Financial outlook

Value creation through profitable growth

Coloplast Capital Markets Day 2020
September 29th 2020
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Coloplast Group - Ostomy Care / Continence Care / Wound & Skin Care / Interventional Urology

Making life easier

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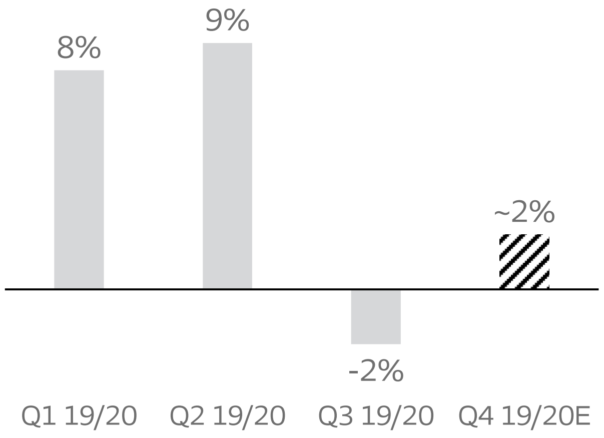
2019/20 impacted by COVID-19 – Momentum is improving, but growth in 2020/21 will be back-end loaded

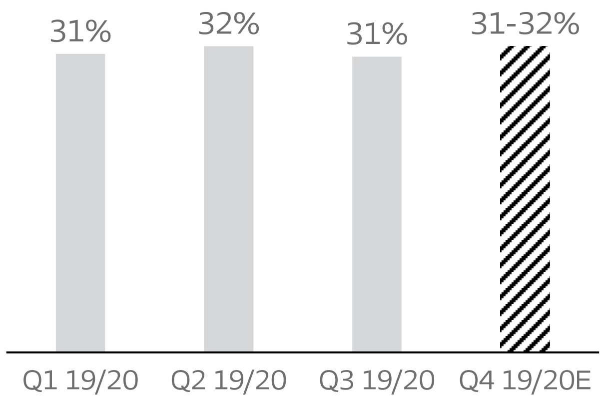
2019/20 was impacted due to COVID-19

Group revenue organic growth



***~4% organic growth* in 2019/20**

Group EBIT margin



***~31% EBIT margin* in 2019/20**

… with many moving parts impacting 2020/21

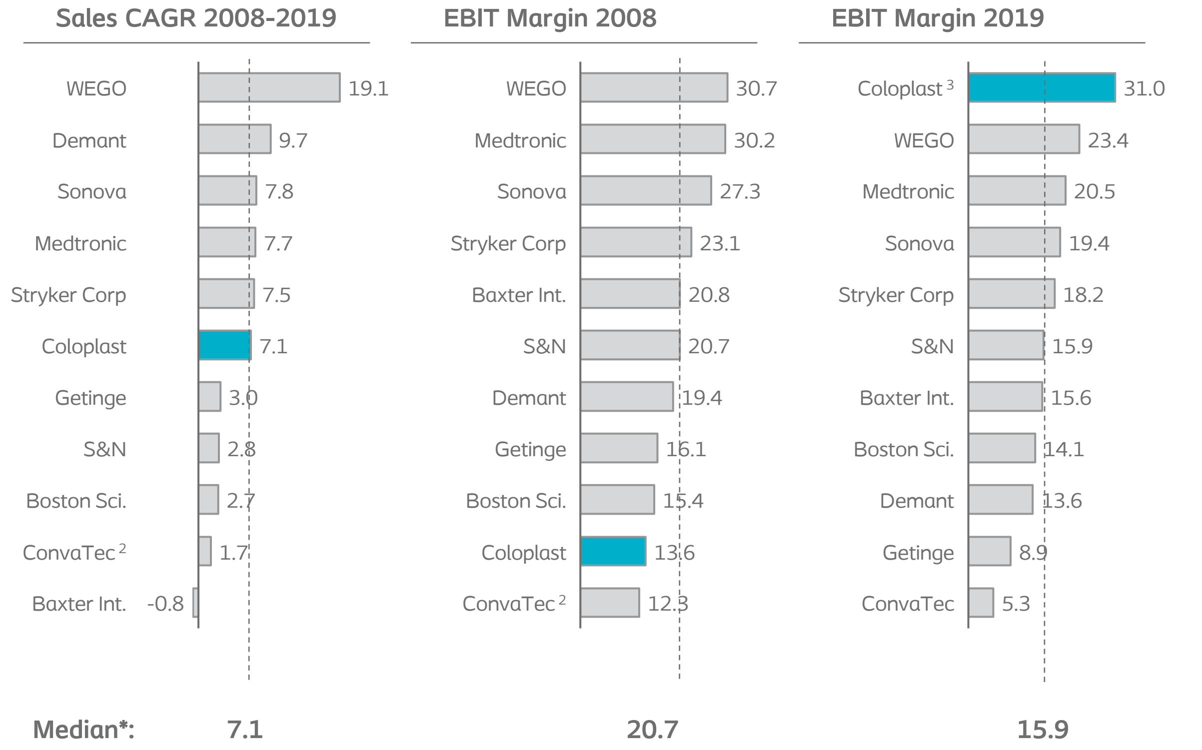
- Interventional Urology positively impacted by comparison period in 2019/20
- Uncertainty around growth in new patients across Chronic Care in UK and other markets in particular in Europe
- Uncertainty around resumption of hospital activity impacting Wound and Skin Care
- No current knowledge of significant healthcare reform vs. French reform in 2019/20

- H1 margin will be impacted by lower sales
- Investments initiated again across all BA's and we will invest up to 2% of revenues in R&D and commercial investments
- Continued savings due to less travel and lower sales & marketing costs due to Covid-19

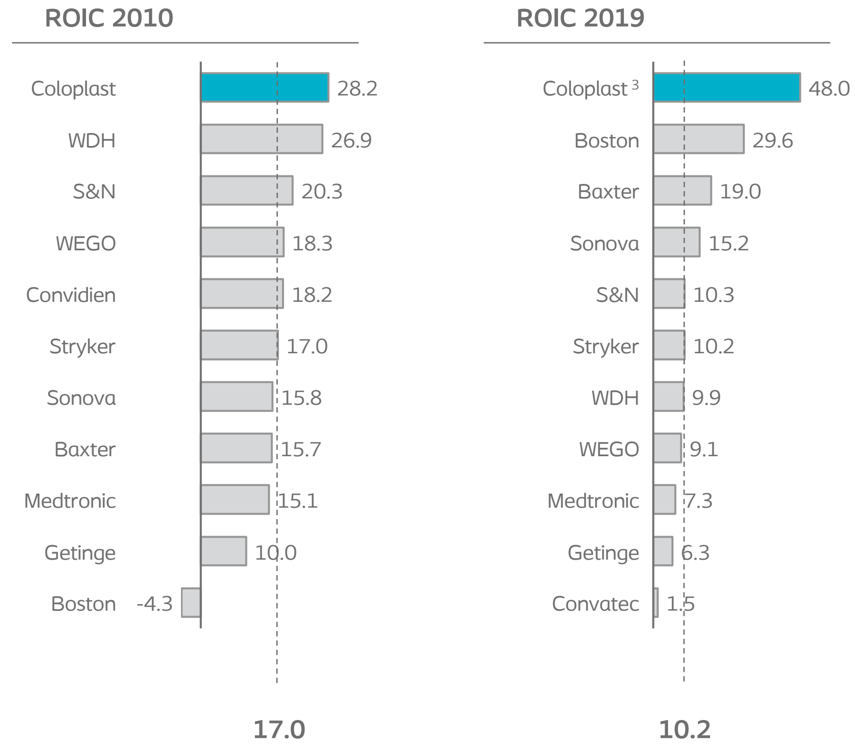
The outset for the *Strive25* strategy period is strong as we continue to lead our peer group

We have maintained solid growth but significantly improved profitability

In percent



Continue to be leader in value creation



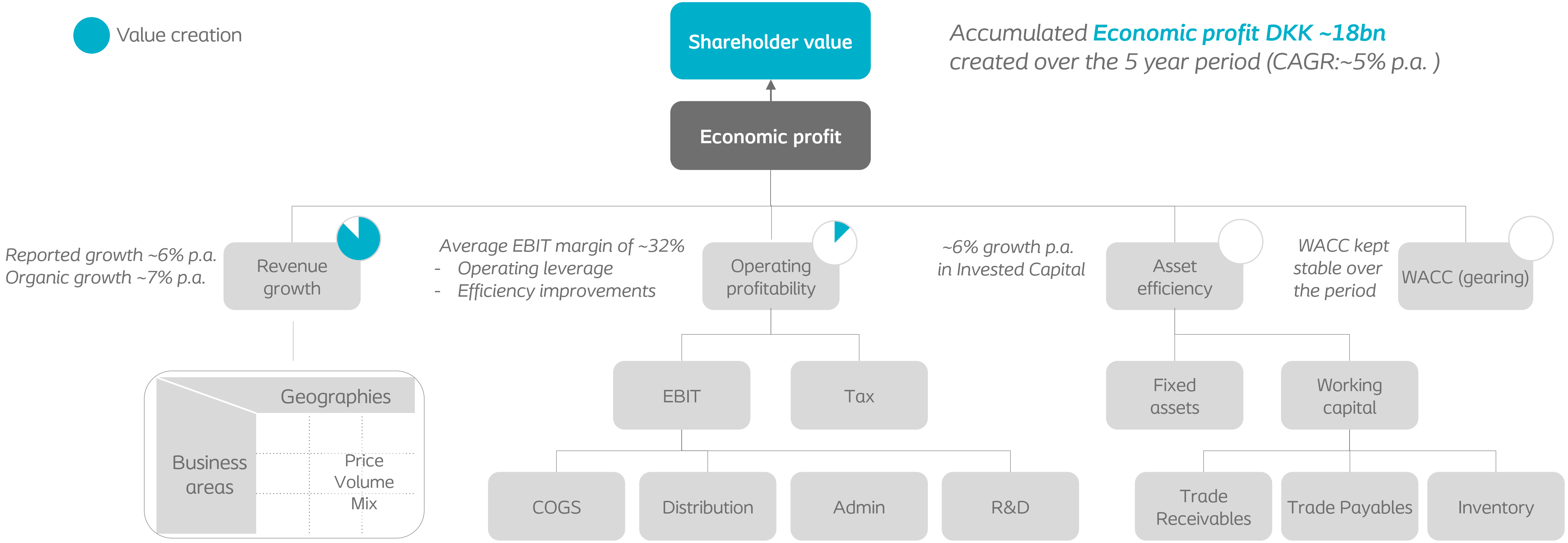
1. Financials from fiscal year 2008 - 2016
2. Financials from fiscal year 2011 - 2019
3. Before special items

Note: * Median includes Coloplast
Note: Sales growth include acquisitions
Source: Bloomberg (latest full year reports)

Economic profit as a guiding metric for value creation at Coloplast – revenue growth remains primary driver

Coloplast value driver framework

High level overview (LEAD20 period 15/16 – 19/20)



Attractive stable underlying market drivers in favor of future growth and value creation

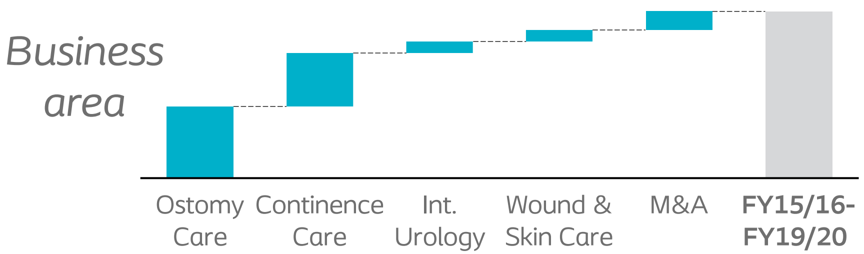
	Market drivers	*Coloplast dynamics*
Volume	+ Demographics + Access to healthcare (Emerging markets) + Improved compliance and retention ÷ Surgical/medical trends	Market share gains
Price	÷ Healthcare reforms ÷ Competition	Up to -1% price pressure
Mix	+ Innovation + Access to healthcare	Ongoing value upgrade
Net effect	**4 - 5%** **value growth**	**7- 9%** **value growth**

Source: Coloplast estimates

Investments have fueled broad-based growth in the LEAD20 period which is also the ambition for the Strive25 period

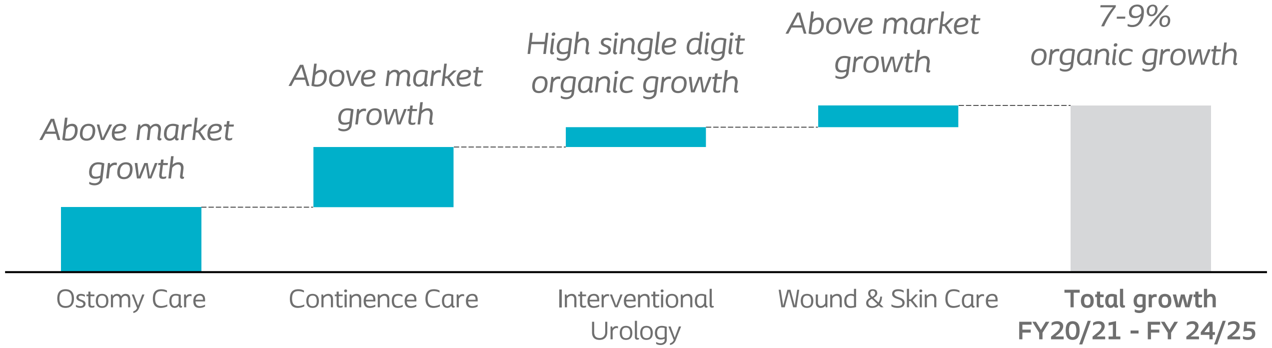
Growth contribution LEAD20 period

Revenue growth contribution FY 15/16 to 19/20 (DKKm)



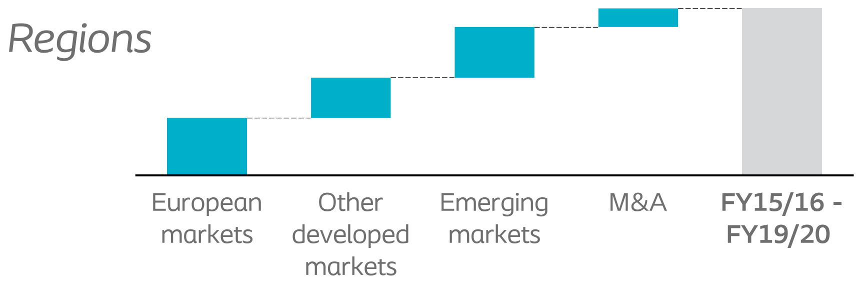
Illustrative growth contribution Strive25 period

Revenue growth contribution FY 20/21 to 24/25 (DKKm)



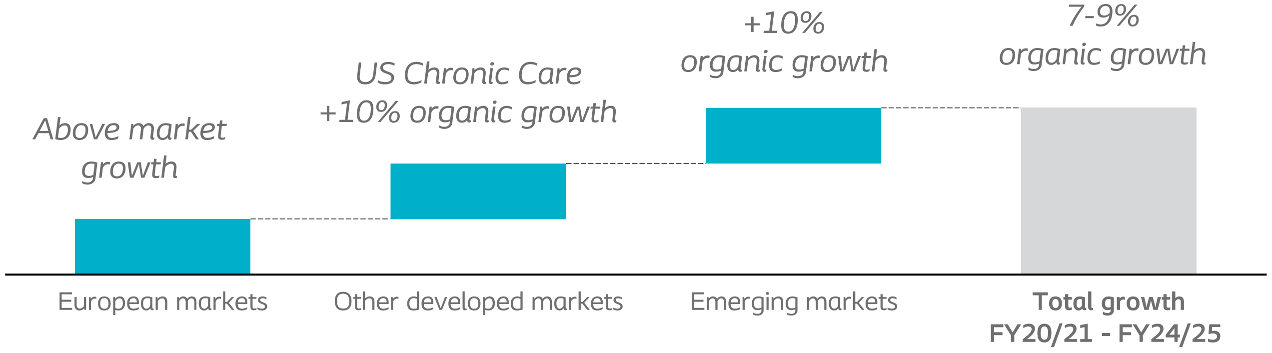
Growth contribution LEAD20 period

Organic growth contribution FY 15/16 to 24/25 (DKKm)



Illustrative growth contribution Strive25 period

Revenue growth contribution FY 20/21 to 24/25 (DKKm)



Gross margin development for *Strive25* period to be flat, positively impacted by Global Operations Plans

Gross margin (%)
FY 19/20 to 24/25

ILLUSTRATIVE

Gross profit will be positively impacted by:

+ Leverage effect on fixed costs e.g. global functions
+ Country/product mix
+ Savings from Global Operations Plan 4 & 5

Gross profit will be negatively impacted by:

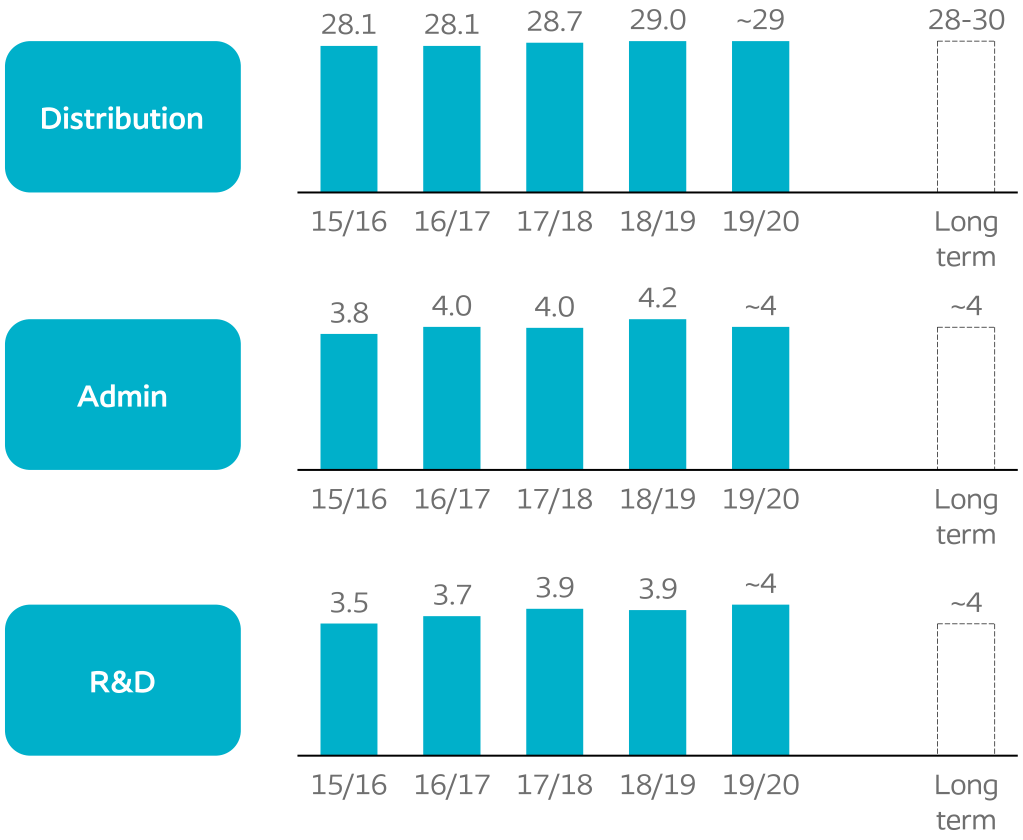
÷ Country/product mix
÷ Increasing depreciations due to increased CAPEX
÷ Transfer costs to Costa Rica
÷ Wage increases in Hungary
÷ Sustainability investments

1) Constant exchange rates

Continued leverage effect within SG&A will fund further commercial investments

Cost item

Development, in % of revenue



Future drivers of cost ratios

+ Leverage effect in distribution costs in Europe driven by growth in existing products as well as new product launches
+ Leverage effect in Business Support due to further global utilization of Coloplast Business Centre
÷ Continued investments in sales reps and marketing initiatives

+ Leverage effect in admin costs driven by group revenue growth
÷ Increasing admin costs driven by IT investments, to follow commercial development

+ Leverage effect in R&D driven by group revenue growth
÷ Continued investments in innovation including increased investments in Interventional Urology

Note: Based on Reported numbers

We will continue to support organic growth by yearly incremental investments of up to 2% of revenue

Key Investment Decision Drivers

- Economics & Government ✓
- Market Attractiveness ✓
- Leadership & Organization ✓
- Case Financials ✓

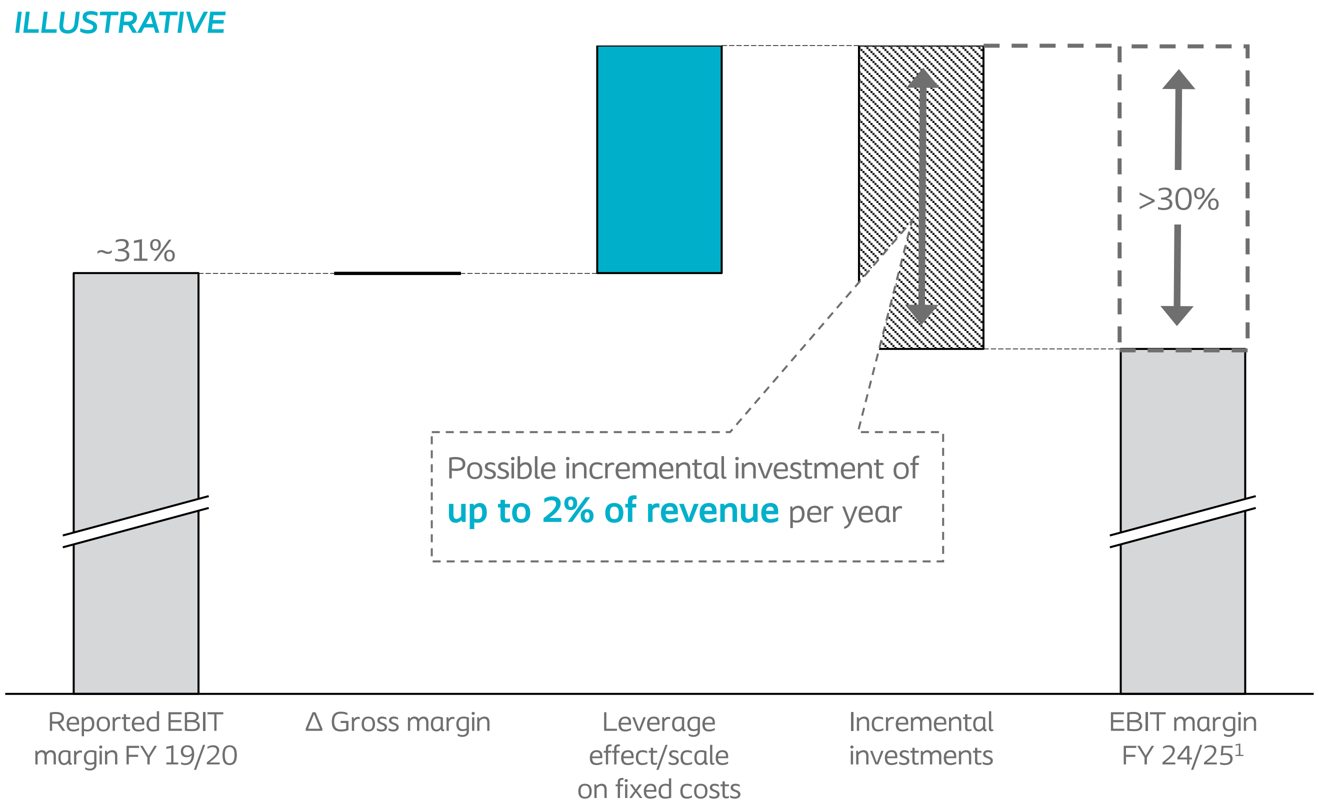
Key Investment Areas

*We expect to invest **up to 2%** of revenue in incremental OPEX investments*

- *Innovation*
- *Chronic Care*
- *Interventional Urology*
- *Consumer & Digital*
- *Sustainability*

EBIT margin development continues to be a function of growth, scalability, cost discipline and investment activity

EBIT margin (%)



Future drivers of EBIT margin

EBIT will be positively impacted by:

+ Leverage effect on fixed costs e.g. distribution, admin and R&D costs especially driven by Europe

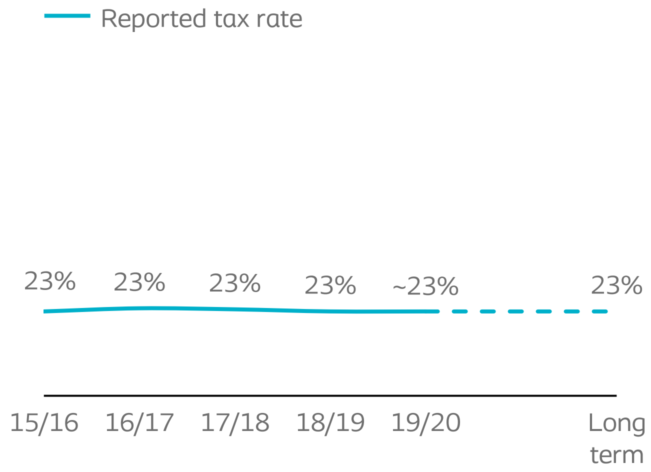
EBIT will be negatively impacted by:

÷ Investments in P/L (Commercial & R&D)

1) Constant exchange rates

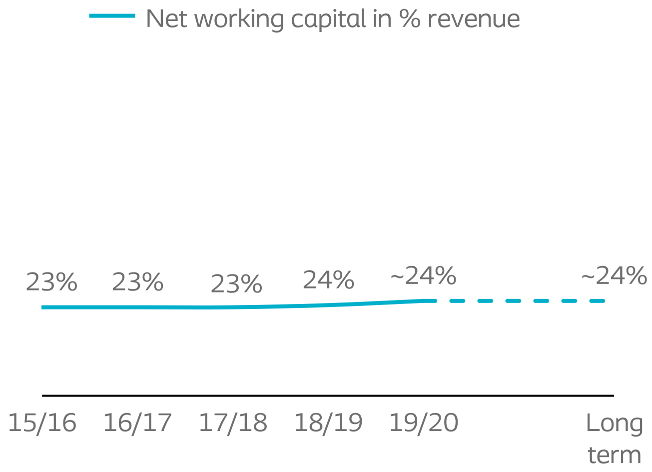
Continued strong development in free cash flow during the *Strive25* strategy period

Taxation



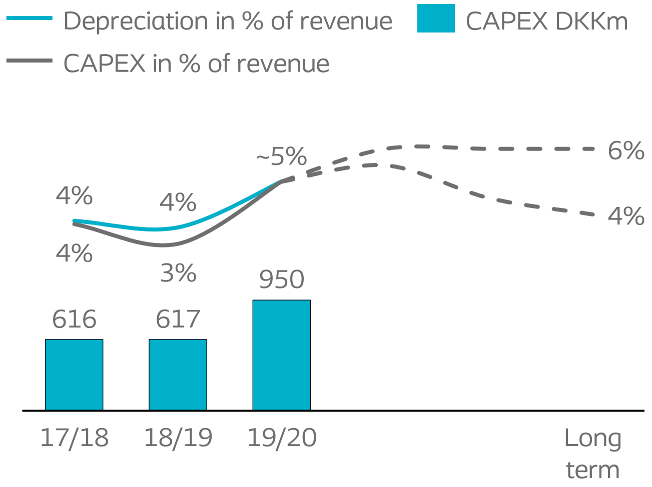
- DK statutory corporate tax rate lowered to 22% in 2016
- Coloplast tax rate expected to be ~23% going forward

Net working capital



- Net working capital expected to be stable, impacted by:
  - Growth in mature markets
  - Growth in Emerging markets which have long credit times
  - Increasing inventory levels on strategic products and raw materials

CAPEX[2]



- Continued investment in machines and capacity expansion
- Widen factory footprint – 2 factories planned in Costa Rica
- GOP5 investments – focus on Automation
- IT investments
- Sustainability investments

1) Impacted by provision for Mesh litigation
2) Gross investments in PPE

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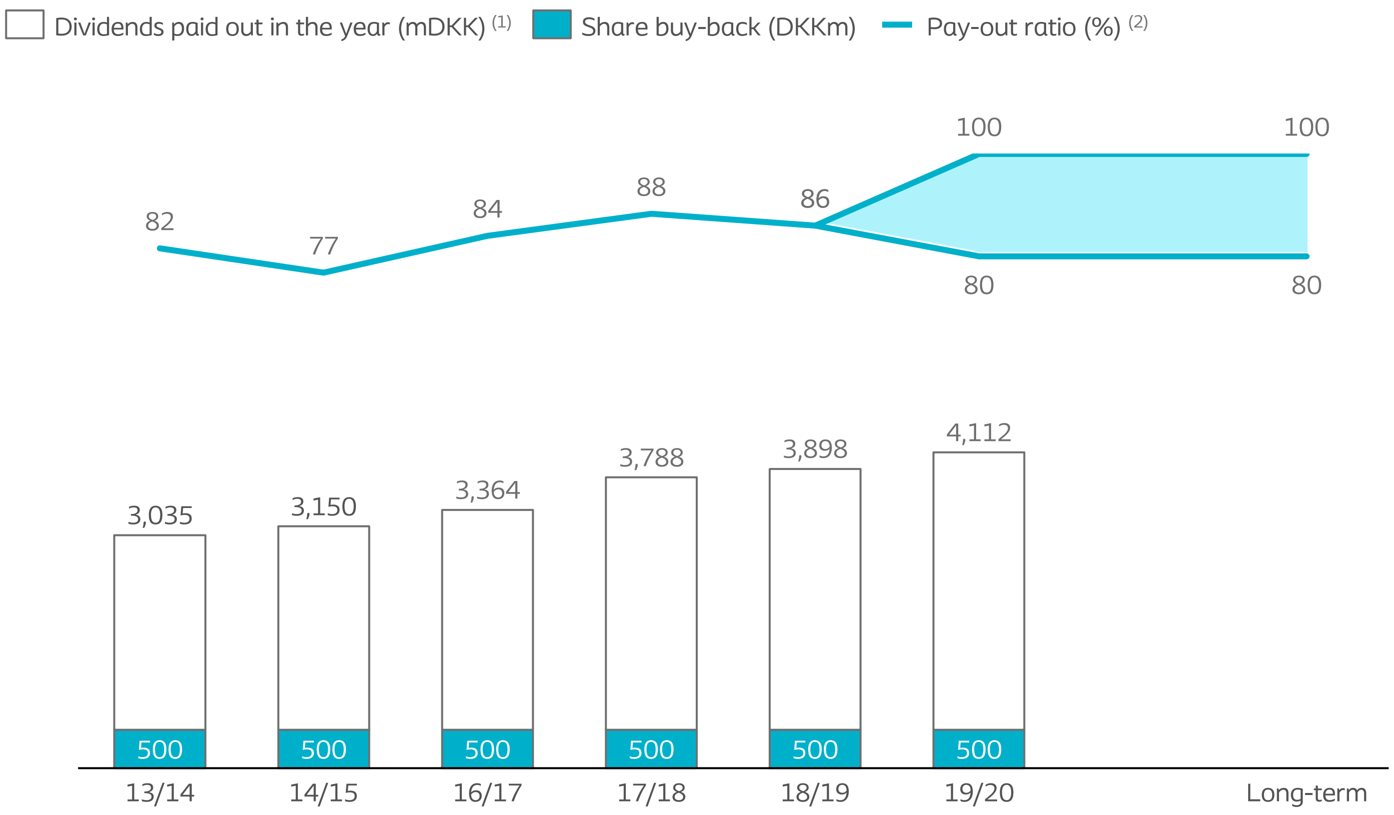
We will continue to provide attractive cash returns despite large investments in commercial activities

Coloplast cash distribution to investors



We will continue to return excess cash to shareholders through dividends

Target pay-out ratio of 80-100%[2]

1) Dividends paid out in the year are the actual cash payments of which the majority relates to dividend proposed in the previous financial year.
2) Pay-out ratio before M&A. Pay-out ratio calculated as dividend proposed in the financial year/Net profit for the financial year.
Pay-out ratio for 2018/19, 2015/16, 2014/15 and 2013/14 is before special items related to Mesh litigation.

Our long-term guidance for the *Strive25* strategy period is aimed at continued long-term value creation

Strive 25

SUSTAINABLE GROWTH LEADERSHIP

7-9%
organic growth p.a.

more than **30%**
EBIT margin[1]

1) Constant currencies, based on FX rate as of September 29, 2020

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