

Medtech World Preview 2022

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Foreword

Amid the challenges of a global pandemic, parts of the medtech sector were positioned to reap some of the spoils enjoyed by the big pharma players. Huge demand for Covid assays boosted revenues to previously unanticipated heights and each new wave and variant provided new opportunities for innovation.

As the pandemic recedes, albeit in fits and starts, the demand for these assays – which were often available free of charge to the general public – has inevitably crashed, leaving some players blinking in the sunlight, wondering if it was all a dream. For others, though, the return to a more normal market is a welcome relief as treatments and surgeries that were halted due to Covid begin to ramp up again.

At the midpoint of 2022, the state of the medtech market has little to recommend it, with [share prices falling](#) and a [stagnant deal-making situation](#). But the medium-term future remains strong, if not spectacular. Evaluate Medtech consensus forecasts show that the medtech market will achieve sales of \$753.8bn by 2028, growing at a rate of 4.7% per year (CAGR) between 2021 and 2028.

But what does this mean in the longer term? While a post-Covid reset was inevitable, has the pandemic fundamentally changed the shape of the world of medtech?

The short answer is no.

Evaluate Medtech's consensus forecasts now extend to 2028, and we're predicting steady growth in that time. Given the bear market that the life sciences industry has endured throughout 2022, "steady growth" will be music to many ears. Of course, this growth varies by sector, with highlights coming from diabetic care, growing at 11% annually out to 2028; dental, growing at 12%; and general and plastic surgery, growing at 13%. In all cases this largely stems from the ending of Covid lockdowns, so patients can see their doctors and dentists face to face and undergo necessary procedures.

The segment forecast to be the largest in 2028, however, is actually the slowest growing of the top 10. Sales of in vitro diagnostic tests are forecast to top \$113bn in 2028, though the annual growth rate is less than 2%. The segment is so large partly because of the vast number of Covid tests bought hand over fist by governments and individuals alike over the past two and a half years. But now Covid has waned, so too has demand for tests for the virus, making growth rates relatively sluggish.

It's probably not a huge spoiler to share here that Medtronic will retain its crown as the biggest player, but that fact masks some mixed results in the areas it plays in. Bold moves by a few players in the cardio market also provide a hint of some interesting interplay to come in cardio over the coming years.

The R&D spend presents an interesting picture, with a rare decline in spend from a few players. Once again, though, this is primarily a function of the return to reality after inflated investment to develop Covid-related devices.



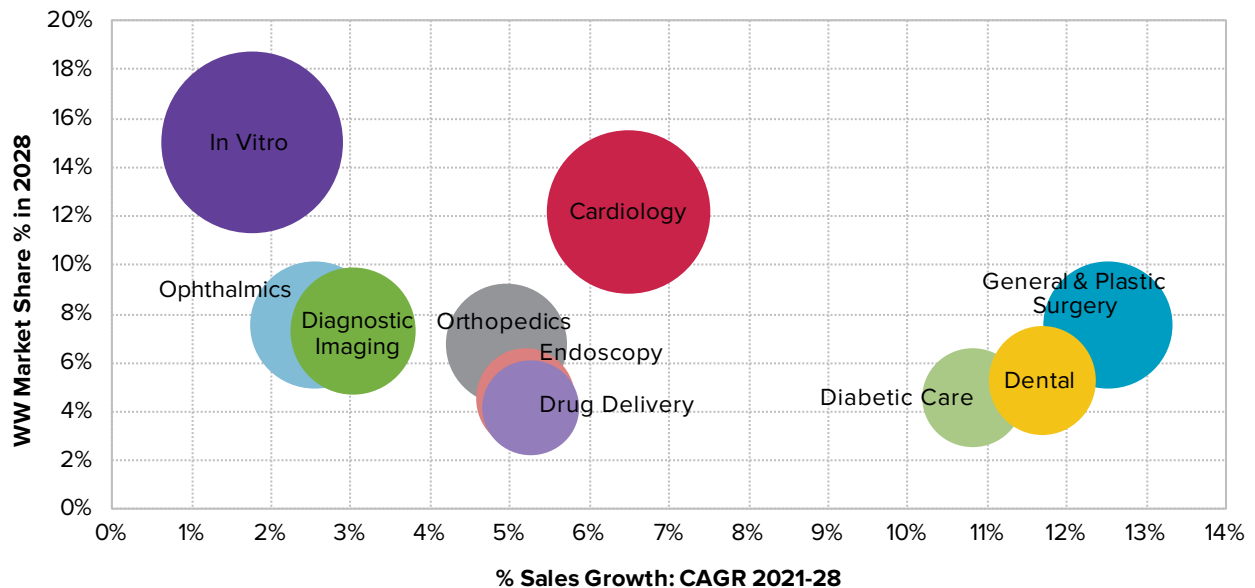
Worldwide Medtech Sales by Device Area to 2028

Worldwide medtech sales forecast to grow by 4.7% to \$754bn by 2028

What's driving medtech's growth? In vitro diagnostics will remain the largest device area in 2028 with annual sales of \$113.4bn, giving it a 15% share of the total medical device industry. Notably, this is a lower market share than it occupied in 2021, since the Covid pandemic spurred sales of diagnostics markedly in 2020 and 2021; without those revenues, this segment's share of the overall market will shrink.

With in vitro diagnostics shrinking slightly, where are the areas that are growing? Our forecasts out to 2028 show general and plastic surgery (12.5%), dental (11.7%) and diabetic care (10.8%) as the fastest expanding areas.

Top 10 Device Areas in 2028, Market Share & Sales Growth (2021-2028)



Source: Evaluate Medtech® (Aug 22)



Worldwide Medtech Sales in 2028: Top 10 Companies

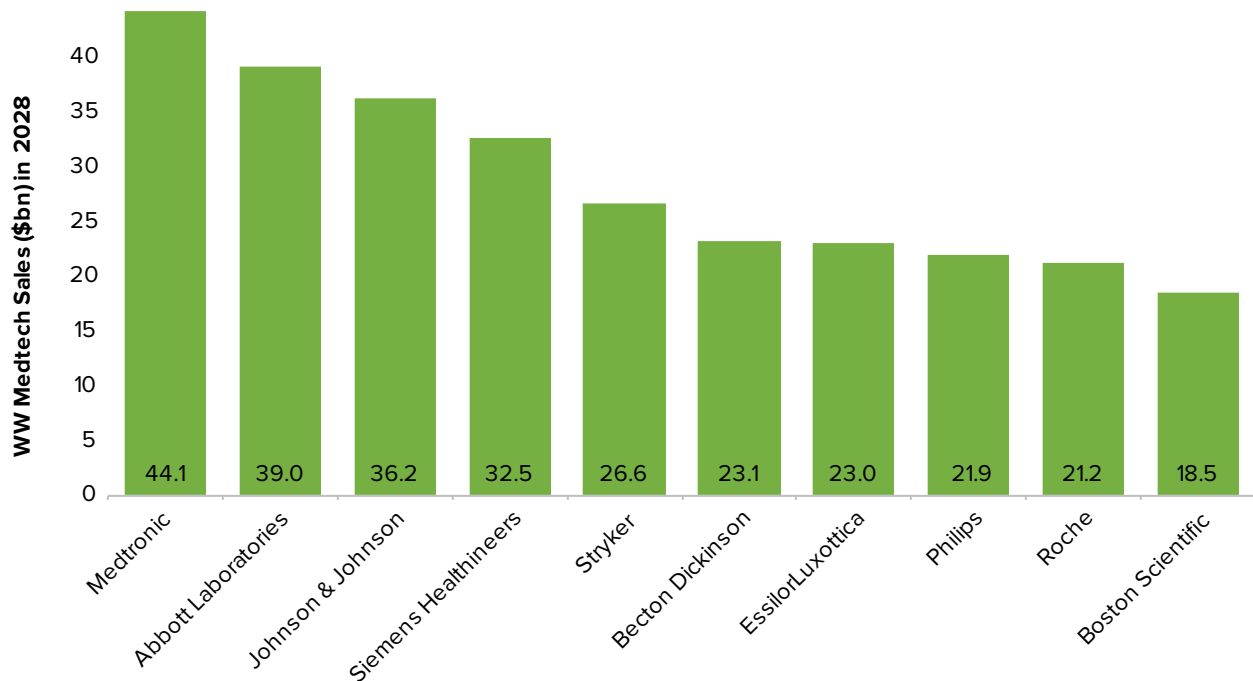
Medtronic remains the top medtech company in 2028; Stryker to enter the top five.

Evaluate Medtech consensus forecasts show that Medtronic will continue to hold its leading position in the market in 2028. It is forecast to achieve annual sales of \$44.1bn, representing a 5.9% share of the medical device market.

A form of long Covid will continue to impact many of the big players in the market, with both positive and negative results. Among those benefitting from the relative return to normality is orthopedics specialist Stryker, currently the seventh biggest medtech company in the world, but which is expected to move into the top five by 2028. This is a consequence of its sales recovering from the postponements of various surgeries during the pandemic which had catastrophic effects on the sales of implants and other orthopedic devices. The converse effect will be felt by several companies whose coffers were swollen with sales of Covid diagnostics during 2020 and 2021. With these Covid-driven sales no longer boosting their top lines, Abbott, Becton Dickinson and Roche are all forecast to lose market share out to 2028.

Roche will be the most significantly impacted and is forecast to slip four places down the rankings. Roche's sales are growing overall, but at rather sluggish 1%, and its diabetes and molecular diagnostics sales are actually forecast to fall. Molecular diagnostics are the real issue for the Swiss group, in the sellside's view. Sales of this unit soared to \$5.3bn in 2021 but will fall beneath \$4bn in 2023 on hugely reduced demand for Covid tests. The Covid hangover is not easily shifted.

Worldwide Medtech Sales: Top 10 Companies (2028)



Source: Evaluate Medtech® (Aug 22)



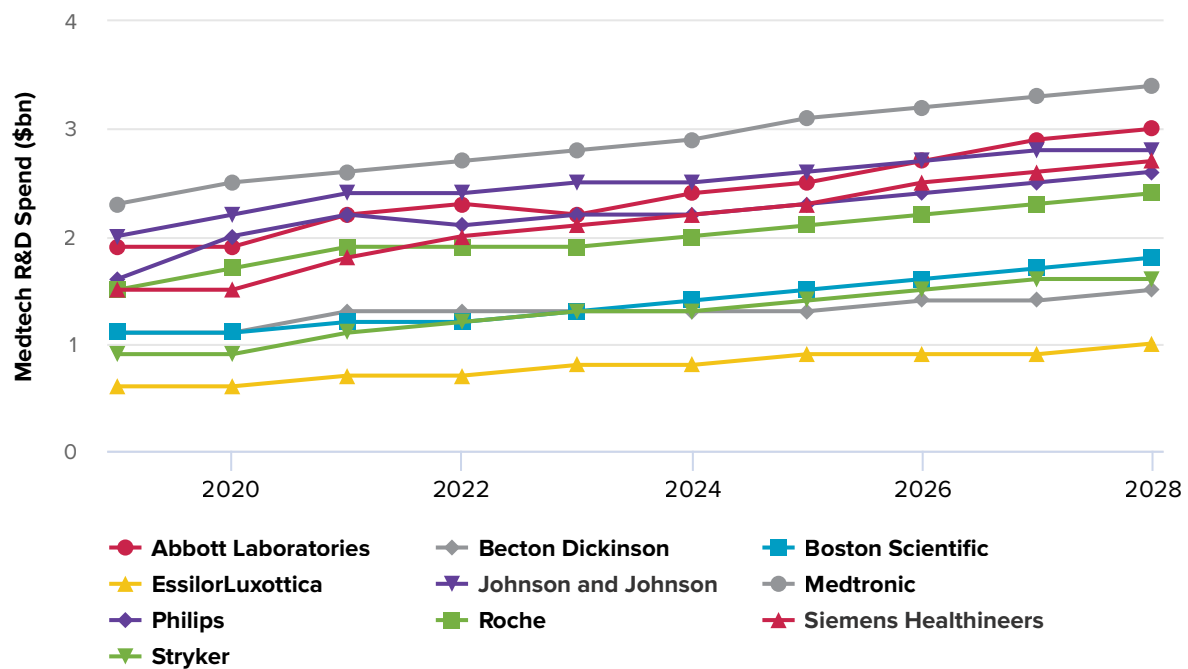
Medtech R&D Spend in 2028: Top 10 Companies

Covid drove a huge boost in R&D spend in 2020 and 2021, so it's not a huge shock that our consensus forecasts predict a slowdown in this area. After that, moderate growth will see the top 10 cohort spend just shy of \$23bn on in-house development in 2028.

Medtronic will be the biggest spender on research in six years' time, with an R&D bill of \$3.4bn. It's unusual to see businesses actually cut R&D spend. However, we're seeing four companies set to reduce their outlay in this area in the immediate and short term. In all those cases, this is a case of retrenchment following boosted Covid spend.

Following that, analysts expect a return to the steady, even growth that had been the usual pattern in pre-pandemic years – excluding large strategic moves such as mergers and divestments, that is.

Top 10 Medtech's R&D Spend



Source: Evaluate Medtech®



KEY MEDTECH AREAS IN 2028

Now you've seen the headline data, what are the drivers of the changes we see heading out to 2028? We've mentioned the fluctuating test sales that are undermining some of the big players as the ripples from the pandemic continue to make themselves felt. And while the top 10 across the overall medtech market isn't forecast to change that dramatically by 2028, there is more fluidity within some of the specific niches.

In Vitro Diagnostics (IVD) Market to 2028

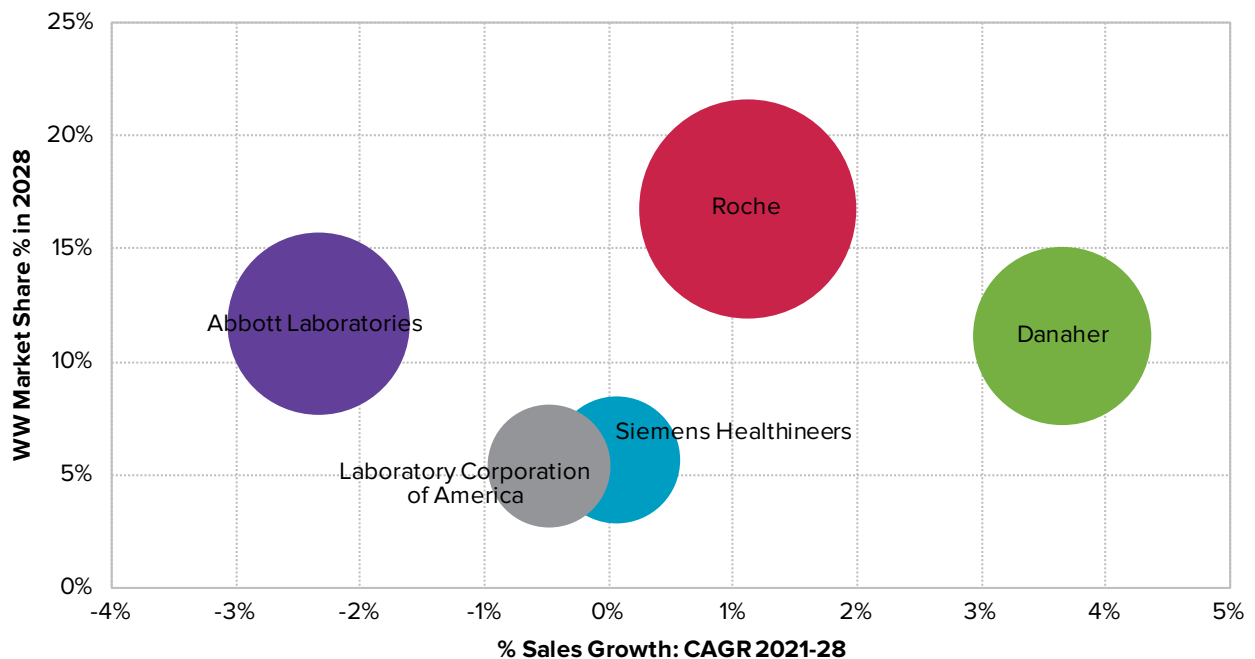
2028 IVD sales forecast to reach \$113bn; Roche clings to the top spot.

Roche's overall fortunes may be slipping, but Evaluate Medtech consensus forecasts show that the company will continue to hold on to the top position in the IVD market, with its forecast 2028 test sales of \$19bn securing the company a 16.8% market share.

This segment has been affected more profoundly than any other by the Covid pandemic. Over the past couple of years several IVD companies including Abbott, Roche and Becton Dickinson enjoyed hugely increased revenues thanks to the various coronavirus tests they had developed. These sales are forecast to slip away in the coming years.

For this reason, the overall in vitro diagnostics market forecast to grow at just 1.7% (CAGR) between 2021 and 2028. Even so, it will remain the largest segment within the medtech industry as a whole.

WW In Vitro Diagnostics Sales, Market Share & Sales Growth (2021-2028)



Source: Evaluate Medtech® (Aug 22)



Cardiology Market to 2028

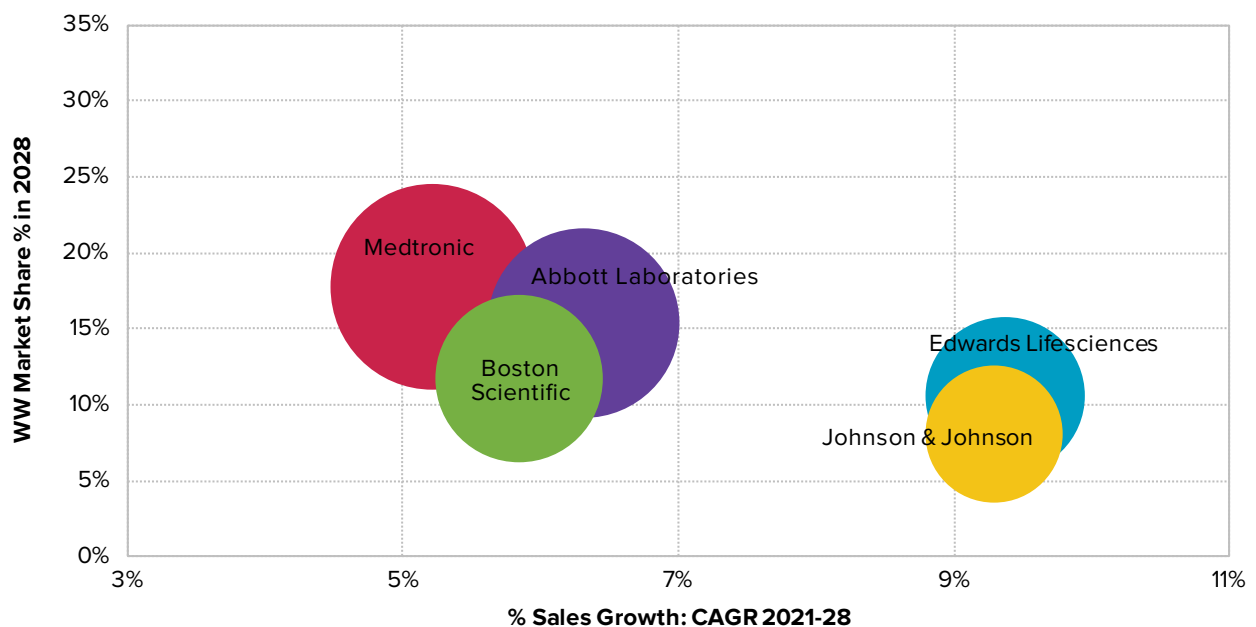
Medtronic will be the largest cardiology company in 2028, with sales expected to reach \$16.3bn.

We've already seen that Medtronic is set to remain the biggest game in town across the whole medtech market and a big part of the reason for that is its position in the huge cardiology area. Cardiology is expected to grow at 6.5% per year to \$91.8bn in 2028 and there's a lot of activity from a number of players that will impact Medtronic.

Consensus forecasts compiled by Evaluate Medtech show that Medtronic will retain the top position within the cardiology segment in 2028, with a predicted market share of 17.8%. However, it's not all good news for the company. Its share is forecast to shrink as groups including heart valve maker Edwards Lifesciences and diversified Hong Kong-based medtech Lepu muscle in on this territory.

They're not the only ones. Other groups growing more quickly than the leader include Abbott Laboratories, Boston Scientific and Johnson & Johnson, all buoyed by the return of heart surgeries following Covid lockdowns.

Worldwide Ophthalmics Sales, Market Share & Sales Growth (2021-2028)



Source: Evaluate Medtech® (Aug 22)



Ophthalmics Market to 2028

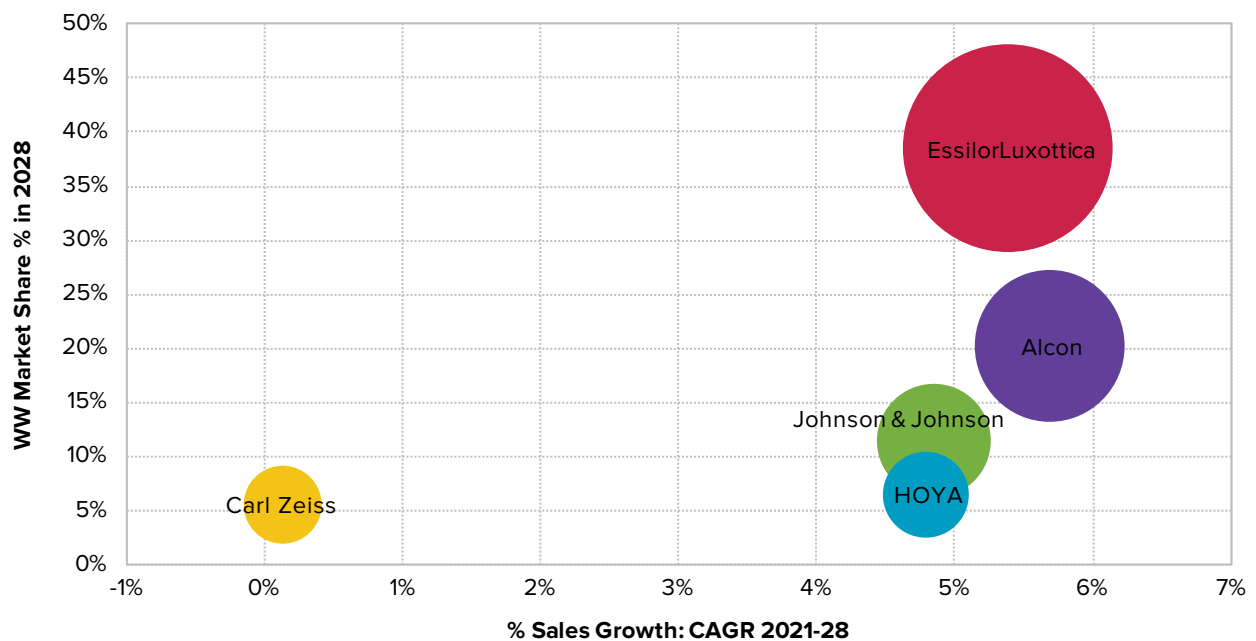
The ophthalmics market is forecast to be worth \$56.9bn in 2028, though its annual growth is slow at 2.6%.

Ophthalmics' growth is forecast to be lower than that of the wider market, but there are some interesting shifts between the big players in the top 10. At the top, lens maker EssilorLuxottica will continue to lead in ophthalmics in 2028 with sales of \$21.9bn and a whopping market share of 38.5%. This is well ahead of the \$11.5bn sales forecast for second-placed Alcon, according to Evaluate Medtech consensus.

But Alcon, newly independent following its spin out from Novartis, is forecast to grow faster than the market leader.

Meanwhile, various companies are expected to leapfrog each other in the rankings, with HOYA and The Cooper Companies both expected to jump two places.

Worldwide Ophthalmics Sales, Market Share & Sales Growth (2021-2028)



Source: Evaluate Medtech® (Aug 22)



Diagnostic Imaging Market to 2028

Siemens Healthineers is forecast to lead the diagnostic imaging sector in 2028 with sales of \$16.5bn.

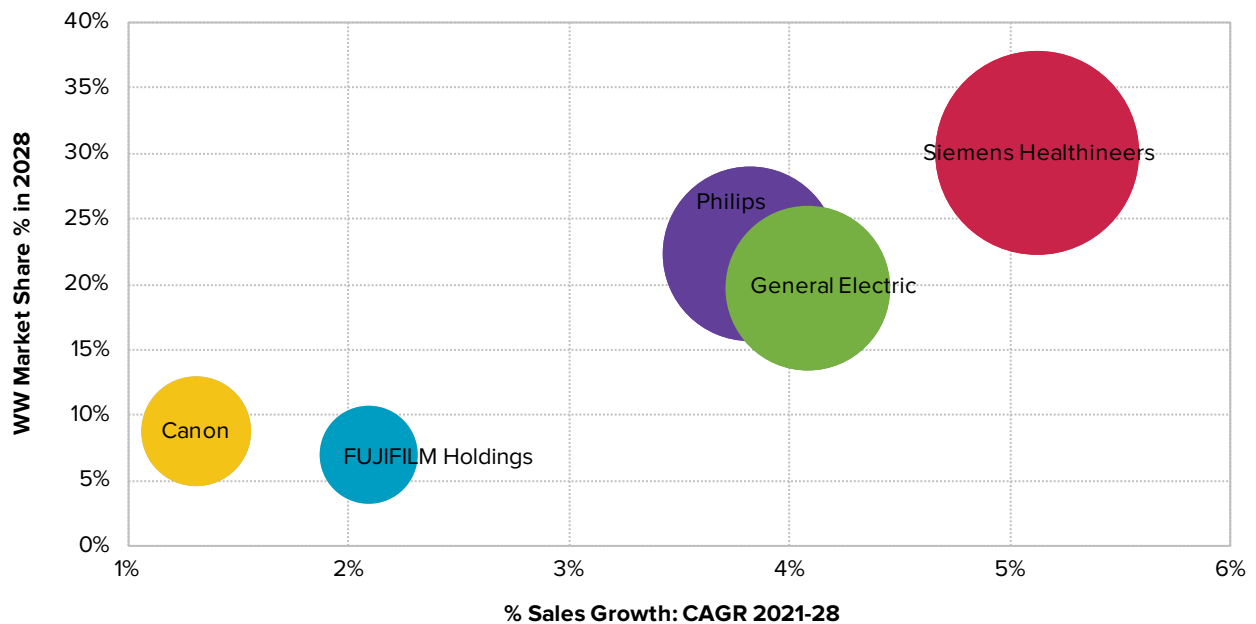
Evaluate Medtech consensus forecasts that diagnostic imaging will be one of the slower-growing device areas, with an expected CAGR of only 3.0% between 2021 and 2028.

Siemens Healthineers was the top company by sales of diagnostic imaging equipment in 2021 and is forecast to extend its lead out to 2028, growing faster than almost all of this cohort. By 2028 it is forecast to occupy 30% of this market.

However, General Electric is set to spin out its healthcare business next year, and the sellside is not yet making forecasts for an independent GE Healthcare, so its forecast growth trajectory could change. This will be an interesting area to watch, though Siemens' place at the top is unlikely to be under threat anytime soon.

The diagnostic imaging market is set to grow from a global total of \$44.6bn in 2021 to \$54.9bn in 2028.

Worldwide Diagnostic Imaging Sales, Market Share & Sales Growth (2021-2028)



Source: Evaluate Medtech® (Aug 22)



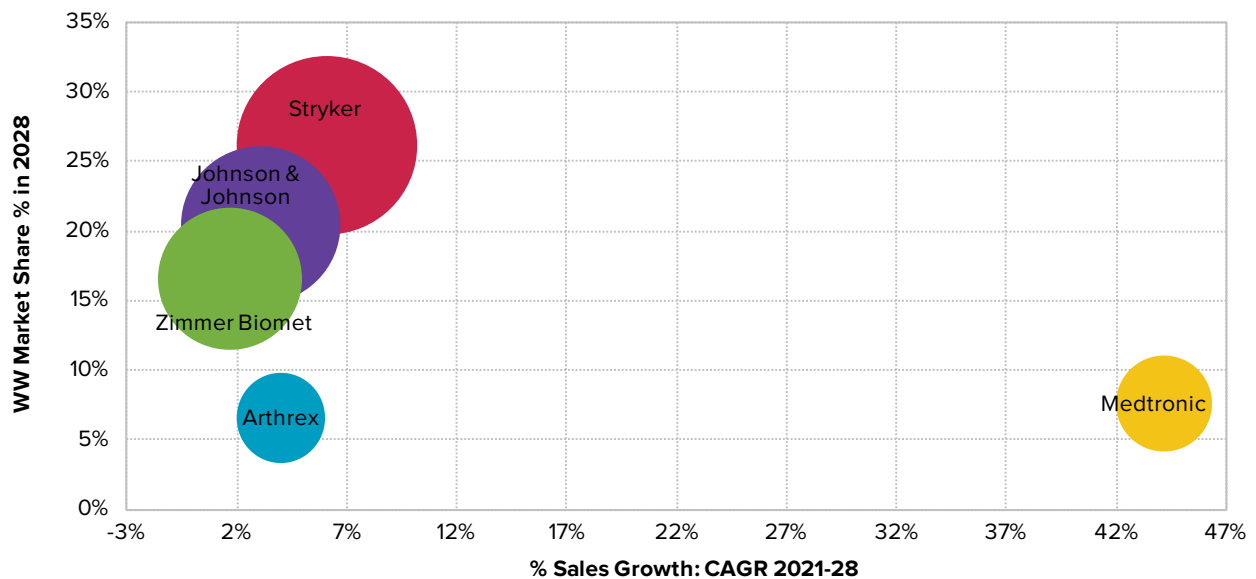
Orthopedics Market to 2028

Growth in the orthopedics sector is forecast to be surprisingly rapid, at 5% annually between 2021 and 2028, Evaluate Medtech consensus predicts.

With sales of \$13.3bn and a market share of 26.2% in 2028, Stryker is forecast to be the top orthopedics company in 2028. The company forecast to grow the fastest among the top 10, however, is Medtronic, with a startling annual growth rate of 44.1% out to 2028. This is because its 2021 sales here were hit hard by Covid lockdowns, giving a base figure far lower than usual.

The top 10 companies in the orthopedics market are expected to generate \$46.4bn in sales in 2028, making up 91% of the total revenue for this segment.

Worldwide Orthopedics Sales, Market Share & Sales Growth (2021-2028)



Source: Evaluate Medtech® (Aug 22)

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