

Boston scientific exercises option to acquire Millipede, Inc.

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Boston Scientific Corporation has announced that it exercised its option to acquire the remaining shares of Millipede, Inc, a privately-held company in Santa Rosa, Calif., upon its recent successful completion of a first-in-human clinical study.

The acquisition will expand the Boston Scientific Structural Heart portfolio to include the IRIS Transcatheter Annuloplasty Ring System which is in development for the treatment of patients with severe mitral regurgitation (MR) who are not able to tolerate open-heart surgery.

Boston Scientific initially entered into an investment and acquisition option agreement with Millipede in January 2018. It purchased \$90M in existing and newly-issued Millipede shares, with the option to acquire the company's remaining shares for \$325M at closing, with a \$125M payment becoming available upon achievement of a commercial milestone.

The quickly expanding transcatheter mitral repair and replacement market is estimated to reach \$1 billion by 2021, with the majority comprised of repair procedures.

Professor Ian Meredith, executive vice president and global chief medical officer, Boston Scientific said, "Upon commercialization, we believe the IRIS system can meet the needs of a currently underserved patient population that requires physiological, less invasive options to treat functional mitral regurgitation in patients with progressive heart failure. This device is designed to be highly customizable to a specific patient's mitral anatomy and disease state, and is repositionable and retrievable to promote a high-quality outcome."

The IRIS system uses a complete annuloplasty ring, considered the gold-standard surgical approach, to reduce the size of a dilated mitral annulus. It is delivered via a transcatheter-transseptal delivery system, and can be used as a stand-alone device, or in combination with other technologies in patients with severe MR.

Randy Lashinski, co-founder and CEO, Millipede, Inc said, "We are very satisfied with the early results of our clinical program and are excited to see this technology further leveraged by Boston Scientific to expand the mitral repair solutions for patients around the world."

On an adjusted basis, the transaction is expected to be dilutive to earnings per share (EPS) for each of the next several years; however, all dilutive impact is expected to be absorbed via internal trade-offs, resulting in no net adjusted EPS impact.

The deal is anticipated to close in Q1 2019, subject to customary closing conditions. On a GAAP basis, for each of the next several years, the transaction is expected to be more dilutive, due to amortization expense and acquisition-related net charges.