

Terumo acquires China based Essen Tech

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Terumo Corporation recently announced that it has entered into an agreement to acquire Essen Technology (Beijing) Co., Ltd., a Chinese medical device company. Under the terms of the agreement, Terumo will pay 879 million Chinese Yuan upfront and milestone payment based on the future performance. The transaction is aimed to close within 2018 after all conditions precedent are met. It will be funded through cash on hand and Terumo does not regard the impact of the acquisition on Terumo's business performance of the fiscal year ending March 31, 2019 as significant.

Essen Technology is a specialized enterprise of drug-eluting stents (DES). Terumo has grown rapidly in China selling interventional products, such as guidewires and balloon catheters. However, it has not yet offered coronary stents in that market.

Terumo has expanded its DES sales coverage to include Japan, Europe, Asia, and Latin America, for a total of over 40 countries. This acquisition will add China, which is expected to become the biggest market in a few years, to Terumo's geographical DES portfolio. In China, there are more than 750,000 percutaneous coronary intervention cases, and they are projected to increase by over 10% annually.