

# Cardinal Health Completes Acquisition of Medtronic's Patient Recovery Business

DUBLIN, Ohio, July 30, 2017 /PRNewswire/ -- Cardinal Health (NYSE: CAH) today announced that it has completed the acquisition of Medtronic's Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency business for \$6.1 billion. The acquisition was funded with a combination of \$4.5 billion in new senior unsecured notes, existing cash and borrowings under our existing credit arrangements.

"This business provides our customers with more product offerings and includes some well-established brands that fit naturally within our portfolio and are complementary to our current medical products business. We know these products and many of the employees well, and have seen that our team members share a common commitment to quality, customer service and the patients who we all ultimately serve," said George Barrett, chairman and CEO of Cardinal Health. "We are extremely excited about welcoming our new colleagues from around the world to Cardinal Health."

The Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency business encompasses 23 product categories across multiple market sites of care, including numerous industry-leading brands, such as Curity, Kendall, Dover, Argyle and Kangaroo – brands used in nearly every U.S. hospital.

The company also previously announced that it expects the acquisition to be accretive to non-GAAP<sup>1</sup> diluted earnings per share from continuing operations by more than \$0.21 per share in fiscal 2018, net of incremental annual financing-related interest expense, and includes up to \$100 million of inventory step-up costs during the first few quarters following closing. As previously disclosed, the company still expects the acquisition to be accretive to non-GAAP diluted earnings per share by more than \$0.55 per share in fiscal 2019, and increasingly accretive thereafter. By the end of fiscal 2020, the company assumes synergies will exceed \$150 million.

The Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency business will become part of Cardinal Health's Medical segment, which is led by Don Casey, the segment's chief executive officer. Integration efforts are off to a successful start and it is expected that all integration work and transitions will be completed over the next 18 months.

Goldman, Sachs & Co. and Perella Weinberg Partners LP served as Cardinal Health's financial advisors on this transaction, and Skadden, Arps, Slate, Meagher & Flom LLP and Jones Day served as its legal advisors.

## **Non-GAAP financial measures (including footnote)**

Footnote (1) Expected accretion to non-GAAP diluted earnings per share from continuing operations reflects: (A) earnings from continuing operations, excluding (1) LIFO charges/(credits), (2) restructuring and employee severance, (3) amortization and acquisition-related costs, (4) impairments and (gain)/loss on disposal of assets, (5) litigation (recoveries)/charges, net, and (6) loss on extinguishment of debt, each net of tax, (B) divided by diluted weighted average shares outstanding.

Cardinal Health presents non-GAAP diluted earnings per share from continuing operations on a forward-looking basis. The most directly comparable forward-looking GAAP measure is diluted earnings per share from continuing operations. Cardinal Health is unable to provide a quantitative reconciliation of this forward-looking non-GAAP measure to the most directly comparable forward-looking GAAP measure, because Cardinal Health cannot reliably forecast LIFO charges/(credits), restructuring and employee severance,

amortization and acquisition-related costs (which Cardinal Health expects to increase significantly as a result of the acquisition of the Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency businesses), impairments and (gain)/loss on disposal of assets and litigation (recoveries)/charges, net, which are difficult to predict and estimate. Please note that the unavailable reconciling items could significantly impact Cardinal Health's future financial results. These items could cause earnings per share and the accretion to earnings per share to differ materially from the company's non-GAAP expectations.

## **About Cardinal Health**

Cardinal Health Inc. is a global, integrated healthcare services and products company, providing customized solutions for hospital systems, pharmacies, ambulatory surgery centers, clinical laboratories and physician offices worldwide. The company provides clinically-proven medical products and pharmaceuticals and cost-effective solutions that enhance supply chain efficiency. Cardinal Health connects patients, providers, payers, pharmacists and manufacturers for integrated care coordination and better patient management. With the acquisition of Medtronic's Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency business the company will have approximately 50,000 employees in nearly 60 countries. Cardinal Health ranks among the top 15 on the Fortune 500. For more information, visit [cardinalhealth.com](http://cardinalhealth.com), follow [@CardinalHealth on Twitter](https://twitter.com/CardinalHealth) and connect on LinkedIn at [linkedin.com/company/cardinal-health](https://linkedin.com/company/cardinal-health).

## **Cautions Concerning Forward-Looking Statements**

This release contains forward-looking statements addressing Cardinal Health's plans to acquire Medtronic's Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency businesses and other statements about future expectations, prospects, estimates and other matters that are dependent upon future events or developments. These statements may be identified by words such as "expect," "anticipate," "intend," "plan," "believe," "will," "should," "could," "would," "project," "continue," "likely," and similar expressions, and include statements reflecting future results, trends or guidance, statements of outlook and expense accruals. These matters are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. These risks and uncertainties include: the ability to retain the acquired businesses' customers and employees, the ability to successfully integrate the acquired businesses into Cardinal Health's operations, and the ability to achieve the expected synergies as well as accretion in earnings; competitive pressures in Cardinal Health's various lines of business; the amount or rate of generic and branded pharmaceutical price appreciation or deflation and the timing of and benefit from generic pharmaceutical introductions; the ability to maintain the benefits from the generic sourcing venture with CVS Health; the risk of non-renewal or a default under one or more key customer or supplier arrangements or changes to the terms of or level of purchases under those arrangements; uncertainties due to government health care reform including proposals to modify or repeal the Affordable Care Act; uncertainties with respect to U.S. tax or trade laws, including proposals relating to a "border adjustment tax" or new import tariffs; changes in the distribution patterns or reimbursement rates for health care products and services; the effects of any investigation or action by any regulatory authority; and changes in foreign currency rates and the cost of commodities such as oil-based resins, cotton, latex and diesel fuel. Cardinal Health is subject to additional risks and uncertainties described in Cardinal Health's Form 10-K, Form 10-Q and Form 8-K reports and exhibits to those reports. This release reflects management's views as of July 31, 2017. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement.

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