

Medtronic's \$9.3B Freed-Up Cash



Medtronic, a medical devices company gained approximately \$9.8 billion from its merger with Covidien. Medtronic was able to bring back these overseas funds back into the U.S. when it bought Covidien for \$4.9 billion and moved its tax domicile from the U.S. to Ireland.

The device giant intends to use this extra cash to repurchase stocks, repay debts and invest in research and development. In addition, Medtronic will continue to follow its acquisition strategy. Already, it has invested more than \$1 billion to acquire new technologies.

See also: [Medtronic Merges With Covidien, Moves Headquarters to Ireland](#)

"The ability to deploy this cash in the U.S. gives us increased flexibility and options. We are working quickly and diligently to determine the best way to utilise this cash, with the priority of creating long-term shareholder value, and will communicate our strategy in the very near-term," said Medtronic CEO Omar Ishrak.

Mr. Ishrak also explained that stock buybacks and debt payments will be the company's top priority but some money will also be allotted for possible acquisitions. He pointed out that these funds gave the company financial flexibility and enabled them to chalk out strategies that would maximise returns to shareholders.

While some have criticised Medtronic's merger with Covidien as a tax-saving tactic but the company has clarified that the cash would be used to create jobs and help other U.S. based early stage medtech companies to grow. Mr Ishrak highlights the fact that Medtronic is giving oxygen to the medical technology industry and aims to invest more and more in early state and mature technology in the U.S.

Source: [MedDevice Online](#)

Image Credit: Medtronic

Published on : Mon, 7 Dec 2015