

THE WALL STREET JOURNAL.

Exclusive

Heart-Pump Developer Magenta Medical Raises \$105 Million

Israeli startup aims to compete with U.S. heart-pump pioneer Abiomed, now owned by Johnson & Johnson. But analysts say the market has lots of room to grow.

By Brian Gormley

Jul 23, 2024 06:00 ET

Medtech company Magenta Medical has raised \$105 million in new venture capital to compete with Johnson & Johnson, in what analysts expect will be a sizable market for heart pumps used in certain cardiac procedures.

Heart pumps, pioneered in the U.S. by Abiomed, temporarily help the heart pump blood in some patients undergoing procedures such as catheterizations to open blocked coronary arteries. In 2022, J&J paid \$16.6 billion to acquire Abiomed, which began selling its Impella pumps in the U.S. in 2008 and had revenue of more than \$1 billion by the time of the sale.

Jayson Bedford, a medtech analyst with Raymond James, projects J&J's Abiomed revenue will rise to \$1.5 billion this year from \$1.3 billion in 2023. He estimates Impella pumps have penetrated less than 20% of the potential U.S. market, partly because of skepticism about their efficacy from some clinicians, he said.

But more physicians will use heart pumps on their patients as companies generate additional clinical data and introduce new technologies, he said.

"The potential is a lot larger than what J&J is generating now," Bedford added.

Data supporting Impella are accumulating. A study published in the New England Journal of Medicine in April, for example, found Impella pumps improved survival in heart-attack patients who had cardiogenic shock, a condition in which the heart can't pump sufficient blood.

All told, Impella has supported more than 300,000 patients and is backed by more than 1,200 peer-reviewed clinical studies, a J&J spokesperson said.

As the population ages, and heart conditions become even more pervasive, opportunity will emerge for new heart-pump companies to compete, analysts said.

"There is room for multiple players," said Shagun Singh Chadha, an analyst with RBC

Capital Markets. “It is a highly underpenetrated market in the U.S. and globally.”

Heart pumps are typically delivered through a puncture in the groin into the femoral artery and up to the left ventricle. Kadima, Israel-based Magenta has developed a miniaturized pump that can be inserted through a smaller introducer sheath to reduce the risk of bleeding or rupture of the blood vessel.

Once in the ventricle, the pump expands and can, if needed, pump more than 5 liters of blood a minute, the equivalent of the full output of an adult human heart, said Magenta Chief Executive Dr. David Israeli.

Patients routinely undergo catheterizations, known as percutaneous coronary interventions, or PCIs, but some patients are sick enough that these procedures are considered high-risk. Early this year, Magenta completed a U.S. feasibility study in 18 patients undergoing high-risk PCIs that showed no device-related complications.

This financing, led by Novo Holdings, will fund new clinical trials beginning next year that could lead to Food and Drug Administration approval in high-risk PCI patients. Magenta also expects in coming years to conduct such pivotal clinical trials in cardiogenic-shock patients, Israeli said.

Magenta is an unusual opportunity to address a well-established market, but one with significant room for growth, said Eric Snyder, a partner, venture investments, for Novo Holdings U.S., who has joined the Magenta board.

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