

Medtronic To Lay Off Up To 2,000 Workers

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WASHINGTON (AP) — Medtronic, the world's largest medical device maker, said Tuesday it will lay off up to 2,000 workers as part of a restructuring effort amid sluggish sales of its implants.

The company said the cuts are aimed at achieving "long-term sustainable growth" and will reduce its work force by 4 to 5 percent. The company expects to take a charge related to the cuts in the fourth quarter.

"We are restructuring our business and leveraging our global infrastructure to be more in-line with market conditions," Chief Executive Bill Hawkins said in a statement.

In late December, Medtronic announced that Hawkins will step down in April after three years leading the company. During his tenure the company has faced weakening sales of its products, due to safety recalls and recession-linked job losses that have reduced the number of insured Americans able to receive its devices.

The Minneapolis-based device maker has scaled back its earnings estimates twice in the past year and forecast an anemic 2 to 3 percent growth in the global market for devices.

The layoffs announcement came as Medtronic reported third-quarter net income rose 11 percent to \$924 million, or 86 cents per share. Adjusted earnings totaled \$922 million, or 86 cents per share, which was slightly better than Wall Street estimates.

Analysts polled by FactSet expected earnings per share of 84 cents on sales of \$3.97 billion.

Sales of defibrillators and pacemakers combined fell 2 to \$1.22 billion for the quarter, while sales of stents, heart valves and other heart implants grew 7 percent to \$774 million, helped by sales in China, Latin America and other emerging markets. Defibrillators, the company's best-selling product, use electrical jolts to correct heart attack and other life-threatening heart rhythms. They differ from pacemakers, which use low-voltage currents to keep hearts beating steadily.

Sales of restorative therapies, which include spinal, diabetes and other products, rose 4 percent to \$1.86 billion. Within that group, spinal sales increased 2 percent to \$861 million, which was ahead of analyst estimates for \$850 million.

Spinal procedures tend to be expensive and highly invasive and the rate of procedures has not kept pace with company estimates.

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Despite improved performance, the company again lowered the range of its full-year fiscal 2011 earnings estimate.

The company expects earnings between \$3.38 and \$3.40, including the cost of a recent acquisition. That's down from \$3.38 to \$3.44 previously. Analysts expect earnings per share of \$3.40.

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