

# Coloplast A/S

Investor Presentation  
Q1 2006/07



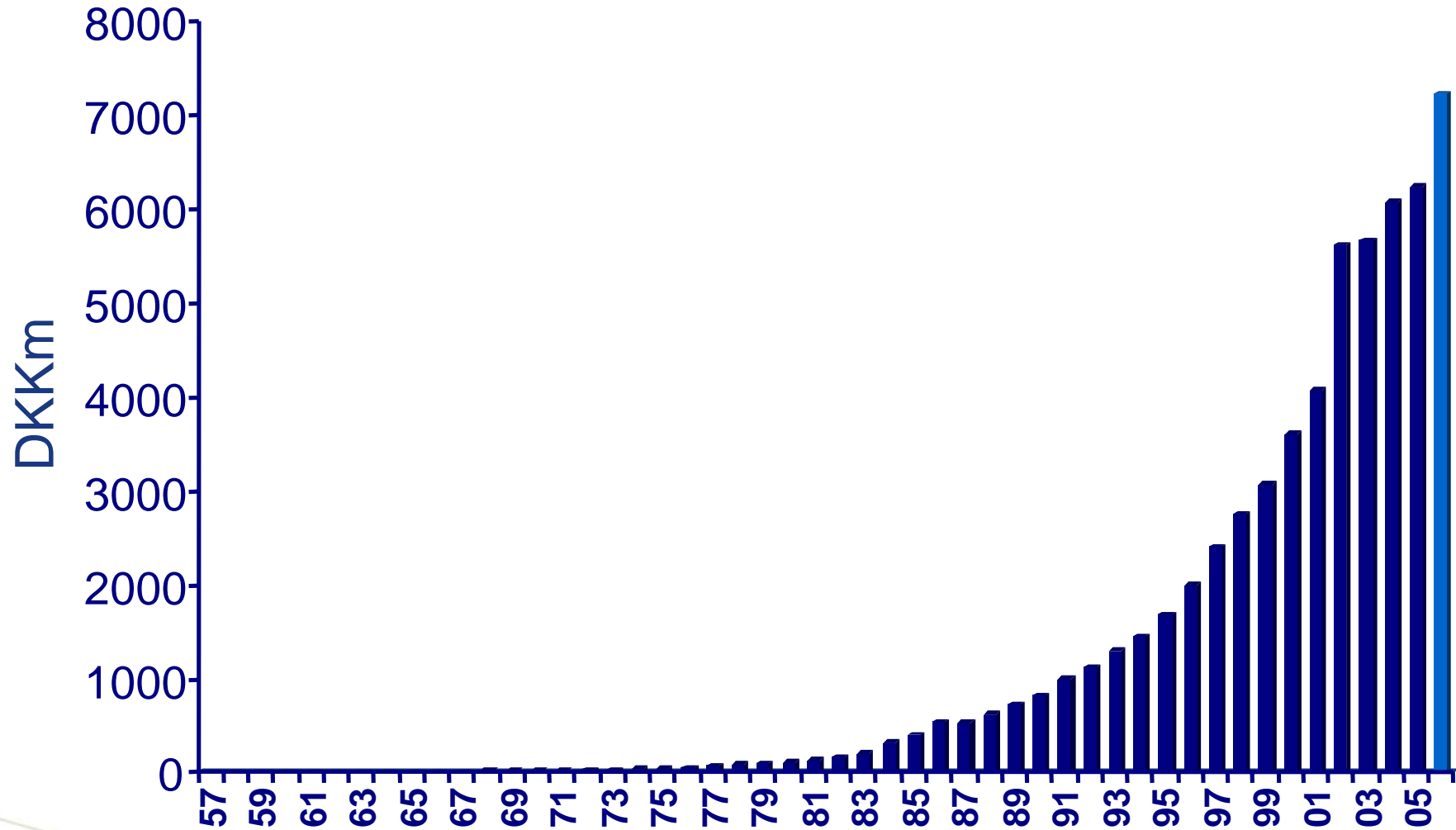
# Coloplast in brief

- Coloplast's products and services help patients achieve greater independence from medical challenges in 3 areas; ostomy care, urology & continence care and wound & skin care
- Target of 15% annual growth in value creation measured as economic profit
- Value creation to be realised through double-digit CAGR and constant improvement of operating profit
- Competitive position based on innovation capabilities, strong customer relationships and efficient business processes
- Global market leader in urology & continence care and European market leader in ostomy care
- Aspiring for global market leadership within all business areas through organic growth and acquisitions
- Main risk is health care reforms in main markets leading to reduced reimbursement prices

# History milestones

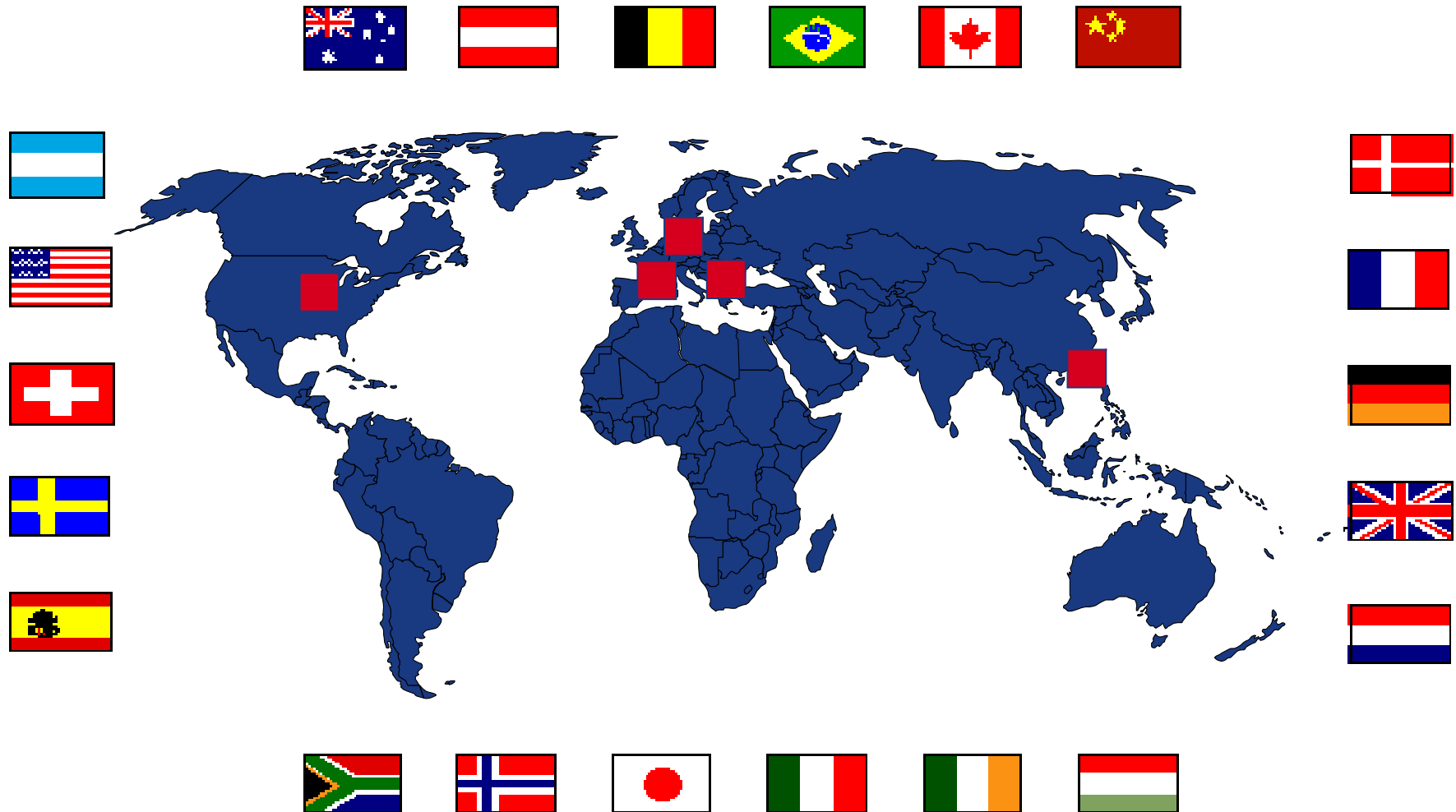
- 1957 Danish Coloplast A/S founded
- 1978 International sales subsidiaries established
- 1982 Product divisions established
- 1983 Introduced on the stock exchange
- 1989 Strategy - Coloplast's role in the 1990s defined
- 1994 Acquisition of Amoena Corp., US
- 1995 Acquisition of Sween Corp., US
- 1996 Acquisition of Amoena GmbH, DE
- 1998 Objectives 2005 established
- 2001 Acquisition of SSL, HSC and Sterling
- 2003 Objectives 2008 established
- 2005 Strategy 2012 - Investing in growth
- 2006 Acquisition of Mentor's urology division and divestment of Sterling
- 2007 Divestment of Amoena and Brachytherapy

# Revenue development 1957-2006



Ostomy care  
Urology & Continence care  
Wound & Skin care

# Coloplast has global presentation



# Three key customers

## The health care professional

- Doctors and nurses. Primary concerns are user quality of life, product functioning and handling

## The end customer

- The user. Primary concern is quality of life

## The payer

- Concern is primarily product pricing and health economics



*Prof. Daniel Raudrant  
Hôtel Dieu, Lyon*

## External factors - Demand outlook



The demand for products and services will continue to grow in terms of volume, but pressure on prices and margins will continue

Market growth within Coloplast's business areas estimated at 4-6%

## Income statement Q1 2006/07

DKKm	Q1 06/07	Q1 05/06	Index
Net revenue	<b>2,048</b>	1,646	124
Gross profit	<b>1,220</b>	1,028	119
- Gross profit margin	<b>60%</b>	62%	
EBITDA	<b>405</b>	368	110
- EBITDA margin	<b>20%</b>	22%	
Net operating profit (EBIT)	<b>260</b>	275	95
- Profit margin	<b>13%</b>	17%	
Profit before tax	<b>202</b>	236	86
Tax	<b>-60</b>	-72	83
Group profit	<b>142</b>	164	87

## Balance sheet, cash flows and key ratios Q1 2006/07

DKKm	Q1 06/07	Q1 05/06
Invested capital	<b>8,208</b>	5,565
Net interest bearing debt	<b>3,306</b>	1,136
Equity, ultimo	<b>2,777</b>	2,417
Investments in tangible assets	<b>134</b>	97
Free cash flow	<b>-6</b>	-1
- Cash flow from operations	<b>106</b>	104
- Cash flow from investments	<b>-112</b>	-105
ROAIC, %	<b>13</b>	20
Economic profit	<b>46</b>	98
Net debt to EBITDA	<b>2.0</b>	0.8
Price/earnings ratio (PE)	<b>43</b>	29
Earnings per share (EPS)	<b>3</b>	4

# Impact from acquisition of urology business

Impacts on profitability in Q1 2006/07 related to acquisition of urology business

DKKm	Q1 06/07
<b>Operating profit, underlying</b>	<b>344</b>
Integration costs	-40
Relocation in the US	-12
<b>Operating profit, excl. integration</b>	<b>292</b>
Depreciations, intangibles	-32
<b>Operating profit, reported</b>	<b>260</b>

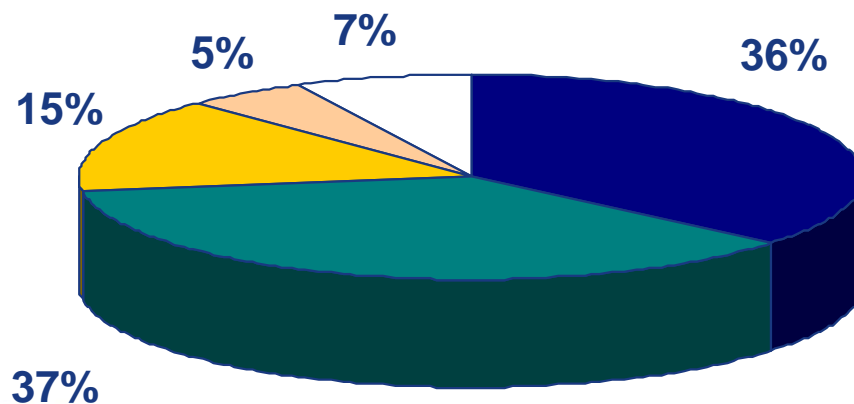
Estimated full year financial impacts from acquisition and restructurings

DKKm	FY 06/07
Integration costs	-130
Relocation in the US	-30
Restructurings	-90
Depreciations, intangibles	-150
Synergies	20
<b>Expected net effect, 2006/07</b>	<b>-380</b>

- Synergies in the first quarter were insignificant. Annual synergies after concluded integration estimated to reach DKK 75m-100m with full effect from 2008/09
- Total integration costs estimated to approximately DKK 230m with DKK 70m in 2005/06, DKK 130m in 2006/07 and DKK 30m in 2007/08.

## Revenue development - business areas

Growth in local currencies	Growth Q1 06/07	Growth Q4 05/06	Growth Q1 05/06	Revenue Q1 06/07
■ Ostomy Care	6%	6%	7%	738
■ Urology & Continence Care - <i>Excl. urology business</i>	68% 12%	75% 6%	15%	754
■ Wound & Skin Care	6%	3%	8%	303
■ Breast Care	-1%	7%	8%	104
□ Other				149
Group net revenue - <i>Organic</i>	26% 7%	5%	8%	2,048

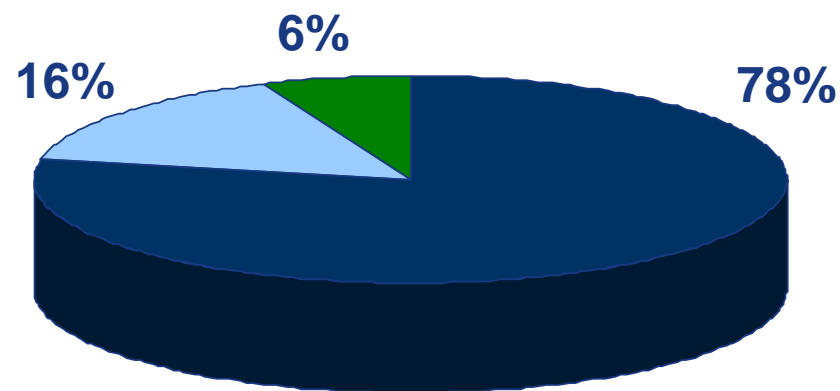


Ostomy care  
Urology & Continence care  
Wound & Skin care

## Revenue development - geography

<b>Growth in local currencies</b>	<b>Growth Q1 06/07</b>	<b>Organic Q1 06/07</b>	<b>Growth Q1 05/06</b>	<b>Revenue Q1 06/07</b>
■ Europe	17%	6%	7%	1,601
■ The Americas	106%	6%	8%	317
■ Rest of World	28%	13%	15%	130
Group net revenue	26%	7%	8%	2,048

- Revenue in the US doubled due to the acquisition of the urology business
- Organic growth in the US impacted by delayed accounting of orders received in December 2006



# Expectations and long-term targets

**2006/07**

- Sales growth of around 22% in local currencies of which around 9%-points will be organic growth
- EBITDA margin of 18-19% and profit margin (EBIT) of 12-13%
- Investments in tangible assets of DKK 700m
- Net costs of integration and restructuring of around DKK 380m

**2012**

**Revenue target adjusted due to divestment of Breast Care**

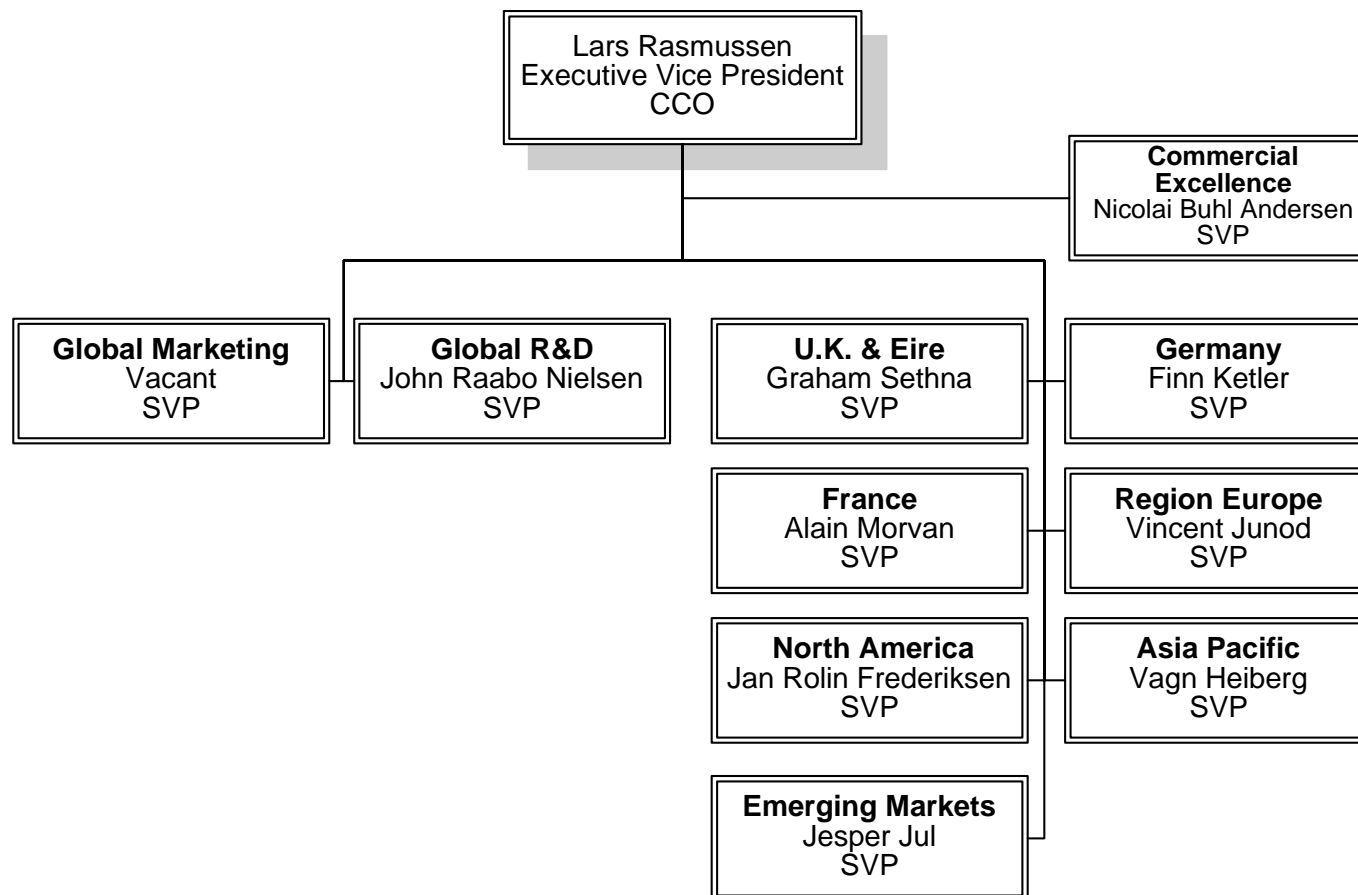
- At least a doubling of economic profit (EP) every five years, based on the 2004/05 figures
- Organic growth of Coloplast's revenue to at least DKK 14 billion
- A profit margin (EBIT margin) to exceed 18%

## Management issues Q1 2006/07

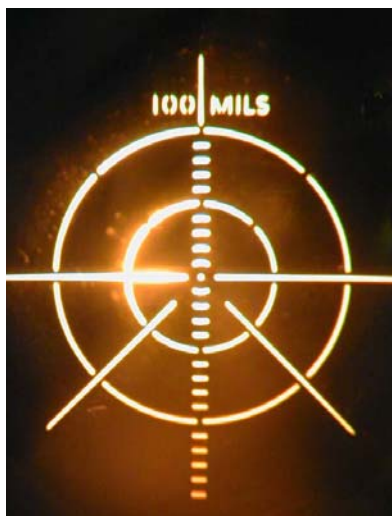
- **Share buyback programme** initiated worth around DKK 1 billion
- Updated **Global Operations strategy** launched in October 2006
- In November 2006, the British health authorities issued two consultation papers addressing **reimbursement pricing of stoma and incontinence appliances** as well as remuneration of services
- The German health insurance funds have introduced **new reimbursement prices** for continence care products with effect from 1 January 2007. Estimated effect on Coloplasts revenue in 2006/07 is DKK 20-25m.



# New Commercial organisation by March 30<sup>th</sup> 2007



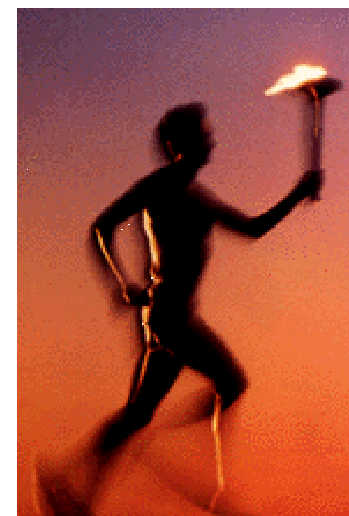
## Our new organisation will...



channel resources  
into activities that will  
drive our growth



simplify and  
accelerate the  
way we work



put us in good shape  
to lead the market -  
not only in Europe,  
but also globally

... with added benefits to our sales force



More time with  
all customers



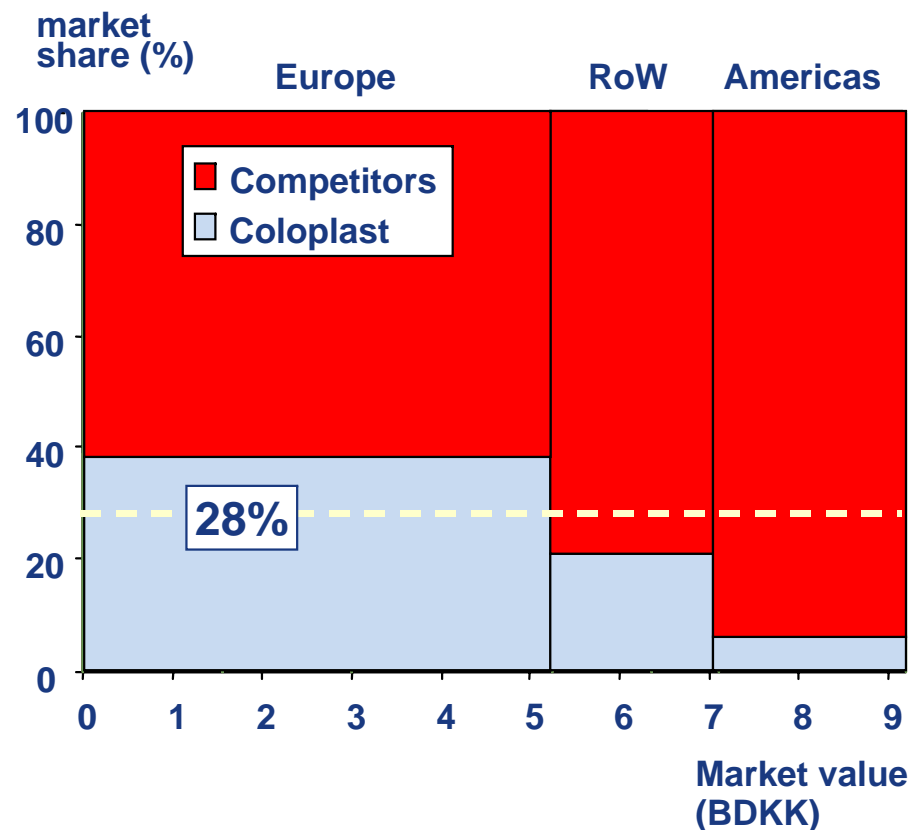
Support, tools &  
training to build  
even stronger  
relationships



Increased rate  
of innovation -  
first, fast &  
flexible

# Ostomy Care

- For people who have lost their normal bowel- or bladder function due to cancer (80%) or inflammatory bowel diseases
- Main competitors are ConvaTec and Hollister Inc.
- Ambition to become global market leader and to reach two-digit market share in the US within 2-4 years



# Ostomy Care

	Q1 06/07	Q4 05/06	Q1 05/06	Market
Revenue (DKKm)	738	754	701	
Growth in local currencies	6%	6%	7%	1-3%

- **SenSura** now marketed in 10 countries including UK, France and Italy
- **SenSura** sales above expectations
- **HSC** established as independent business unit. Managed care strategy being implemented.

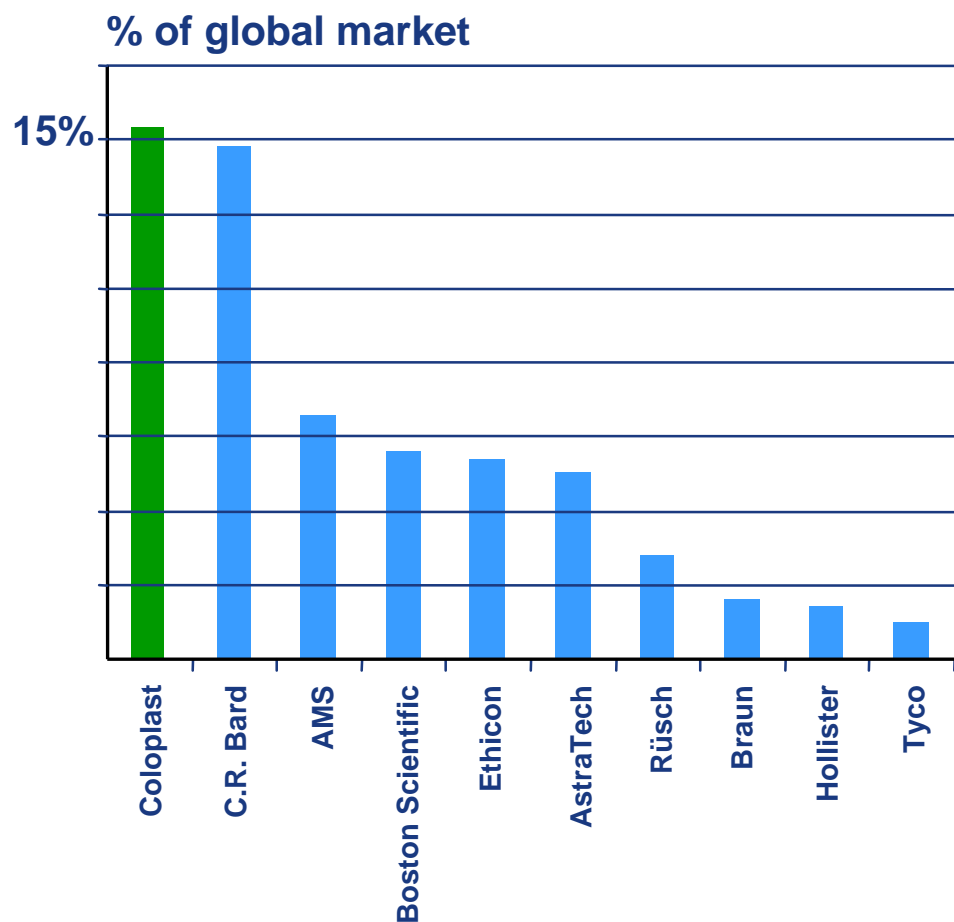


# Urology & Continence Care - customer segmentation

Location	OUTPATIENT CLINIC	DAY SURGERY	OPERATING ROOM	WARD	REGIONAL CENTRES
Customer	<b>Nurses and Urologists</b>	<b>Urology surgeons Primarily Endourology</b>	<b>Urological surgeons Primarily open surgery</b>	<b>Pre- &amp; post-op Care Nurses and urologists</b>	<b>Highly specialised urologists</b>
Pathology	<i>SCI, MS, SB, BPH (diagnose and follow-up)</i>	<i>BPH SUI Stones</i>	<i>BPH SUI Erectile Dysfunction Prostate Cancer</i>	<i>BPH (recovery)</i>	<i>Erectile Dysfunction (volume) Prostate Cancer</i>

- Good access to key decision-makers within a broad range of pathologies
- Broad product and service offerings, e.g. single-use products, urological tools, implants

## Urology & Continence Care - market positioning



- Global market leader in continence consumables with 20-25% market share
- Among global market leaders in urological specialties with 10% market share
- Strong position in the US market established with the acquisition of urology business
- European market leadership reinforced with 30% market share

# Urology & Continence Care - the product portfolio

Urology & Continence Care							
Continence Consumables			Urological Specialties				
<b>Intermittent Catheters</b> 35% of revenue	Global market BDKK 3 9% growth	Coloplast global market share 25-30%	<b>Men's Health</b> 5% of revenue	Global market BDKK 0,7 8% growth	Coloplast global market share ~25%	<b>Brachytherapy</b> 3% of revenue	<b>Bowel Management</b> <1% of revenue
<b>Urine Bags</b> 16% of revenue	Global market BDKK 2,5 4% growth	Coloplast global market share ~20%	<b>Women's Health</b> 4% of revenue	Global market BDKK 1,2 18% growth	Coloplast global market share ~10%	Global market BDKK 1 6% growth	Global market BDKK ~1 2% growth
<b>Urisheaths</b> 14% of revenue	Global market BDKK 1 2% growth	Coloplast global market share 25-30%	<b>Disposable Surgical Urology</b> 14% of revenue	Global market BDKK 2,5 4% growth	Coloplast global market share ~5%	Coloplast global market share ~7%	Coloplast global market share ~1%
<b>Indwelling Catheters</b> 1% of revenue	Global market BDKK 1,3 3% growth	Coloplast global market share ~4%					
<b>Absorbent Products</b> 1% of revenue	Global market not assessed	Coloplast global market share not assessed					

## Urology & Continence Care

	Q1 06/07	Q4 05/06	Q1 05/06	Market
Revenue (DKKkm)	754	779	453	
Growth in local currencies	68%	75%	15%	7%
- Organic	12%	6%	15%	

- Main growth contribution from sales of urological disposables and intermittent catheters
- For the full year, total sales generated by the acquired business is expected to grow compared with 2005/06
- R&D teams strengthened in Denmark, US and France



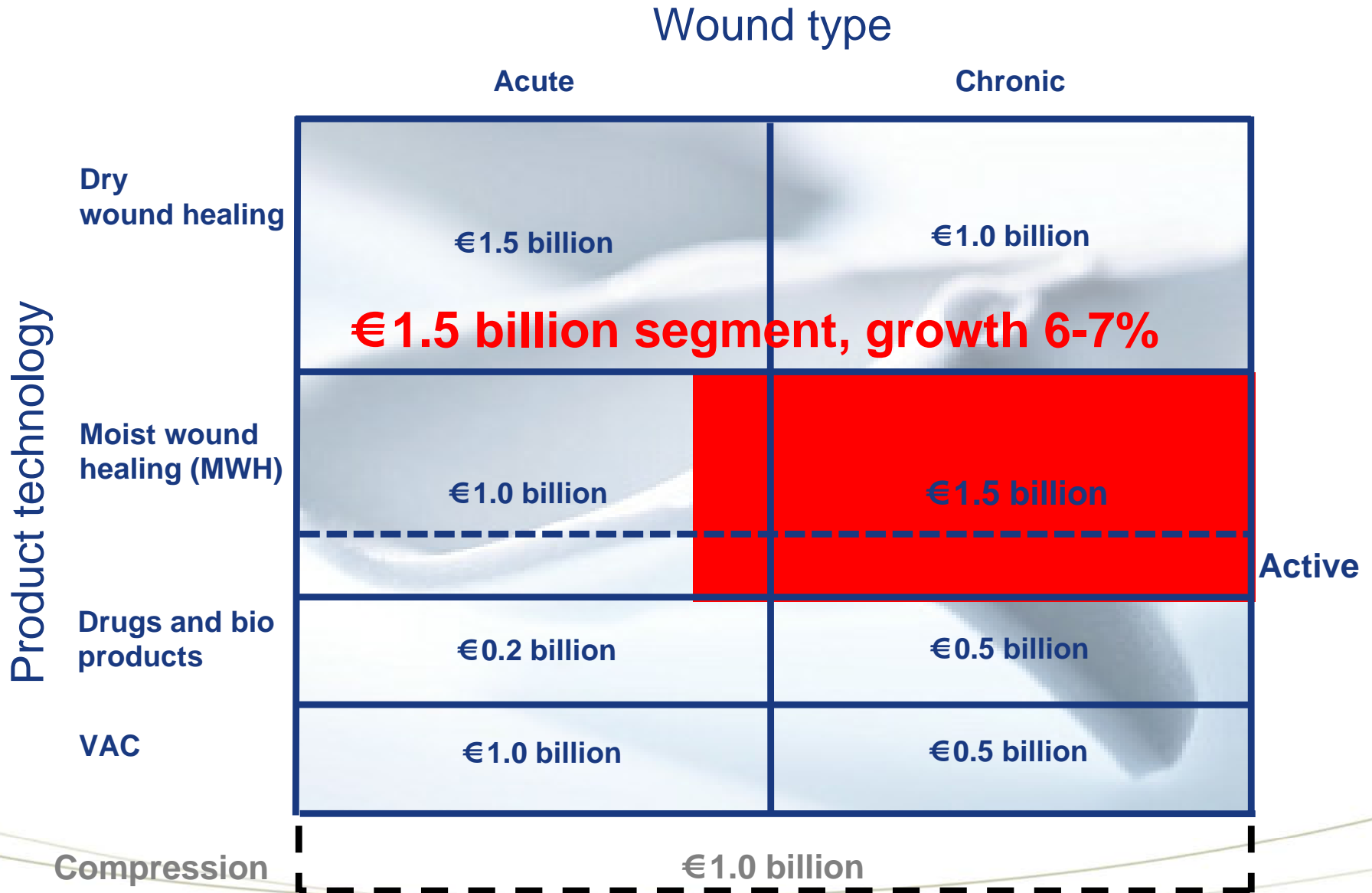
# Urology & Continence Care - integration

Integration process on track

- Establish new headquarters in the US
- Discontinue manufacturing in Lancing, UK
- Integrate sales organisations in all countries
- Optimise procurement
- Combine and expand R&D
- Reach one IT platform and reporting system
- Create one company and one culture
- Align legal structures



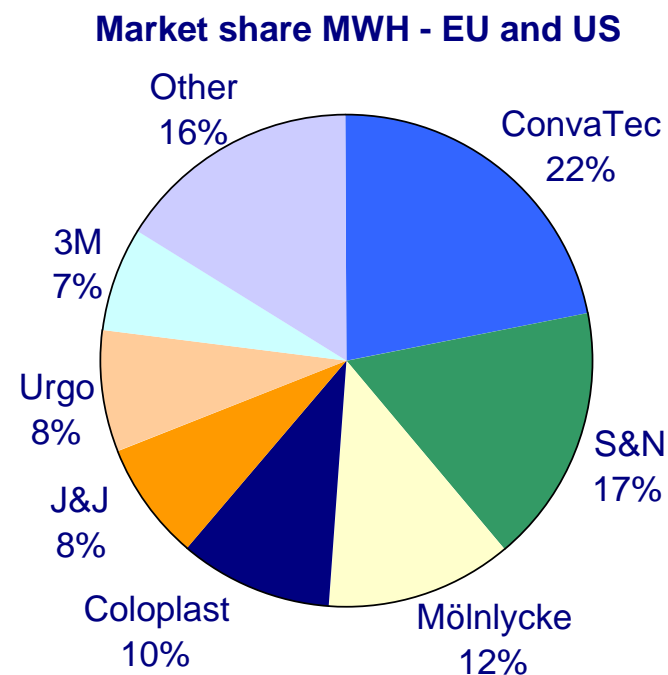
# Wound Care - global market



## Wound & Skin Care

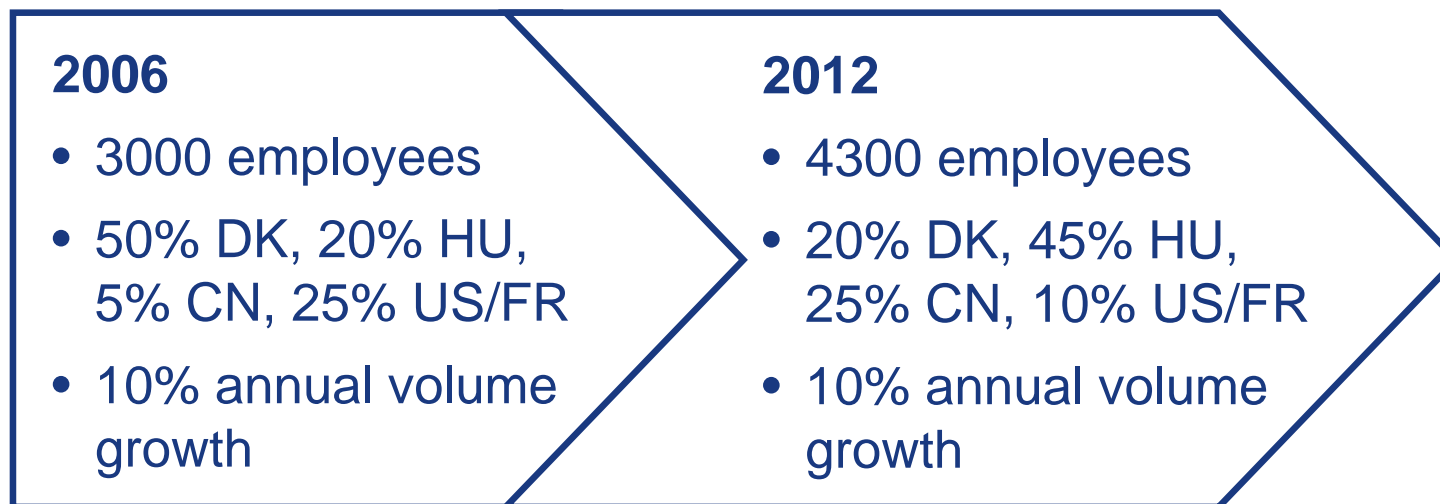
	Q1 06/07	Q4 05/06	Q1 05/06	Market
Revenue (DKK m)	303	316	293	
Growth in local currencies	6%	3%	8%	6-7%

- Double-digit growth expected for the full year
- **Biatain** - Ibu launched in 14 markets
- Foam dressings performing well compared to last year
- 13% markets share in EU and 2% in the US



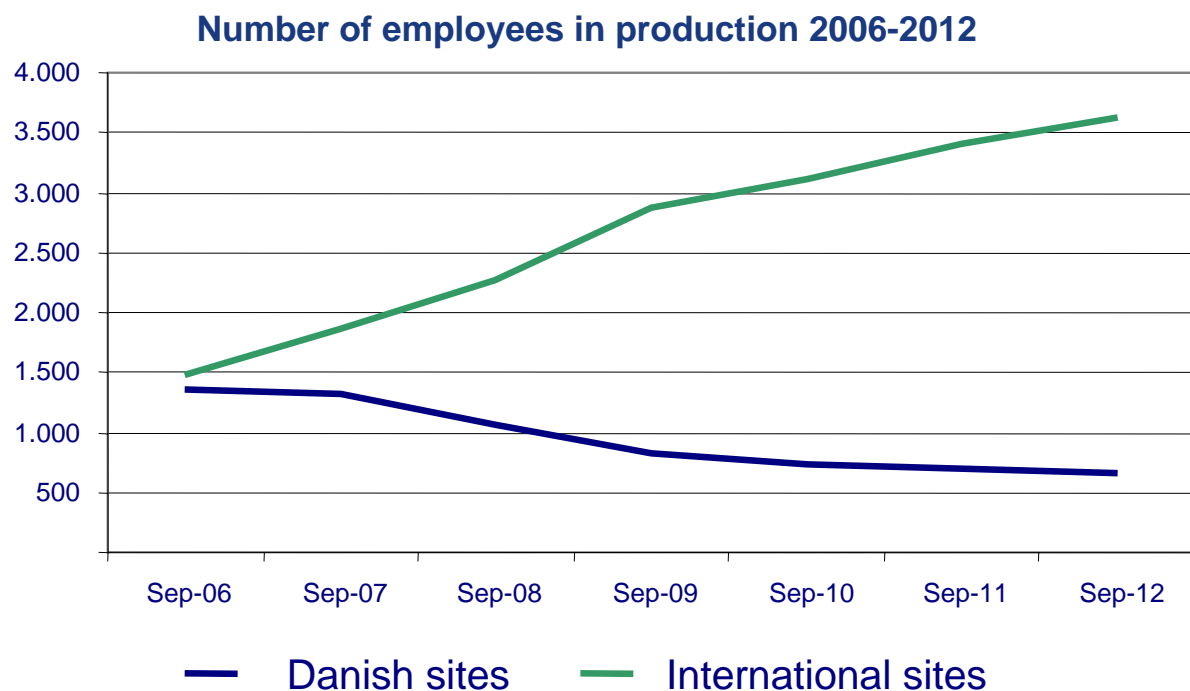
# Global Operations strategy

- Achieve world-class manufacturing within the next three years
- Globally managed organisation with common standards for all factories and key processes
- 5% annual reduction in total unit cost from 2008



# Global Operations

- Production facilities in Denmark will be consolidated from six to three sites
- New factories located in Zhuhai, China and Nyirbator, Hungary
- Machine building in China



## Analysts' estimates Q1 2006/07

DKKm	Net revenue	EBIT	EBIT margin	PBT
High	2,193	363	12.0%	208
<b>Mean</b>	<b>2,108</b>	<b>227</b>	<b>10.8%</b>	<b>178</b>
Low	2,063	191	9.0%	133
<b>Coloplast actual</b>	<b>2,048</b>	<b>260*</b>	<b>12.7%</b>	<b>202</b>
<b>Index to mean</b>	<b>97</b>	<b>115</b>	<b>118</b>	<b>113</b>

*\* As reported, includes integration costs and depreciations of acquired intangible assets*

***Based on estimates collected from 9 financial analysts***

## 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 based on 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 of achieving the long-term objectives set as well as for fulfilling expectations and may affect the company's financial outcomes.*



**Coloplast**  
together