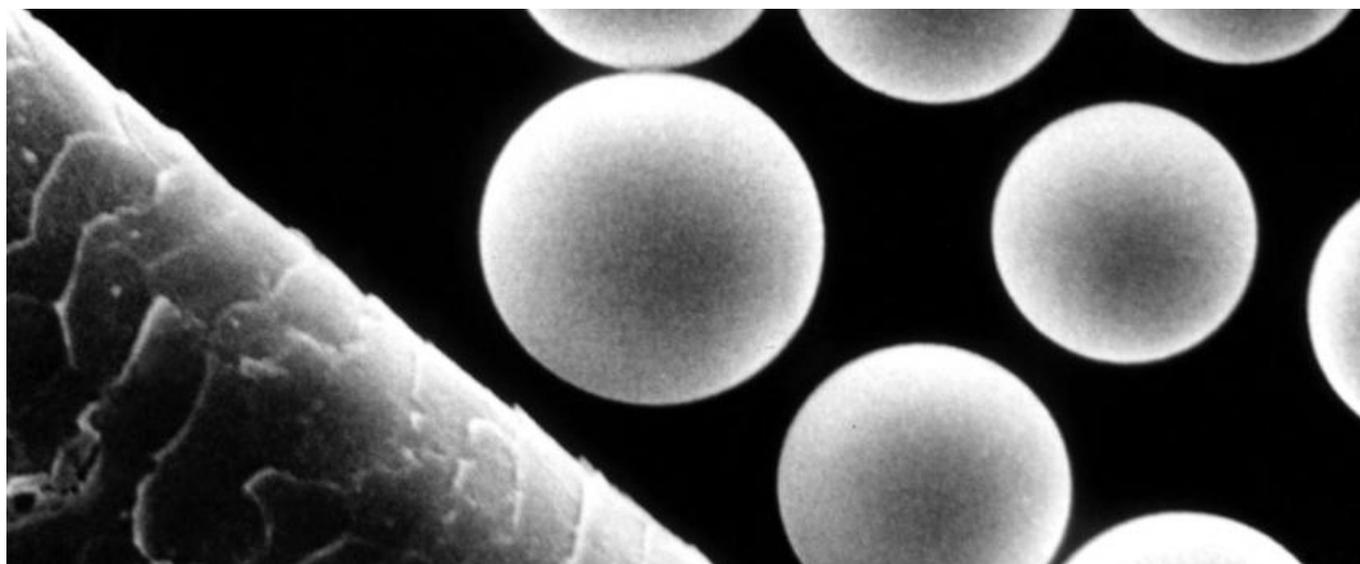


Boston bid for BTG shows dreams can come true



[Madeleine Armstrong](#)



BTG's string-of-beads tempts Boston Scientific to shell out £3.3bn (\$4.2bn) for the UK company.

Analysts who had been predicting a gloomy future for BTG will be eating their words today. The medtech big hitter Boston Scientific has agreed to pay 840p per share for the UK group, a valuation not seen since 2001. This surprise outcome is a huge coup for investors in the UK group, which has struggled to find focus after a string of acquisitions.

Boston is not interested in BTG's older, speciality pharma products, such as the snake venom antidote CroFab. The Marlborough, Massachusetts-based company wants to get its hands on devices for cancer and pulmonary embolism.

BTG gained these via more recent purchases, and has thus managed to reduce reliance on Zytiga, on which the company receives substantial royalties from Johnson & Johnson. The prostate cancer drug is set to come off patent soon in the US, meaning that BTG's main revenue stream is drying up.

In the coming years, most valuable product is expected to be its Therasphere radiotherapy microspheres, used to treat liver cancer. This product makes up the bulk of the group's interventional oncology sales, which are forecast to hit around \$330m by 2022.

Forecasts for BTG's key assets

Business	2018 sales (\$m)	2022e sales forecast (\$m)*
Interventional oncology (inc. oncology beads, Therasphere, cryoablation)	207.3	333.95
Interventional vascular (inc. Ekosonic, catheters & IVC filters, Varithena, Pneumrx)	115.3	261.25

*Consensus based on two sellside models.

Boston looks to be making a bet on further expansion of this technology. Two important phase III trials of Therasphere are set to read out by the end of 2019: [Epoch](#) in second-line metastatic colorectal cancer, and [Stop-HCC](#) in patients with inoperable liver cancer.

Interventional oncology also includes the company's drug-eluting and embolisation beads, and cryoablation therapies. Boston already has its own embolisation bead offering, and has apparently earmarked this as an area for growth.

In addition to the Therasphere data, BTG expects data from two studies of its cryoablation products by the end of this year: [Solstice](#) in lung cancer metastases and [Motion](#) in bone metastases.

In interventional vascular, sales of the Ekosonic system, which combines thrombolytic drugs and ultrasound to dissolve blood clots, are also predicted to grow rapidly. Boston also highlighted pulmonary embolism as an area of particular interest. Here, BTG recently acquired Novate Medical and its US FDA-cleared Sentry bioconvertible inferior vena cava filter for just \$20m up front.

String of pearls? BTG's acquisitions since 2008

Deal date	Target	Key product(s) gained	Application	Total deal value (\$m)
Sep 2018	Novate Medical	Sentry bioconvertible inferior vena cava filter	Prevention of pulmonary embolism	150
Oct 2017	Roxwood Medical	Cardiovascular speciality catheters	Coronary and peripheral artery disease	80
Jun 2016	Galil Medical	Cryoablation technology	Various cancers	110
Jan 2015	Pneumrx	Pneumrx/Elevair coil	Emphysema	475
Jul 2013	Therapies division of Nordion	Therasphere radiotherapy microspheres	Liver cancer	200
Jul 2013	Ekos	Ekosonic endovascular system	Severe blood clots	220
Jan 2011	Biocompatibles International	Microbeads	Various cancers	278
Dec 2008	Protherics	CroFab, DigiFab	Snake venom antidote, digoxin overdose treatment	418
				1,931

Source: EvaluatePharma.

Not all of BTG's acquisitions have worked out. The company paid top dollar for Pneumrx, but that company's emphysema coil, now known as Elevair, received a non-approval letter from the US FDA following [a negative panel vote](#) in June.

BTG had been due to make a decision on the future of Pneumrx by next year, and had recently "committed" to its legacy varicose vein therapy Varisolve/Varithena, which after a tortuous development path has seen disappointing uptake. This is something for Boston to worry about now, although Elevair/Pnemrx and Varithena were likely not major factors in the company's decision to make this move.

The takeout means that the UK will lose one of its few small-mid cap life science companies, but in reality BTG has been struggling to make headway for years. Investors will be forgiven for thinking Christmas has come early today. Shareholders in other hotly-tipped takeout targets can live on in hope.

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