile slightly higher than overall Medtronic. The combined business has a global

commercial footprint and a team of more than 8,000 employees worldwide.

NewCo is expected to be ideally positioned to deliver expanded value creation through:

- Global scale and commercial reach to drive increased penetration in core strategic markets;
- Connected care solutions to drive increased share within existing customer accounts globally;
- Investments in innovation to drive technology leadership, new parameter expansion, and expand its addressable market segments; and
- Durable growth with an attractive margin and cash flow profile.

Medtronic plans to redeploy any net proceeds consistent with its stated capital allocation priorities. Medtronic does not expect this separation to impact its dividend policy.

Medtronic expects the separation to be completed in the next 12 to 18 months subject to the satisfaction of closing conditions, including obtaining final approval from the Medtronic Board of Directors, receipt of tax opinions and receipt of other regulatory approvals. Medtronic plans to provide additional details on the potential transaction in due course. There can be no assurance regarding the ultimate timing or structure of the potential separation or that a separation will be completed at all, or if completed, what form the separation would take.

Medtronic's financial advisors on the transaction are Perella Weinberg Partners LP and Goldman Sachs & Co. LLC. Its legal advisors on the transaction are Wachtell, Lipton, Rosen & Katz; Skadden, Arps, Slate, Meagher & Flom LLP; and Baker McKenzie.

Presentation

Click here to access the presentation discussing this announcement.

Webcast Information

Medtronic will host a webcast today, Monday, October 24, at 8:30 a.m. EDT (7:30 a.m. CDT) to discuss this announcement. The webcast can be accessed by clicking on the Events icon at investorrelations.medtronic.com. Within 24 hours of the webcast, a replay will be available by clicking on the Events icon at investorrelations.medtronic.com.

About Medtronic

Bold thinking. Bolder actions. We are Medtronic. Medtronic plc, headquartered in Dublin, Ireland, is the leading global healthcare technology company that boldly attacks the most challenging health problems facing humanity by searching out and finding solutions. Our Mission — to alleviate pain, restore health, and extend life — unites a global team of 95,000+ passionate people across 150 countries. Our technologies and therapies treat 70 health conditions and include cardiac devices, surgical robotics, insulin pumps, surgical tools, patient monitoring systems, and more. Powered by our diverse knowledge, insatiable curiosity, and desire to help all those who need it, we deliver innovative technologies that transform the lives of two people every second, every hour, every day. Expect more from us as we empower insight-driven care, experiences that put people first, and better outcomes for our world. In everything we do, we are engineering the extraordinary. For more information on Medtronic (NYSE:MDT), visit www.Medtronic.com and follow @Medtronic on Twitter and LinkedIn.

Forward Looking Statements

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target," "trajectory" or the negative of these terms or other comparable terms. However, the absence of these words does not

mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by Medtronic plc (the "Company") in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include: risks and uncertainties as to the terms, timing, structure, benefits and costs of any separation transaction and whether one will be consummated at all; the impact of any separation transaction on the remaining businesses of the Company; economic conditions generally; competition and pricing pressures; difficulties and delays inherent in the development, regulatory approval, manufacturing, marketing and sale of medical products; fluctuations in currency exchange rates; fluctuations in fixed and floating interest rates; fuel price and fuel surcharge changes; risks related to the Company's intellectual property rights; governmental regulation, including trade compliance laws; governmental or political actions; and other risks and uncertainties that are described in the documents the Company files from time to time with the U.S. Securities and Exchange Commission.

All forward-looking statements set forth in this press release are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Company or its business or operations. Forward-looking statements set forth in this press release speak only as of the date hereof, and the Company does not undertake any obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events, except to the extent required by law.

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