

# Stent fears improve prospects for biotech

## Medical Ventures Corp. sees fortunes rising as sales slump for Angiotech and Boston Scientific in wake of blood clot reports

Andrew Petrozzi

In the midst of every difficulty lies opportunity, opined Albert Einstein.

For Richmond's Medical Ventures Corp. (TSXV:MEV), that opportunity comes at the expense of Vancouver's Angiotech Pharmaceuticals Inc. (TSX:ANP) and its U.S. partner, Boston Scientific (NYSE:BSX), after the massive American medical device manufacturer recently reported that global third-quarter sales of its Taxus drug-coated stent would be below expectations.

Sales were predicted to be between US\$550 million and US\$580 million, far lower than the US\$647 million in second quarter sales. Angiotech provides the Taxus stent's medicated coating.

The news sent Angiotech's stock price into a tailspin, sliding from \$12.01 on September 20 to \$9.80 at the end of trading October 12.

Slumping stent sales have been attributed to reports that say patients with drug-eluting stents (DES) have more blood clots than those who use bare metal stents.

Some hospitals have consequently reduced their use of drug-coated stents.

Stents are tiny mesh cylinders used to open clogged coronary arteries. Drug-eluting stents contain medication that helps prevent arteries from re-closing.

Medical Ventures president and CEO Paul Geyer said the DES concerns have created a "significant opportunity" for the company's Metricath system, which employs a catheter-based device to precisely measure the size of arteries and expanded stents during stent implantation procedures.

"I don't think the sky is falling regarding drug-eluting stents," Geyer said.

"They definitely have a huge clinical advantage, and the evidence indicates they have a significant place in the treatment of coronary artery disease, but when

DES first came out a number of years ago, they were perceived as the magic bullet, and I don't think a lot of care was taken necessarily about what situations they were used in and how they were placed in."

Medical Ventures' Metricath device helps ensure the stent is sized and deployed properly so that it's positioned snugly against the wall of the blood vessel.

"If you don't push the stent right up against the vessel wall, it's not delivering the drug properly and it's not going to get impregnated into the wall," he said.

Geyer added that, in most cases, doctors use fuzzy angiographs and the expansion matrix on the back of stent packaging to determine if it has been properly deployed.

Intra-vascular ultrasound can be used to assure stents are properly placed, but Geyer said the cost of the procedure and the time involved in using it make it

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impractical for most doctors.

Medical Venture's Metricath Libra measure-only device has been available in the U.S. market for the past six months or so, according to Geyer.

The company's next generation Metricath Gemini measure-and-treat device is still undergoing clinical tests for to allow its use in the U.S., but he said the product recently won European approval.

"The early adopters are those people who see the greatest need for sizing, certain clinicians, as well as in certain areas of the body. We are seeing it being used quite often in the periphery, in



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the areas outside, or around the heart, down into the legs and so forth, where the vascular size varies very widely," he said.

"But we think after it catches on there, that we will see adoption in the mainstream coronary market as well."

Analysts agree, "We're expecting big things from Medical Ventures," wrote David Dean, an analyst at Spratt Securities Inc., in a research note published September 26.

"We believe it will be the first company to come up with a viable technology to optimally size both cardiac and peripheral stents."

Dean believes Medical Ventures' Metricath device could partially address the safety issues surrounding drug eluting stents.

He has placed a buy recommendation and a target price of \$1.55.

Elvis Picardo, an analyst with Global Securities Corp., said in an interview that concern surrounding drug-coated stents could be a "positive development" for Medical Ventures and described Metricath as a unique and cost-effective technology. ♦

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