

H1 20/21 Pre-close brief – March 2021

Prior to entering our close period on April 6, 2021, ahead of reporting our H1 results on May 6, 2021 for the period ending March 31, 2021, we would like to bring the following highlights to your attention.

Product update

- The launch of Biatain Fiber, a gelling fiber dressing for the treatment of deep wounds, has now been launched across 9 markets and has been well received.
- SpeediCath Soft, a soft hydrophilic catheter for the A4351 reimbursement category in the US has been launched.

US GPO update

- Coloplast has been awarded a three-year group purchasing agreement for ostomy products with Vizient Inc. beginning July 1, 2021 (~50% share of US acute ostomy market). Please see the [press release](#) from March 29, 2021 for more details.
- Coloplast was also awarded a three-year group purchasing agreement for ostomy products with Premier Inc. beginning April 1, 2020 (~25% share of US acute ostomy market).
- The smaller GPO, HealthTrust (~15% share of US acute ostomy market) has announced it will continue with its current supplier, Hollister.

Nine Continents acquisition

- Coloplast has acquired Nine Continents Medical Inc, an early stage company in the large over-active bladder segment. The company has developed an implantable tibial nerve stimulation treatment for over-active bladder.
- Coloplast expects to begin pivotal studies in 2021, with the ambition to obtain pre-market approval for a Class III device in the US and EU market approvals in the 2024-2025 timeframe.

Financial guidance for FY 20/21

(DKK guidance is based on spot rates as of February 1st, 2021)

- We expect organic revenue growth of 7-8% at constant exchange rates and a reported growth in DKK of 4-5%.
 - Phasing of growth expected to be back-end loaded, with low single-digit growth in H1 and double-digit growth in H2.
 - Q2 will be negatively impacted by a tough comparison period driven by the 150m Danish kroner stocking impact in primarily Europe in Q2 last year (split approximately 50/50 between Ostomy and Continence Care). Q2 will also be impacted by lower growth in new patients in our European Chronic Care business, in particular in the UK where new patients discharged stands at 60% of pre-COVID levels. Underlying growth in the US and Emerging markets is expected to be largely stable. Q2 will be positively impacted by lower growth in China in Ostomy Care and Wound Care and Interventional Urology last year.
 - For H2, the key moving parts include positive impact from comparison periods in Interventional Urology, Wound & Skin Care, Chronic Care in Europe and UK as well as destocking in Europe in Q3.
 - Uncertainty around growth in new patients across Chronic Care in Europe remains, however, as vaccination programs are rolled out we expect a gradual normalization during H2 20/21.
 - Underlying growth in Chronic Care in the US and Emerging markets is expected to be largely stable. In China, business is largely back to normal.
 - Uncertainty around resumption of hospital activity impacting Wound & Skin Care remains, however, as vaccination programs are rolled out we expect a gradual normalization during H2 20/21. Headwinds will be partly offset by the comparison period in China and France in 19/20 as well as the full-year impact of the Biatain Fiber launch.
 - The quarterly phasing of growth for 19/20 was Q1 7.7%, Q2 9.0%, Q3 -2.1%, Q4 2.3%. In 20/21, the majority of tender deliveries in Russia are expected in H1, similar to 19/20.

- Currency impact: headwind expected from USD and Emerging market currencies.
- Up to 1%-point negative price pressure
 - No current knowledge of significant healthcare reforms vs. French reform in 2019/20.
- We expect a reported EBIT margin of 31-32%. The reported margin in DKK is positively impacted by the HUF, but this is largely offset by the depreciation of the USD, BRL and ARS against the DKK.
 - The EBIT margin guidance reflects additional incremental investments of up to 2% of revenue for innovation and sales and marketing initiatives (Interventional Urology, Asia, digital and sustainability investments) and continued prudent cost management (lower travel and marketing spend due to COVID-19) which is expected to continue into Q2.
 - Phasing of cost development is expected to follow the topline development.
- Gross margin for 20/21 is expected to be in line with 19/20
 - Leverage effect on fixed costs e.g. distribution, admin and R&D costs (our rule of thumb is that the leverage effect kicks in at ~5% organic growth)
 - Gross margin in fixed currencies expected to be positively impacted by Global Operations Plan 4 (savings of 50 bps) and GOP5, partly offset by negative impact from wage inflation and labor shortages in Hungary, as well as transfer costs related to the transfer of machines to Costa Rica, and Sustainability investments
- CAPEX guidance for 20/21 is ~1,100m DKK
 - CAPEX includes investments in more capacity for existing and new products, second volume manufacturing site in Costa Rica (site expected to be ready in 2021/22), automation investments at volume sites in Hungary and China as part of GOP5 and IT.
- We expect our net financials to end the financial year 20/21 at around DKK 0m based on spot rates as of February 1, 2021.
- Effective tax rate of ~23% (Danish corporate tax rate 22%). We pay ~80% of our taxes in Denmark. The tax rate guidance includes reduction of around 0.5%-points due to Danish tax reductions for R&D, offset by one-time expense related to the inclusion of Nine Continents Medical in Coloplast's global tax model.

Foreign exchange rates

- In connection with our consensus survey we will send an updated spot rate overview based on spot rates at the end of March. Please also see our FX slide on page 42 in our latest roadshow presentation.

Currency	Average exchange rates for FY 2019/20	Spot rates, March 24, 2021	Change in spot rates compared with the average exchange rate for FY 2019/20	Average exchange rates for FY 2020/21 YTD (Oct 1, 2020 to March 24, 2021)	Change in average exchange rates compared to average exchange rates for FY 2019/20
Key currencies:					
USD	667	629	-6%	620	-7%
GBP	850	861	1%	836	-2%
HUF	2.17	2.03	-6%	2.06	-5%
Other selected currencies:					
CNY	95	96	1%	95	-1%
JPY	6.18	5.79	-6%	5.91	-4%
AUD	452	478	6%	466	3%
BRL	141	114	-19%	114	-19%
ARS	8.34 ⁽¹⁾	6.87	-18%	6.87 ⁽¹⁾	-18%

1) The hyperinflationary economy in Argentina entails that results denominated in Argentinian Peso must be adjusted for inflation and be translated at the exchange rate of the balance sheet day which was DKK 8.34 per ARS 100.00 at 30 September 2020 and DKK 6.87 per ARS 100.00 at 24 March 2021.

Please do not hesitate to reach out to Investor Relations if you have any questions.

Best regards

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Forward-looking statements

Any forward-looking statements included herein do not constitute a guarantee of future results and are subject to risk, uncertainty and assumptions, the consequence of which are difficult to predict. The forward-looking statements are based on our current expectations, estimates and assumptions and are provided on the basis of information available to us at the present time but actual results may differ significantly from any forward-looking statement.

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