

Bayer's second-to-last medtech stream dries up



[Elizabeth Cairns](#)



Bayer's only remaining medical technology franchise is its radiology business.

The axe that has been hovering over Bayer's Essure contraceptive device for many years now has finally fallen. At the end of this year Bayer will withdraw the product in the US, the only remaining territory in which it is sold, a dismal ending to a tale that began five years ago when the German group bought Essure's developer, Conceptus, for \$1.1bn.

And, with the loss of Essure, Bayer has only one type of medical technology left: its radiology business, partly based around a unit it acquired almost by accident when it bought the drug maker Schering AG in 2006. Perhaps it will not be long before this, too, is sold off or shut down.

Even when the Conceptus deal was signed it looked expensive. The Essure product – two small metal and plastic implants placed non-surgically in the fallopian tubes to block them – was approved in the US in 2002. 11 years later Conceptus could only muster sales of its sole product of around \$140m, but this did not put Bayer off. In fact, at \$31 per share, the deal value topped the sellside's price targets ([Bayer sees fertile ground behind struggling Conceptus sales, April 30, 2013](#)).

At this point reports that Essure recipients had experienced side effects including persistent pain and injury began to swirl, and in 2015 the groundswell of opposition to the product prompted the FDA to set up a special panel meeting to assess the device's safety, eventually ordering Bayer to perform a post-market safety trial.

The writing on the wall became truly apparent in April, though, when the FDA ruled that healthcare providers had to go through a brochure setting out the risks of Essure with prospective patients. Sales of the product slipped to almost nothing.

Imaging

Over the past few years Bayer has divested several of its medical technology units. The proportion of its revenues that have come from medical technologies, rather than pharmaceuticals and other businesses, has shrunk from 9% in 2006 to just 1%.

Bayer sold its interventional cardiology business to Boston Scientific in 2015 for \$415m and its diabetes operations to Panasonic for \$1.1bn a year later. It had already shifted its diagnostics to Siemens in its biggest medtech divestment – the deal was worth \$4.5bn – way back in 2007.

Management must have wished it could have done the same with Essure. But with the problems becoming so high profile – the consumer activist Erin Brockovich had got involved quite early on, for example – who would

have bought?

With market withdrawal of Essure Bayer has nothing to show for its billion-dollar bet. But it does have one last medtech play.

Bayer's radiology unit principally concerns contrast agents, which are regulated as drugs, but it also has various imaging equipment, including CT, MRI and angiography systems. It is forecast to have sales of \$463m in 2024, according to *EvaluateMedTech*, but this figure is flat from 2019.

The company was rumoured to be looking for a buyer for the unit back in 2016, but nothing came of this. It might be time to try again.

Bayer's involvement in medtech

Year	Deal
2006	Bought Medrad as part of \$20bn Schering acquisition
2007	Sold in vitro diagnostics to Siemens for \$4.9bn
2013	Bought Conceptus for \$1.1bn
2015	Sold interventional cardiology business to Boston Scientific for \$415m
2016	Sold diabetes business to Panasonic for \$1.1bn
2018	Essure withdrawn from sale

Source: EvaluateMedTech.

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