

Boston's obesity acquisition is a leftfield move



[Elizabeth Cairns](#)

Even before the approval of the first effective obesity drug, Novo Nordisk's Wegovy, last summer, demand for devices to treat the disease was pretty slack. So Boston Scientific's acquisition of Apollo Endosurgery for \$615m in cash today is an unexpected move. Novo is having difficulty meeting demand for Wegovy and its diabetes drug Ozempic, which contains the same active ingredient, so perhaps Boston believes devices can step into the gap. But Apollo has had difficulty with obesity products over the years, [selling its surgical obesity products at a loss](#) in 2018 to focus on Orbera, its gastric balloon for obesity; [Orbera ran into trouble](#) as well. Apollo's other main obesity device is its ESG system, a gastric sleeve that was approved in July but is not expected to see reimbursement until 2025. Stifel analysts believe that the ESG could have sales of up to \$64m a year before that, even though the out-of-pocket cost is \$2,500. Apollo also has devices that allow minimally invasive suturing and fixation during complex gastrointestinal procedures, which could augment Boston's own endoscopy portfolio, which accounts for around 17% of its sales.

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