

# MedTech Leaders Expect Low Single-Digit Growth Ahead

Publication Deadline: September 21<sup>st</sup>, 2016

MedTech business leaders continue to be optimistic about the coming 12 months, according to the 7<sup>th</sup> LIMEDex Index Report. Recent financial results and more hope for export growth maintains the positive sentiment that began in the first quarter of 2016. LIMEDex Index rose to 4.0 points (+0.8pts since last quarter).

**WEGGIS, LUCERNE** – The LIMEDex Index, which captures the MedTech industry's sentiment on key business indicators, gained 0.8 points this quarter to 4.0pts. Managers forecast top line growth of 4.3 %, and average bottom line increase of 1.8% for the coming 12 months. MedTech leaders are more positive about their export, due to an expected rebound of BRIC and in new markets.

The outlook is trending upwards slightly since last quarter but it is still lower than last year's 6.2% topline growth forecasts. "Sentiment is tempered by several factors, such as pricing pressure, FOREX volatility, regulatory requirements, cost pressure, fierce competitive landscape, rising digitalization, and consolidation needs," said Beatus Hofrichter, publisher of LIMEDex Index.

MedTech managers are acutely aware of the growing set of challenges facing them. More than 70% expect a significant business impact in seven out of the twelve core challenges that affect top-line growth rate forecasting. "In light of the current challenges, we believe it is more realistic to expect top-line growth with a CAGR of +1.7% until end of year 2018 (Fig. 1)," highlights B. Hofrichter, publisher of LIMEDex Index

The outlook on Operational performance is upbeat this quarter, reaching a new high at +7.8pts (+1.9pts since Q3/ 2015 and +1.5pts quarter-to-quarter; Fig. 2). "Managers reported satisfaction with internal skills and competences. They have clearly re-established a high level of employee retention, but they are concerned about longer innovation cycles, triggered by new compliance requirements. Larger manufacturers also report the burden on resources required to undertake vertical integration," finds the LIMEDex Index report.

A close look at the Global Top 100 firms was included in this edition of the LIMEDex Index Report. The 100 major players generated revenues greater than USD 400bn in fiscal year 2015. Joint revenue growth was 5.7% and an EBIT Margin of 12.7% higher than previous year. It is noteworthy that the CAGR since 2013 is only 1%. "Obviously, the low CAGR suggests stagnation is not yet over for this cohort," according to Beatus Hofrichter, publisher of LIMEDex Index.

The Global Top 100 now employs 1.6 million people worldwide, a new high. "Headcount grew by +155,000 FTEs since FY 2013. No doubt, in part due to the high level of M&A. Our analysis translates the figures into a decrease of 8% in turnover per employee. Since M&A levelled off this quarter, we believe management will now turn their attention to carefully optimize human resources and operational costs," concludes Beatus Hofrichter, publisher of LIMEDex Index.

**LIMEDex Index is based on quarterly surveys of more than 100 international Medtech leaders working in a range of company sizes (including niche, SME and large multinationals) to determine their outlook on key performance indicators (KPI).**

Find out more about THINKING AHEAD! 7<sup>th</sup> LIMEDex Index Report; A Quarterly Economic Outlook for MedTech Leaders, download on [www.conceplus.com/en/](http://www.conceplus.com/en/)

### Press Contact

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# Press Release

## LIMEDex Index Q3/ 2016 – Cleared graphics

Figure 1: Global top 100 MedTech companies performance - FY 2006 to FY 2018 (estimation) - in USD bn

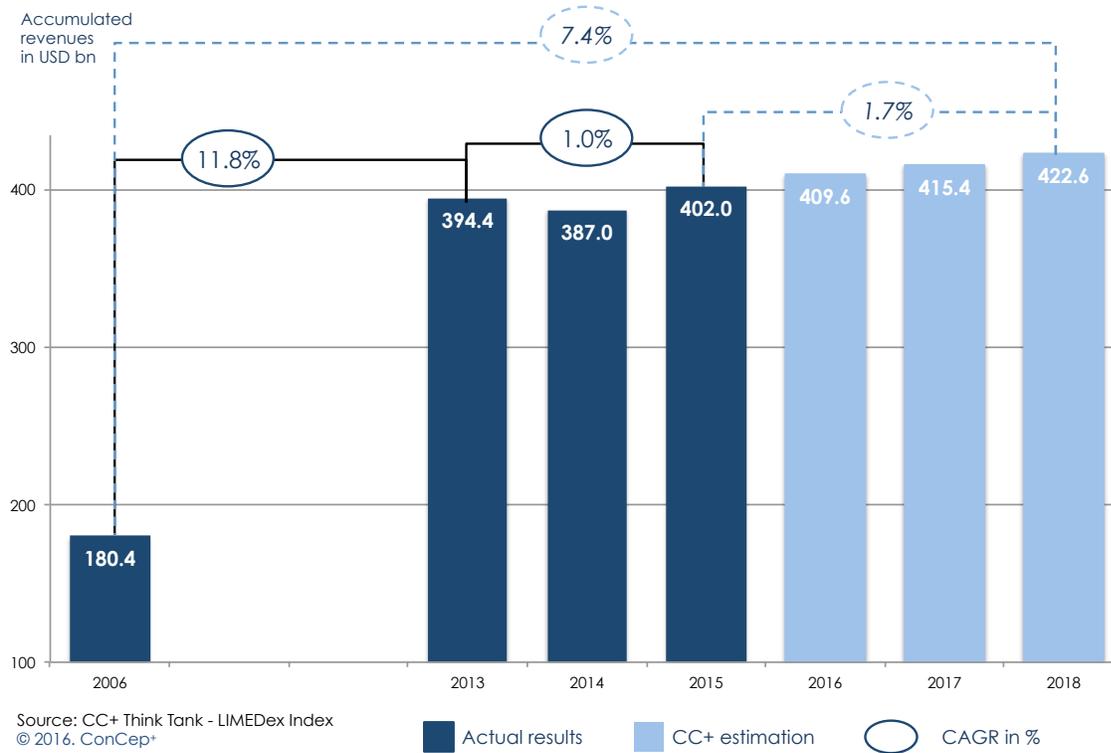
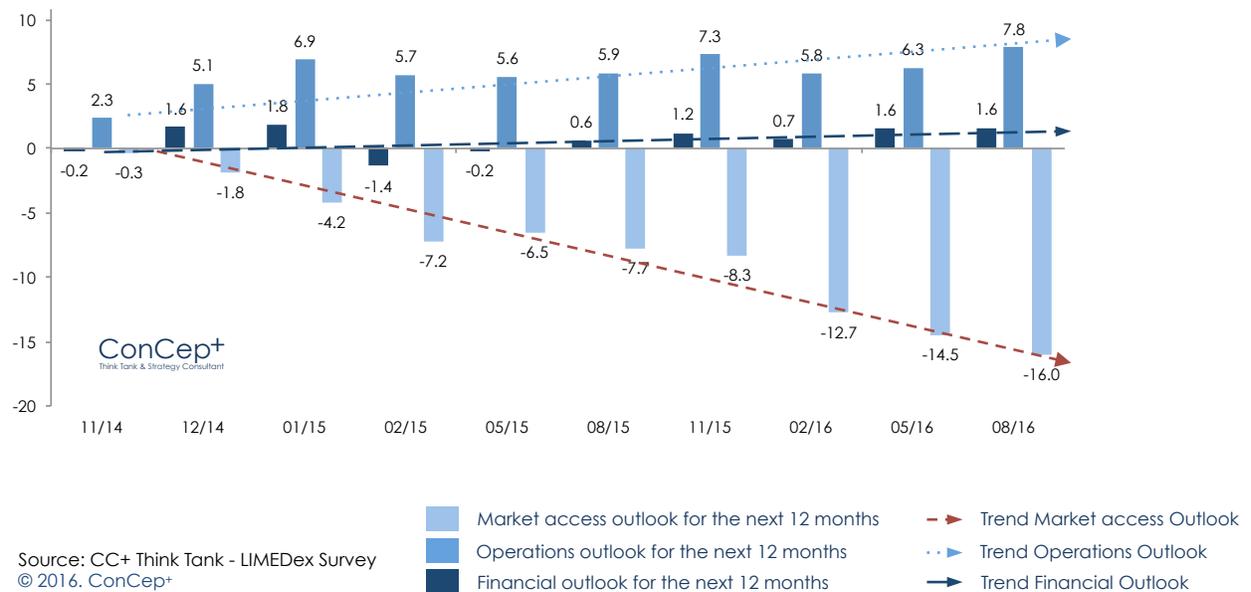


Figure 2: LIMEDex Index – Mood shift on all three sub-indices since Q4/ 2014 – in Points



# Press Release

## About LIMEDex Index

LIMEDex is a **Leading Indicator of Medtech Industry index**, developed and published quarterly by ConCepus GmbH, Switzerland since Q1/ 2015. LIMEDex Index is designed to identify and understand emerging trends and key themes, enabling Medtech industry peer insight. It is qualitative, capturing opinions on market access environment, operations environment, and financial outlook and the underlying challenges facing Medtech industry leaders and experts for the coming 12 months.

LIMEDex Index is based on online surveys to determine expectations and attitudes, as well as selected interviews sharing interim results with survey participants to obtain first-hand their thinking on emerging trends during report writing, which represent "nowism - wisdom of the crowd". Medtech leaders and industry experts participated in our survey representing mainly manufacturers, suppliers and engineering service providers of leading companies of all sizes, including larger corporations, as well as acknowledged niche leaders.

The LIMEDex survey applies a standard set of 27 focused questions on key performance indicators during the current quarter. The results show the net perception value of industry leaders, i.e. the delta between "confirming" and "disputing" answers is calculated, while discarding "neutral" replies.

The latest LIMEDex survey was conducted from August 19<sup>th</sup> to September 05<sup>th</sup>, 2016. Further secondary desk research, including publicly available data, substantiate our findings, and serve to highlight industry and macro-economic trends affecting Medtech in the coming 12 to 24 months.

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