

# Coloplast signs offer to acquire Mentor Corporation's urology business



**MENTOR**



**Coloplast**



**Investor presentation  
March 2006**

## Forward-looking statements

*The forward-looking statements contained in this presentation, including forecasts of sales and earnings performance, are not guarantees of future results and are subject to risks, uncertainties and assumptions that are difficult to predict. The forward-looking statements are based on Coloplast's current expectations, estimates and assumptions and upon the information available to Coloplast at this time.*

*Heavy fluctuations in the exchange rates of important currencies, significant changes in the healthcare sector or major changes in the world economy may impact Coloplast's possibilities for achieving the long-term objectives set as well as for fulfilling expectations and may affect the company's financial outcomes.*

*The presentation contains financial forecasts that are based on information from Mentor Corporation, which must be verified in a post-merger integration process.*

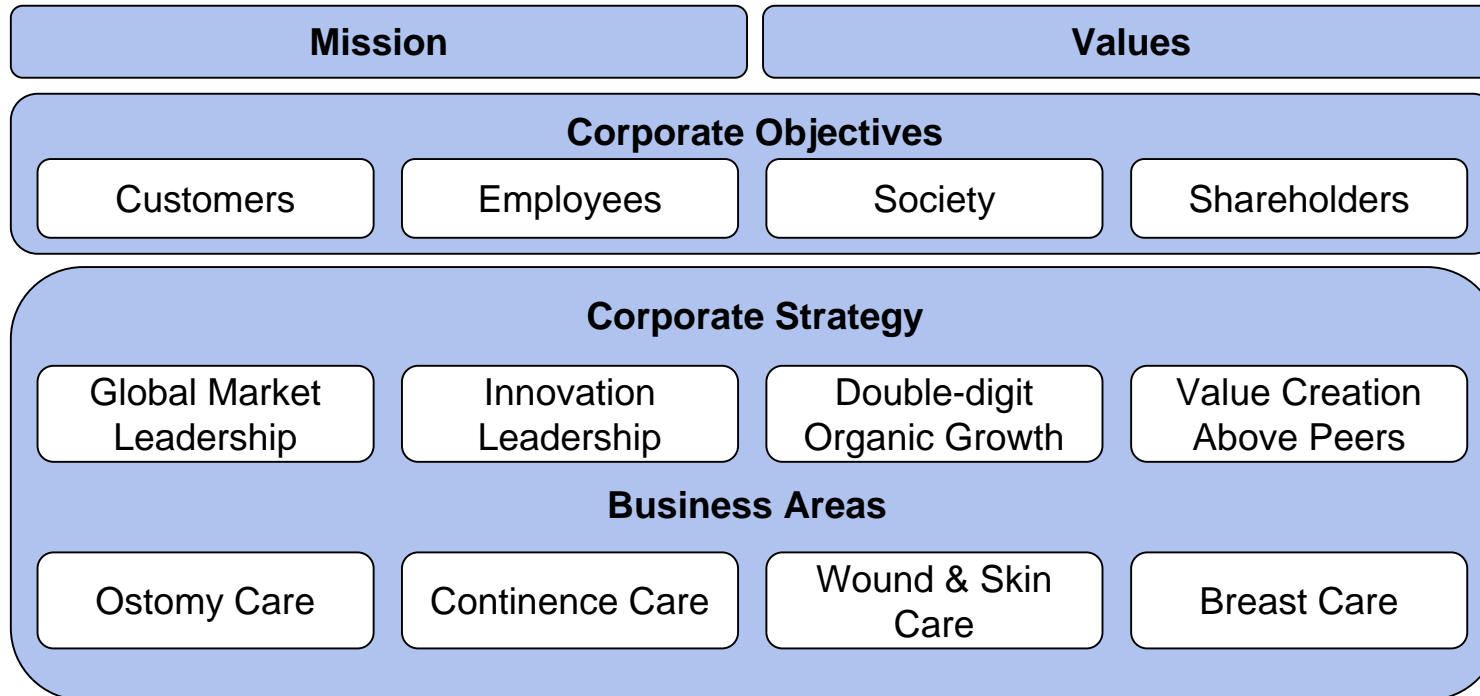
*All financial estimates for 2005/06 are based on assumed closing by 1 June 2006. This date is subject to change and must be considered as guidance only.*

## Overview

- Coloplast has signed an offer to acquire Mentor's urology business for the amount of DKK 2,888M (USD 463M)
- Mutual signing of final agreement and closing is subject to customary conditions and in this period Mentor has granted Coloplast exclusivity
- According to French law, a consultation with French works councils regarding the acquisition of Mentor's Porgès business must be carried out prior to acceptance of the offer by Mentor
- We have assumed clearance from authorities and the written opinion of the French works councils by 1 June
- Sales of Mentor's urology business are estimated to be DKK 1,459M (USD 234M) in 2006 (1 April 2005 - 31 March 2006), with an EBITDA of DKK 262M (USD 42M)
- Mentor's product areas include intermittent and male external catheters, surgical urology products, surgical slings and meshes, prosthetic penile and testicular implants and brachytherapy seeds

*Note: All figures in the presentation are based on a USD/DKK exchange rate of 6.235*

## Coloplast's strategic framework towards 2012



## Strategic rationale

- An important move within the 2012 strategy
  - ⇒ Enlarging the scope of our continence care business into urology
  - ⇒ A solid position in the US urology market
  - ⇒ Strengthening our European market position
- Coloplast becomes a leading global supplier of a broad range of urology and continence care products
  - ⇒ A significant position in the major geographies
  - ⇒ A comprehensive portfolio of products and services
  - ⇒ Targeting all key decision-makers within urology, i.e. hospitals, urology wards and primary care providers
- Stronger platform for further business development and penetration of the growing urology market

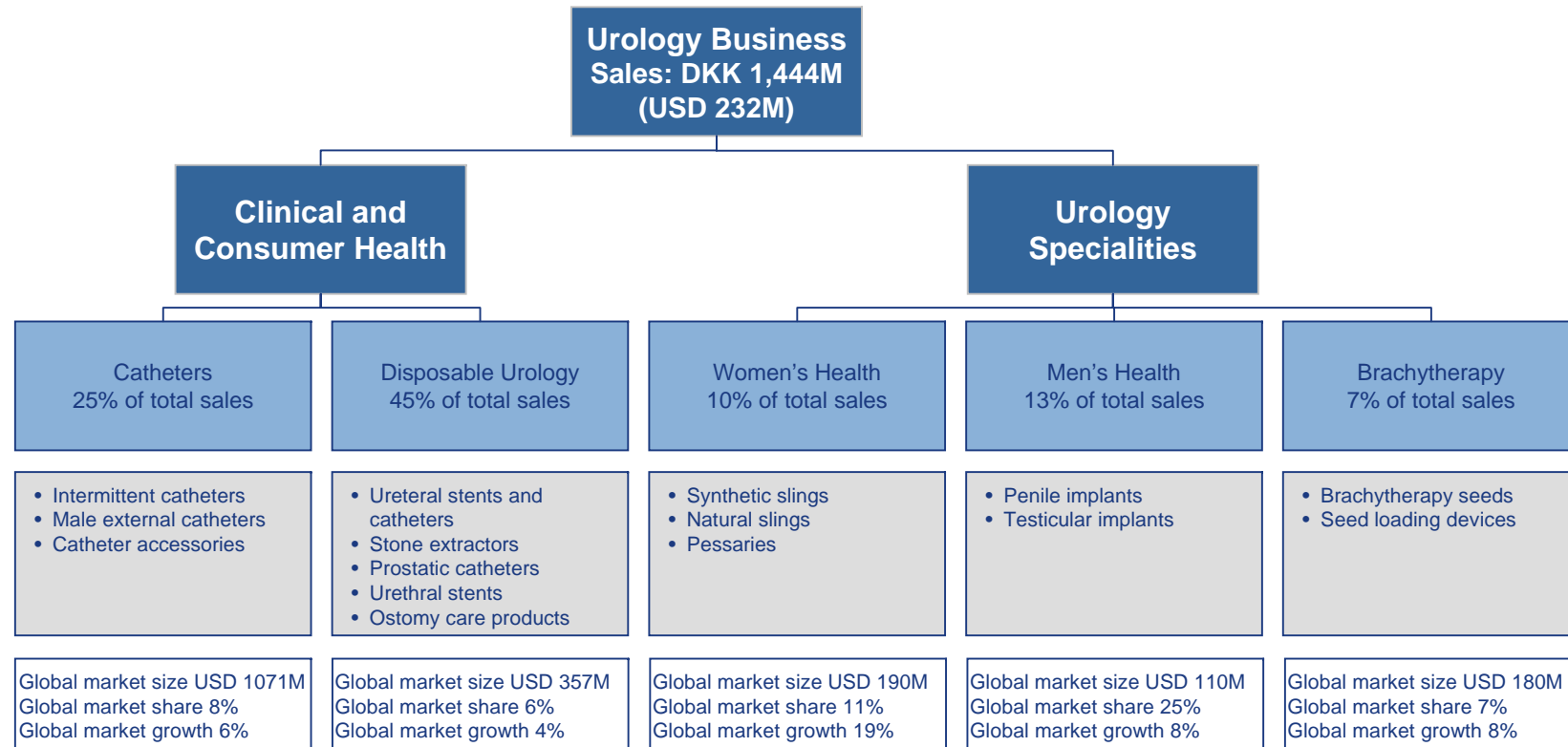
## Transaction summary

Acquisition price	DKK 2,888M (USD 463M)
Mentor urology business financials	
Sales (2006E)	DKK 1,459M (USD 234M)
EBITDA (2006E)	DKK 262M (USD 42M)
Multiples (based on 2006E)	2xsales/11xEBITDA
Synergies	DKK 50-75M (USD 8-12M )
One-time costs (18 months)	DKK60-120M (USD 10-20M)
EP impact	EP positive after 3 full years
Financing	A combination of bank loans and own funds

*Note: All figures in the presentation are based on a USD/DKK exchange rate of 6.235*

# Overview of Mentor's urology business

## - Actual figures, 1 April 2004 - 31 March 2005



## Mentor's urology business - Facts

- Approximately 1,000 full time employees, including a sales force of more than 200 and more than 600 in operations
- Sales and marketing organisation in 9 countries in Europe (ES, PT, FR, IT, DE, UK, BE, NL, LX), US, CA, JP and AUS, with distributor sales in 42 countries
- Four manufacturing facilities in the US, FR and UK
- 25-30% of Mentor's urology business relates to products purchased from contract manufacturers
- Successful in forming strategic development and distribution alliances with smaller urology companies and partnering with innovative physicians

Lancing, UK



Sarlat, France



Minneapolis, Minnesota



Oklahoma City, Oklahoma



## Continance Care Division establishes in urology

Enlarging the scope of the current continence care business into urology by:

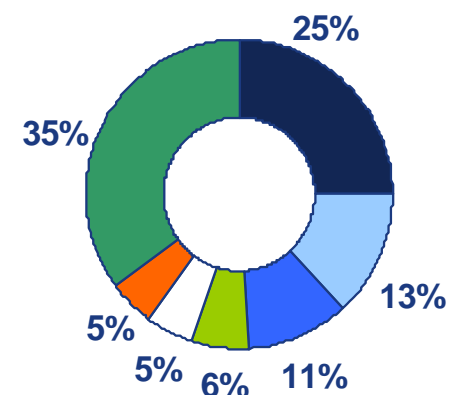
- Strengthening the relationship with key decision-makers within urology
- Leveraging the combined sales force with broader product and service offerings
- Accessing related attractive indications, e.g. stress urinary incontinence (SUI), kidney stones, benign prostate hyperplasia (BPH), prostate cancer, erectile dysfunction (ED)

Location	OUTPATIENT CLINIC	DAY SURGERY	OPERATING ROOM	UROLOGY WARD	REGIONAL CENTRES
Customer	Nurses and urologists	Urology surgeons Primarily Endourology	Urological surgeons Primarily open surgery	Pre- & post-op Care Nurses and urologists	Highly specialised urologists
Pathology	BPH (diagnose and follow-up)	BPH SUI Stones	BPH SUI Erectile Dysfunction Prostate Cancer	BPH (recovery)	Erectile Dysfunction Prostate Cancer
	COLOPLAST	MENTOR	MENTOR	COLOPLAST	MENTOR

## Post-transaction competitive landscape

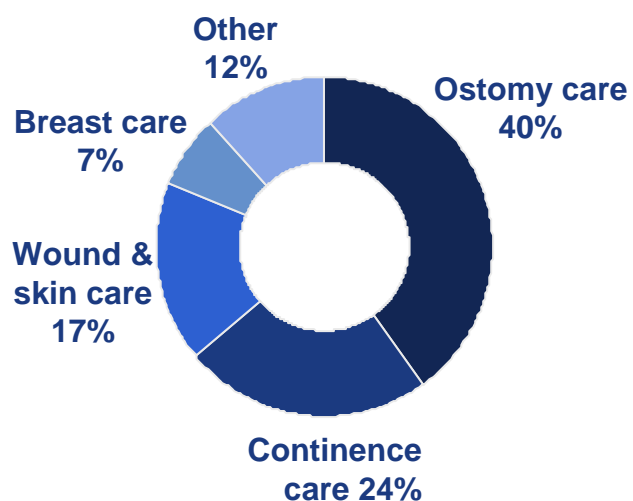
- Main urology device providers (US and Europe):
  - Coloplast, C. R. Bard
  - AMS, Boston Scientific, Ethicon, AstraTech, Rüsçh, B Braun, Hollister, Tyco
- Coloplast's position
  - A leading global supplier of urology and continence care products
  - Strong position in the US, taking annualised sales of urology and continence care products in the US to around DKK 700M (USD 115M)
  - Annualised global sales of urology and continence care products to reach DKK 3 billion (USD 0.5 billion)

European continence care (pre-transaction)

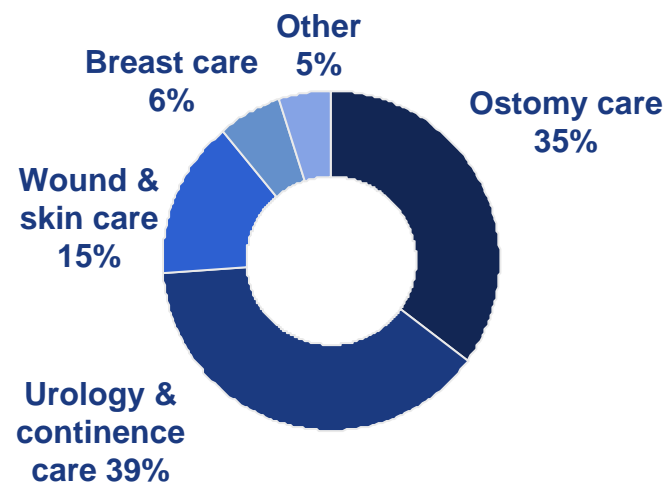


## A more balanced product portfolio...

Annualised revenue by business area  
Current business areas



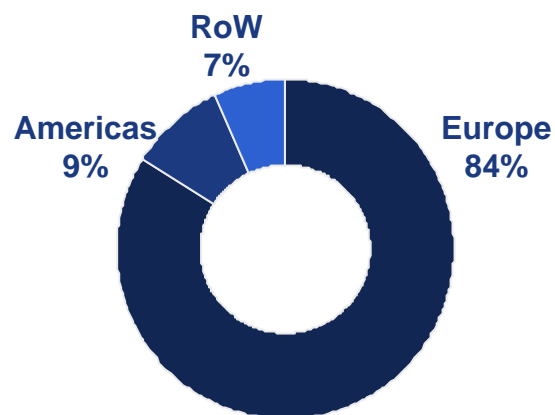
Annualised revenue by business area  
Including Mentor's urology business



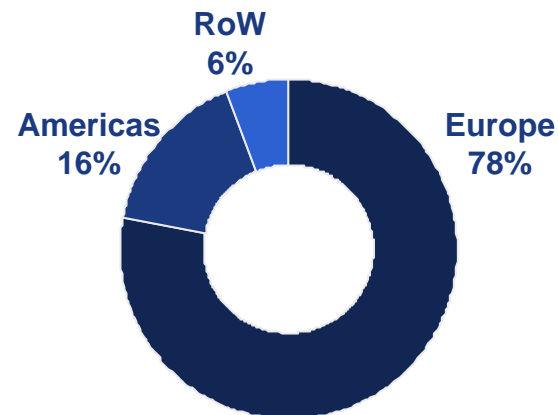
- Urology & continence care would become the largest business area
- Balance of product portfolio within urology and continence care would improve – currently dominated by intermittent catheters

## ... and a significantly enhanced geographical presence

Revenue by geographical area, Coloplast  
Sterling Medical Services excluded



Revenue by geographical area, Coloplast  
Mentor's urology business included



- Total sales in the Americas would reach more than DKK 1.3 billion (USD 0.2 billion)
- Portfolio of additional group purchase organisation (GPO) contracts and other contract agreements in the US
- Significant sales pressure in both US and European markets
- Product portfolio for emerging markets

## Expectations and long-term targets to be adjusted

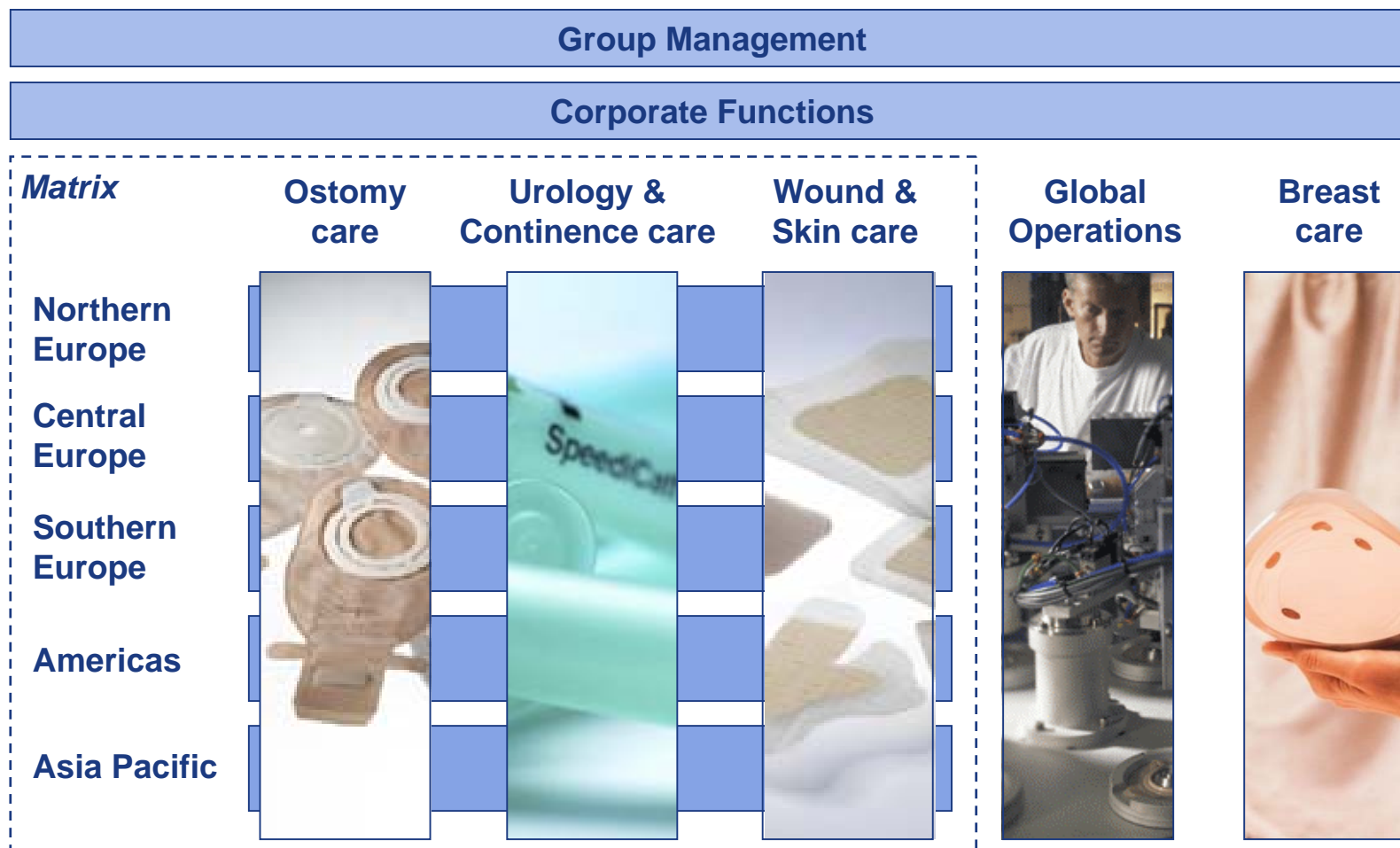
**2005/06**

- Organic sales growth of around 10% in local currencies, excluding approximately DKK 450M (USD 72M) sales from the acquired activities
- Operating profit margin (EBIT) of 12-13%

**2012**

- At least a doubling of economic profit (EP) every five years, based on the 2004/05 figures
- Organic growth of Coloplast's revenue to DKK 15 billion (USD 2.4 billion)
- Operating profit margin (EBIT) to exceed 17%

## Post-merger corporate structure unchanged



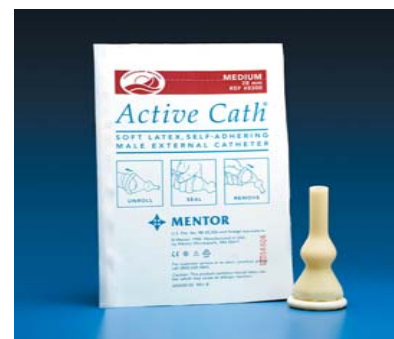


**Coloplast**

## Clinical and Consumer Healthcare

### - Catheters

- Intermittent and indwelling bladder catheters, urisheaths and urine bags for the treatment of incontinence and retention
- Similar to existing portfolio of Coloplast
- Indications include spinal cord injured, multiple sclerosis, spina bifida, benign prostate hyperplasia
- Competitors include C.R. Bard, AstraTech, Rüschi, Hollister, Rochester, Kendall, Braun, Tyco
- Mentor has significant US market share
- Market drivers are changes of medical practice to retention (+), longer life expectancy (+), reimbursement changes (-)



## Clinical and Consumer Healthcare

### - Disposable urology products

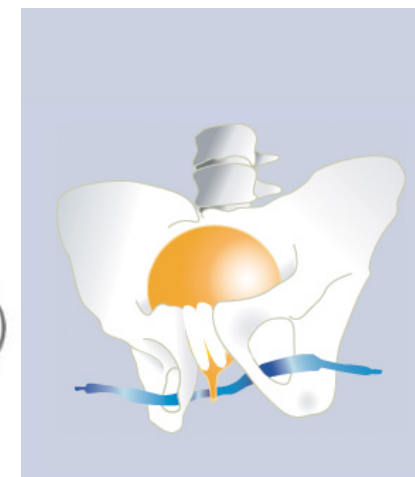
- Stents and catheters for kidney drainage and endo-surgical tools for removal of stones, prostate stents and catheters
- 500 product families within upper and lower urology
- Indications include kidney stones, benign prostate hyperplasia and prostate cancer
- Key call points are urologists in outpatients clinics and in the operating theatre
- Main competitors are C. R. Bard, Cook, Boston Scientific, Rüsçh
- Mentor has significant European market share
- Market drivers are increased number of surgical urology procedures (+), demographics (+)



## Urology Specialities (Surgical Urology Business)

- Women's health

- Vaginal slings for restoration of continence, and meshes for repair of pelvic floor weaknesses
- Indication is primarily stress urinary incontinence (SUI)
- Key call points are urologists and uro-gynaecologists
- Mentor has the patent to the most recent operation technique "Trans Obturator Technique (TOT)
- Fragmented competition, include AMS, C.R. Bard, Ethicon, Boston Scientific
- Market drivers include increased number of treatments (+), conversion from other technologies (+), demographics (+)



## Urology Specialities (Surgical Urology Business)

- Men's health

- Penile implants for erectile dysfunction (ED) and testicular implants for cosmetic replacement after ablation
- Penile implants are used when all other technologies are ineffective (pharmaceuticals, pump, injections)
- 16,000 operations annually, mainly in US
- American Medical Systems (AMS) is main competitor
- Market drivers are demographics (+), penetration/awareness of ED (+)
- Market growth highest in US due to longer tradition for using implants



## Urology Specialities (Surgical Urology Business)

### - Brachytherapy

- Radioactive seeds and needles for local minimal invasive radiation therapy of prostate cancer
- Key products are radioactive isotopes, encapsulated in titanium containers and Iso loader workstations
- Highly specialised sales force
- Low penetration of potential market, other treatment options include removal of the prostate, external radiation
- Main competitors are Oncura, C. R. Bard, NASI, Amersham
- Market drivers include increased number of prostate cancer cases (+), earlier diagnostics (+)

