

Boston Scientific announces agreement to acquire Vertiflex

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Acquisition of lumbar spinal stenosis treatment to expand portfolio of interventional pain therapies



Boston Scientific has announced that it has entered into a definitive agreement to acquire Vertiflex, Inc., a privately-held company which has developed and commercialized the Superion® Indirect Decompression System, a minimally-invasive device used to improve physical function and reduce pain in patients with lumbar spinal stenosis (LSS).

The procedure – primarily performed by physicians who treat chronic pain patients with therapies including spinal cord stimulation and radiofrequency ablation – is expected to reach \$60 million in sales in 2019. The transaction consists of \$465 million in upfront cash and additional payments contingent on commercial milestones for the next three years.

As many as six million people in the U.S. suffer from LSS, the narrowing of the spinal canal, which can cause compression of nearby nerves and result in significant low back and leg pain, disability, functional impairment and diminished quality of life.

The Superion System – approved by the U.S. Food and Drug Administration (FDA) in 2015 for patients with moderate degenerative LSS – creates space between the spinous processes of the vertebrae. The creation of this space reduces pressure on the nerves and can thereby improve patient mobility and relieve pain, numbness and cramping in the legs. This procedure is a treatment option for patients who have not responded positively to first-line therapies, such as oral pain medication and steroid injections, but do not have severe enough symptoms to require spinal fusion or laminectomy.

Maulik Nanavaty, president, Neuromodulation, Boston Scientific said, "The acquisition of Vertiflex and the Superion System will further our category leadership strategy by expanding the breadth of our pain management product offerings. The addition of this differentiated technology, along with our leading spinal cord stimulation and radiofrequency ablation technologies, will provide physicians with the widest variety of solutions available to manage the growing number of patients suffering from chronic pain."

Earl Fender, president and CEO of Vertiflex said, "Five-year clinical data and real-world experience with the Superior System demonstrate that this minimally invasive and reversible procedure – done without destabilizing the spine – can offer patients safe, long-term pain relief with a relatively rapid recovery time. We are proud of the clinical and commercial successes we've been able to achieve and look forward to continued adoption of the therapy with the global resources and clinical expertise of the Boston Scientific pain management franchise."

The transaction is expected to be immaterial to adjusted earnings per share in 2019 and 2020, and accretive thereafter. On a GAAP basis, the transaction is expected to be less accretive, or more dilutive as the case may be, due to amortization expense and acquisition-related net charges. The acquisition is projected to close late in the second quarter of 2019, subject to customary closing conditions.