3M to Acquire M*Modal's Technology Business

Acquisition Expands 3M's Health Information Systems' Capabilities

ST. PAUL, Minn. & FRANKLIN, Tenn.--(BUSINESS WIRE)--3M today announced that it has entered into a definitive agreement to acquire the technology business of M*Modal, for a total enterprise value of $1.0 billion. M*Modal is a leading healthcare technology provider of cloud-based, conversational Artificial Intelligence (AI)-powered systems that help physicians efficiently capture and improve the patient narrative so they can spend more time with their patients and provide higher quality of care.

"This acquisition builds on our strategic commitment to invest in our Health Information Systems business and expands the capabilities of our revenue cycle management and population health priority growth platform," said Mike Vale, executive vice president, 3M Health Care Business Group. "Together, we will enable doctors to improve the patient experience, while enhancing documentation accuracy and operational efficiency for both providers and payers."

"We are excited that we can further accelerate our mission of creating time to care for more clients with the resources and global reach of 3M," said Michael Finke, president of M*Modal. "By combining capabilities, we can more quickly deliver on our mission of bringing conversational AI and ambient intelligence directly into clinical workflows. This is a great outcome for our clients, partners and team."

3M will maintain a strategic business relationship with M*Modal's remaining transcription, scribing and coding services business, which is not part of this transaction, to help ensure continuity and strong customer support. Annual revenue of M*Modal's technology business is estimated to be approximately $200 million.

3M Health Information Systems (HIS) business works with more than 8,000 healthcare organizations worldwide, both providers and payers, to deliver software and services across the continuum of care. 3M HIS offerings – which include the 3M™ 360 Encompass™ software platform – combine clinical documentation systems and risk assessment methodologies to help accurately capture, analyze and advance patient information.

On a GAAP reported basis, 3M estimates the acquisition to be $0.10 dilutive to earnings in the first 12 months following completion of the transaction. Excluding purchase accounting adjustments and anticipated one-time expenses related to the transaction and integration, 3M estimates the acquisition to be neutral to earnings over the same period.

The effective enterprise value multiple is approximately 10 times estimated annual adjusted EBITDA for the first 12 months following completion of the transaction, including expected run rate synergies.

The transaction is expected to close in the first half of 2019, subject to customary closing conditions and regulatory approvals.

Approximately 750 employees supporting the technology business of M*Modal are expected to join 3M upon completion of the transaction. The business is based in Pittsburgh, Penn.

Goldman Sachs & Co. LLC acted as the financial advisor to 3M and Cleary Gottlieb Steen & Hamilton LLP acted as legal counsel to 3M. TripleTree LLC acted as the financial advisor to M*Modal and Latham & Watkins LLP acted as legal counsel to M*Modal.

Forward-Looking Statements

About M*Modal
M*Modal is a leading healthcare technology provider of advanced clinical documentation solutions, enabling hospitals and physicians to enrich the content of patient electronic health records (EHR) for improved healthcare and comprehensive billing integrity. As one of the largest clinical transcription service providers in the U.S., with a global network of medical editors, M*Modal also provides advanced cloud-based Speech Understanding™ technology and data analytics that enable physicians and clinicians to include the context of their patient narratives into electronic health records in a single step, further enhancing their productivity and the cost-saving efficiency and quality of patient care at the point of care. For more information, please visit www.mmodal.com, Twitter, Facebook and YouTube.

About 3M
At 3M, we apply science in collaborative ways to improve lives daily. With $32 billion in sales, our 91,000 employees connect with customers all around the world. Learn more about 3M's creative solutions to the world's problems at www.3M.com or on Twitter @3M or @3MNews.

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