

MedTech Leaders' Outlook for 2016 is Positive

MedTech business leaders are more optimistic about the coming 12 months than they were at the start of the year, according to LIMEDex. MedTech leaders expect growth in profitability despite falling expectations for topline growth and market access woes.

WEGGIS/ LUCERNE - The LIMEDex Index, which captures MedTech industry's sentiment on key business areas in the coming months, gained 2 points since the start of 2015. LIMEDex Index was buoyed by a more positive outlook on profitability and by greater confidence in operational improvements. The outlook for EBIT margins climbed to 1.3%, up from 0.5% at the start of the year.

"Operational excellence efforts have helped to perfect the cost structures and is the valuable asset of management," said Beatus Hofrichter, publisher of LIMEDex Index. Sales growth projections are positive but became more modest, falling from 6.3% at the start of the year to 4.1% this quarter. Confidence in export growth is evident across the majority of MedTech firms, particular in Asia, the USA and Europe.

The outlook on Market Access is a different story. It is increasingly pessimistic, down by -8 points since the start of the year. It is affected by macroeconomic trends, such as volatile currency rates, global GDP and Healthcare spending projections, Healthcare policy changes in key markets, but also by increased international competition and consolidation. "We observe MedTech companies addressing pricing, portfolio mix and channel saturation, but an imperfect Sales & Distribution structure, combined with eroding topline growth, is a worrying trend," said Beatus Hofrichter.

M&A activity was high in 2015 and the trend is expected to continue in 2016. "Intra-sector consolidation increased some players' ability to pool portfolio profits. It is the catalyst for rethinking operations and market access," said Beatus Hofrichter.

Hofrichter is also concerned about the level of CEO response to Digitalization. "The research shows that MedTech and its suppliers are underestimating the potential of Digitalization to change the playing field. It will need new business models, specialized talent, a rethinking of market positioning, pricing models and acceptance that this is a global phenomenon. We observe that if firms are recruiting today, they often hiring within traditional competencies. They may fall short in sourcing the right talent to compete successfully tomorrow" said Beatus Hofrichter.

LIMEDex Index is based on quarterly surveys of more than 80 international Medtech leaders working in a range of company sizes (including niche, SME and large multinationals) to determine their outlook/ market confidence on 27 key performance indicators (KPI).

Find out more about **THINKING AHEAD! 4th LIMEDex Index Report**; A Quarterly International Economic Outlook for MedTech Leaders & Healthcare Stakeholders, December 15, 2015 on www.conceplus.com/en/

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ABOUT LIMEDEX INDEX

LIMEDex Index is a leading Medtech Industry Index, developed and published quarterly by ConCeplus GmbH, Switzerland. LIMEDex 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". More than 80 international Medtech leaders and industry experts participated at least once in these surveys. The respondents represent 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 insert dates, 2015. Further secondary desk research, including publicly available data, substantiate our findings, and serve to highlight industry and macro-economic trends affecting Medtech until December 2015.

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About ConCeplus GmbH

ConCeplus GmbH is an innovative MedTech & Healthcare Think Tank & Strategy Consultant, based in Switzerland. The ConCeplus management team and its advisory board members have in-depth experience in MedTech & Life sciences industries as well as in the Healthcare sector. ConCeplus GmbH published prominent Industry reports on national and global level since 2006 and 2012 respectively. Our proprietary primary research and insights supports Healthcare stakeholders and industry managers with aspirational thinking and impactful pragmatism of new business concepts.

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