Emerging markets update
Coloplast Capital Markets Day 2018
Kristian Villumsen, Executive Vice President, Chronic Care
Introducing Region Emerging Markets

Region Emerging Markets at a glance

- Over 80% of world population across four continents
- Sales in +70 countries 2016/17
- Present with own sales force in 24 markets

Emerging Markets is an important contributor to growth

Coloplast organic revenue growth by region

Emerging Markets sales by BA, FY 16/17

Ostomy Care is our primary business area

Source: Coloplast
1) Revenue incl. Ostomy Care, Continence Care and Wound & Skin Care
The market is growing as access to healthcare improves and prevalence of diseases grow

**Ostomy Care**

- Market size and growth: DKKbn
- 5-10%
- ~3

Access to healthcare and increase of healthcare standards

Ageing population in most markets

Introduction of innovation

**Continence Care**

- Market size and growth: DKKbn
- 5-15%
- ~2

Availability of reimbursement in emerging economies

Increasing standards of urology treatment guidelines and practice of bladder management

IC reimbursement in new markets e.g. South Korea

**Wound Care**

- Market size and growth: DKKbn
- 5-10%
- ~4

Increasing penetration of Advanced Wound Care in developing economies

Increase in prevalence of life-style related diseases

Source: Coloplast estimates
Growth momentum has stabilized at ~15% driven by a broad base of markets

Emerging markets organic revenue growth

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<td>Growth Drivers</td>
<td>24%</td>
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Growth Drivers
- **China**: Product upgrade and E-commerce
- **Russia**: Winning key tenders
- **Argentina**: Consumption and portfolio upgrade
- **South Korea**: Reimbursement introduced in the IC market
- **Saudi Arabia**: Higher consumption driven by oil price rebound
- Performance in smaller markets: India, Turkey, Poland, Algeria, South Africa & GCC

Growth Challenges
- **Greece**: Reimbursement reform
- **Emerging Markets**: Currency volatility and macroeconomics

Source: Coloplast
It is our ambition to grow 15-20% annually through a focused long-term strategy

1. Superior and clinically differentiated products
   - Upgrade existing markets to new technology
   - Launch products developed for Emerging Markets at appropriate pricing
   - Complement growth through Accessories

2. Unique consumer relationships
   - Form close partnerships with healthcare professionals
   - Increase compliance through Coloplast Care
   - Support development of better healthcare standards through Access to Health

3. Next level commercial execution
   - Continue to invest to take market share and build new markets across all business areas
   - Retain and grow talent as our business expands
   - Compliance with global and local rules and regulations
We have the right product portfolio to build emerging markets and attain market leadership.

**Ostomy Care**
- Sustain market leadership position in our largest markets
- Complement growth through product upgrades and accessories
- Improve compliance in immature markets

**Continence Care**
- Build business in newly funded markets
- Launch market appropriate products
- Create new growth opportunities through reimbursement initiatives

**Wound Care**
- Take market share in large existing markets
- Develop AWC category in immature markets
In Emerging Markets we deploy a market specific range of additional services to our Coloplast Care offering.

1. Close partnerships with healthcare professionals incl. nursing and patient support services in hospitals post-operation
2. Support consumers in using ostomy products correctly at home through personal visits, phone and web
3. Support patients with patient rights and reimbursement paperwork
4. Direct sales to patient
Emerging market investments
2015/16 – 2017/18

We continue to invest across all regions and maintain a healthy pipeline

Markets where we are investing

- China
- India
- Russia
- South Korea
- Argentina
- Poland
- Israel
- South Africa

Criteria for investment

1. Macroeconomics & Government
2. Market intrinsics
3. Local Leadership
4. Business case financials
We are further strengthening the Ostomy Care business in China through selected investments

Solidify position in China

Ambition is to grow above market growth of ~15%

Growth drivers and how we will invest

- SenSura® product upgrade
- Accessories
- Effective enrollment of new patients into Coloplast Care via WeChat® platform
- Winning acute OC patients through Coloplast Care
- Strong sales growth on e-commerce platform – Tmall flagship store and partner pharmacies
- Selective investments in sales force and online/DtC activities
We have built a reimbursement expansion pipeline with the aim of opening new value pools

IC reimbursement has been introduced in Japan, South Korea and Australia...

...and we continue to build a sizeable country project pipeline

~20 projects running across countries and business areas (OC, CC, WC)

Global funding and dedicated support from Global Market Access & Public Affairs

We have a holistic approach to Market Access

1) Japan and Australia are regionally part of Other Developed markets but organizationally part of the Emerging Markets organization
Emerging markets is well positioned to deliver on the growth ambition

1. Emerging Markets is delivering a significant contribution to group growth.

2. There are attractive short and longer term opportunities in all business areas as disease prevalence increases and access to healthcare improves.

3. We have made significant investments in Emerging Markets and continue to build and maintain an attractive investment pipeline.

Ambition
Double digit profitable growth
15-20%
Our mission
Making life easier for people with intimate healthcare needs

Our values
Closeness... to better understand
Passion... to make a difference
Respect and responsibility... to guide us

Our vision
Setting the global standard for listening and responding