

Abbott's vascular tech is big in Japan



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A big deal often necessitates big divestments. To satisfy antitrust rules on their \$25bn merger, Abbott and St. Jude Medical are to sell several of their vascular closure and electrophysiology devices to Terumo, Japan's largest medtech company, for around \$1.12bn in cash.

Terumo has been pursuing a fairly aggressive growth strategy, strengthening its endovascular and neurovascular portfolios, as well as its overseas footprint, through acquisitions. Most recently it bought Sequent Medical, a specialist in aneurysm embolisation technology, for \$380m. With today's much larger deal it appears to be making a determined effort to become a major vascular player.

Pass the parcel

The deal will see Terumo pick up St. Jude's Angio-Seal and Femoseal vascular plugs and Abbott's Vado sheath, used to facilitate catheter placement through the skin into a vein or artery.

St. Jude's vascular closure devices brought in \$283m in 2015, according to data compiled by *EvaluateMedTech*, but sales are forecast to shrink by 4% annually out to 2022. Abbott is keeping its vascular closure products. Sale of these are not much larger – around \$355m in 2015 – but are forecast to grow at an annual rate of 5% to reach \$497m in 2022.

Perhaps Terumo can make more of St. Jude's devices. Certainly this was never a major priority for the Saint Paul, Minnesota company, which has always been better known for its pacemakers and implanted defibrillators than its vascular technologies.

Terumo, by contrast, has been going big on vascular. The Sequent deal this July brought it the Web, a mesh implant inserted under general anaesthetic via a microcatheter through the femoral artery and into the brain. Its prior outright acquisition, of Onset Medical in 2012, allowed it to enter the global structural heart and aneurysmal repair markets, with technologies that could be used in complex, large-bore procedures including transcatheter aortic valve implantation and endovascular aneurysm repair.

10 years of Terumo's acquisitions

Date	Type	Target	Technology	Location	Value (\$m)
Oct 18, 2016	Acquisition	Vascular devices of Abbott and St. Jude Medical	Vascular closure and electrophysiology devices	USA	1,120
Jul 14, 2016	Acquisition	Sequent Medical	Aneurysm embolisation technology	USA	380
Mar 27, 2014	Option	Arterial Remodeling Technologies	Bioresorbable polymer vascular scaffolds	France	-
Dec 21, 2012	Minority stake	Shanghai AngioCare Medical Technology	Renal denervation	China	-
Jan 16, 2012	Acquisition	Onset Medical	Structural heart and aneurysmal repair	USA	-
Apr 29, 2011	Acquisition	Harvest Technologies	Point-of-care cellular therapy devices	USA	70
Apr 14, 2011	Acquisition	CaridianBCT	Blood transfusion equipment	USA	2,625
Jun 30, 2008	Business unit	Clinical supply	Intervention products	Japan	-
Mar 6, 2007	Business unit	Bioprosthetic heart valve business of Köhler Chemie	Bioprosthetic heart valves	Germany	-
Jan 12, 2007	Acquisition	Salymed	Syringes, blood bags and cardiovascular systems	Chile	-

Terumo will have to do a good few more acquisitions like this before it gets anywhere close to the size of the company that will be created when the Abbott-St. Jude deal closes in the next couple of months.

The combined group could end up being the third-largest company by medical technology sales – Abbott currently holds seventh place in this ranking – and will compete in nearly every area of the cardiovascular market, from atrial fibrillation to cardiac rhythm management.

It is hard to gauge the effect this deal will have on Terumo's standing in the overall rankings or in the area of vascular technologies, since the exact details of which technologies will be transferred, and how much exactly these sell, are not clear. But it could jump significantly; Terumo had sales of \$3.9bn in 2015, and if it can sell these products more effectively than the less focused St. Jude and Abbott it could enter the top 20.

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