

Medtronic's Hugo still a long way from victor



[Elizabeth Cairns](#)



The world's biggest medtech expects great things from its new surgical robot, but its best shot at leading a market with a new product remains renal denervation.

Medtronic has bounced back higher than anyone had expected. Elective procedures are up and running again, pushing fourth-quarter revenues, reported yesterday, up 37% to \$8.2bn.

But the company is looking to the future too, and is particularly enthusiastic about some of its forthcoming products. It has started selling its Hugo surgical robot outside the US, and a US trial in urological procedures is about to start. And its chief executive, Geoff Martha, called the forthcoming trial readout on its renal denervation system “one of the most highly anticipated events in medtech this year”.

These two programmes are major hopes for the company – so much so that Medtronic's R&D investment in them is expected to blow a \$400m hole in operating profits in the current fiscal year, which runs to April 30, 2022. In fiscal 2021 the company spent \$2.5bn on R&D in total.

The group's short-term expectations for Hugo are reasonably modest. It has pencilled in \$50-100m in fiscal 2022. This figure is set to double or triple in the fiscal year after that.

Longer term, Mr Martha said soft tissue robotics could be “a meaningful growth driver” not just for Medtronic's medical-surgical unit, but for the company as a whole. Even so, it will be a very long time indeed before the group can pose any kind of realistic challenge to Intuitive Surgical, [leader of the soft tissue robotic surgery market](#) with sales of \$1.3bn in the first quarter of 2021 alone.

Just a few

Renal denervation, however, holds the promise of not only much bigger sales but also an instant market leader position for Medtronic should its Symplicity Spyral device be approved next year ([The future of renal denervation, May 26, 2021](#)).

Analysts from Stifel view the level of investment in these new technologies as “a positive indication of management's confidence in the renal denervation and Hugo platforms and their growth-accelerating potential”. They believe that fiscal 2022 will see R&D investment in these two projects, as well as the operating margin dilution from them, peak.

Leerink was less effusive. Analysts warned that Medtronic's long-term growth acceleration was “highly levered to just a few key pipeline projects, ie, Hugo and renal denervation”.

After a year of refusing to give formal guidance, the group has at last reinstated the tradition, saying it expects sales growth of around 9% in the current fiscal year. That would bring its 2022 revenues to nearly \$9bn. Spyril might have just squeaked onto the US market by this time next year, but Hugo will almost certainly still be under regulatory review at best. Next year's growth will have to come from other launches or existing products.

Where Medtronic is, and where it's going

Sector	2021 revenue (\$bn)	Growth from 2020 (%)	Growth guidance for 2022 (%)
Cardiovascular	2.9	45.1	10-11
Medical Surgical	2.3	20.9	6-7
Neuroscience	2.3	54.0	10-11
Diabetes	0.7	13.5	3-4
Overall	8.2	36.5	9

Source: Medtronic.

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