

J&J to cut six percent of medical device jobs

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Johnson & Johnson (J&J) has announced restructuring actions in its medical devices businesses to better serve the needs of customers and patients in evolving healthcare marketplace. The company is undertaking actions to strengthen its go-to-market model, accelerate the pace of innovation, further prioritize key platforms and geographies, and streamline operations while maintaining high quality standards.

The company estimates that the actions announced will result in position eliminations of approximately 4 to 6 percent of the Medical Devices segment's global workforce over the next two years, subject to any consultation procedures in countries where required. Additional information regarding today's announcement can be found in the FAQ posted on www.investor.jnj.com/MDFAQ. Further commentary will be provided during the company's fourth quarter earnings conference call scheduled for January 26, 2016.

The actions are expected to result in annualized pre-tax cost savings of \$800 million to \$1.0 billion, the majority of which is expected to be realized by the end of 2018, including approximately \$200 million in 2016. The savings will provide the company with added flexibility and resources to fund investment in new growth opportunities and innovative solutions for customers and patients.

In connection with its plans, the company expects to record pre-tax restructuring charges of approximately \$2.0 billion to \$2.4 billion, which will be treated as special items, of which approximately \$600 million will be recorded in the fourth quarter of 2015. The company confirmed the full-year 2015 guidance it provided on October 13, 2015 for sales of \$70.0 billion to \$71.0 billion and adjusted earnings for the full-year 2015 of \$6.15 to \$6.20 per share, which excludes special items such as restructuring charges.

The company's Consumer Medical Devices businesses, Vision Care and Diabetes Care, are not impacted by these actions.

"As a market leader, we are committed to leveraging our breadth and scale to shape the future of the medical device industry, for the benefit of those we serve," said Mr Gary Pruden, worldwide chairman, J&J Medical Devices. "The bold steps we are taking today are to evolve our offerings, structure and footprint and increase our investment in innovation. These actions recognize the changing needs of the global medical device market and will deliver more value to customers, increasing our competitive advantage and driving growth and profitability for our business."