

Global Operations

GOP5: Making Coloplast fit for sustainable growth

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

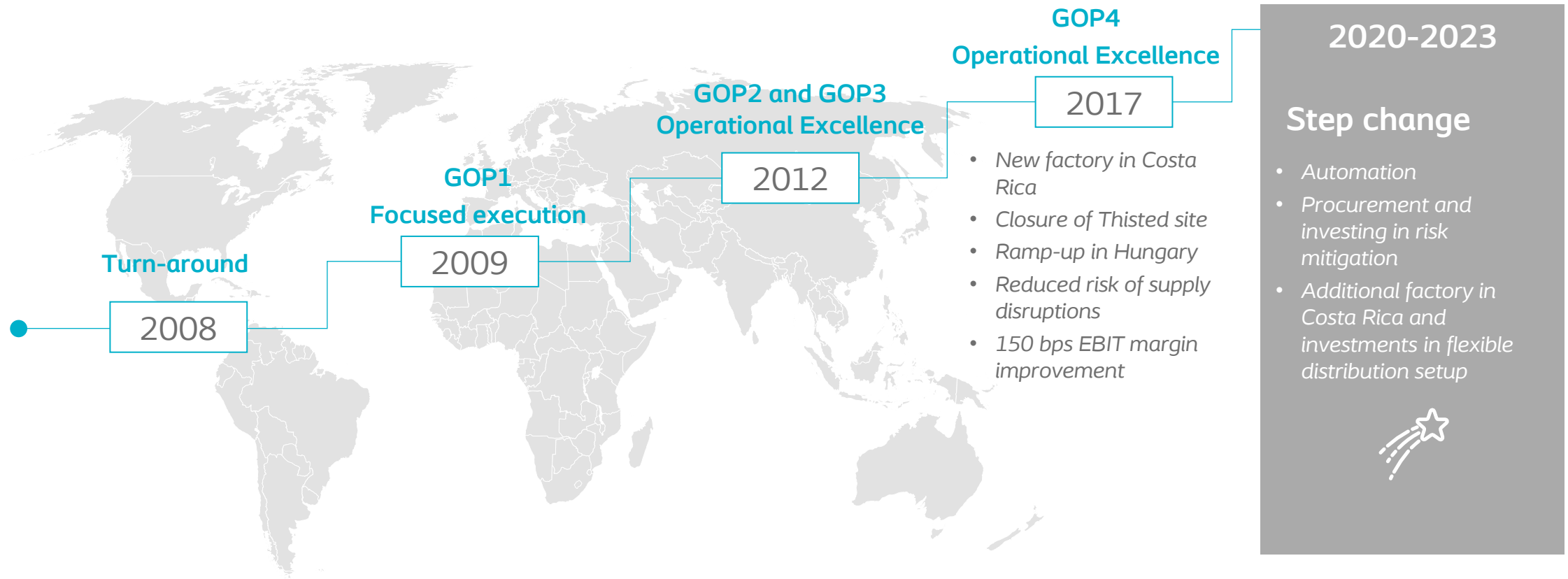
Making life easier



Global Operations has exhausted the possibilities for offshoring – focus of GOP5 will shift towards automation

Moving focus of GOPs from **offshoring** ...

... to **Automation**



The outlook is challenging and needs to accommodate complexity and growth in volume

Main challenges ...



No more benefits from **offshoring**



Labour shortage and wage inflation in Hungary



Strengthened **legal requirements** (MDR)

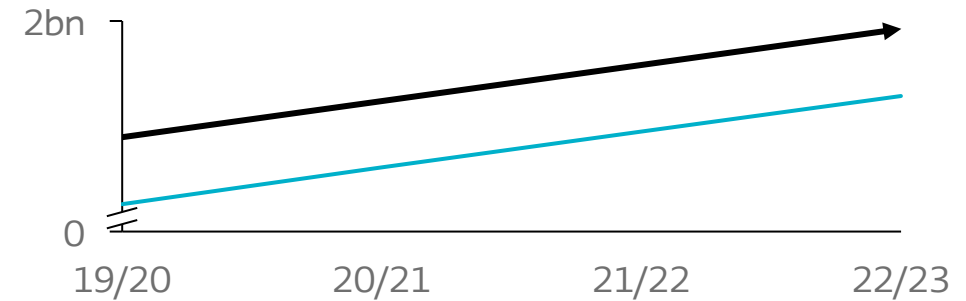


Product **innovation** adding cost and complexity



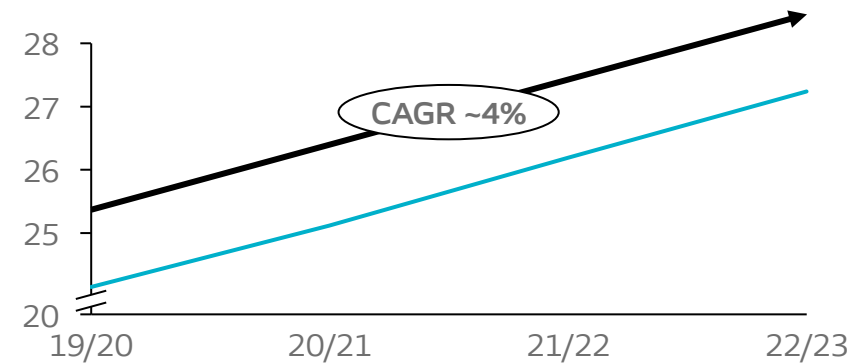
... together with volume and complexity increase

Volume increase

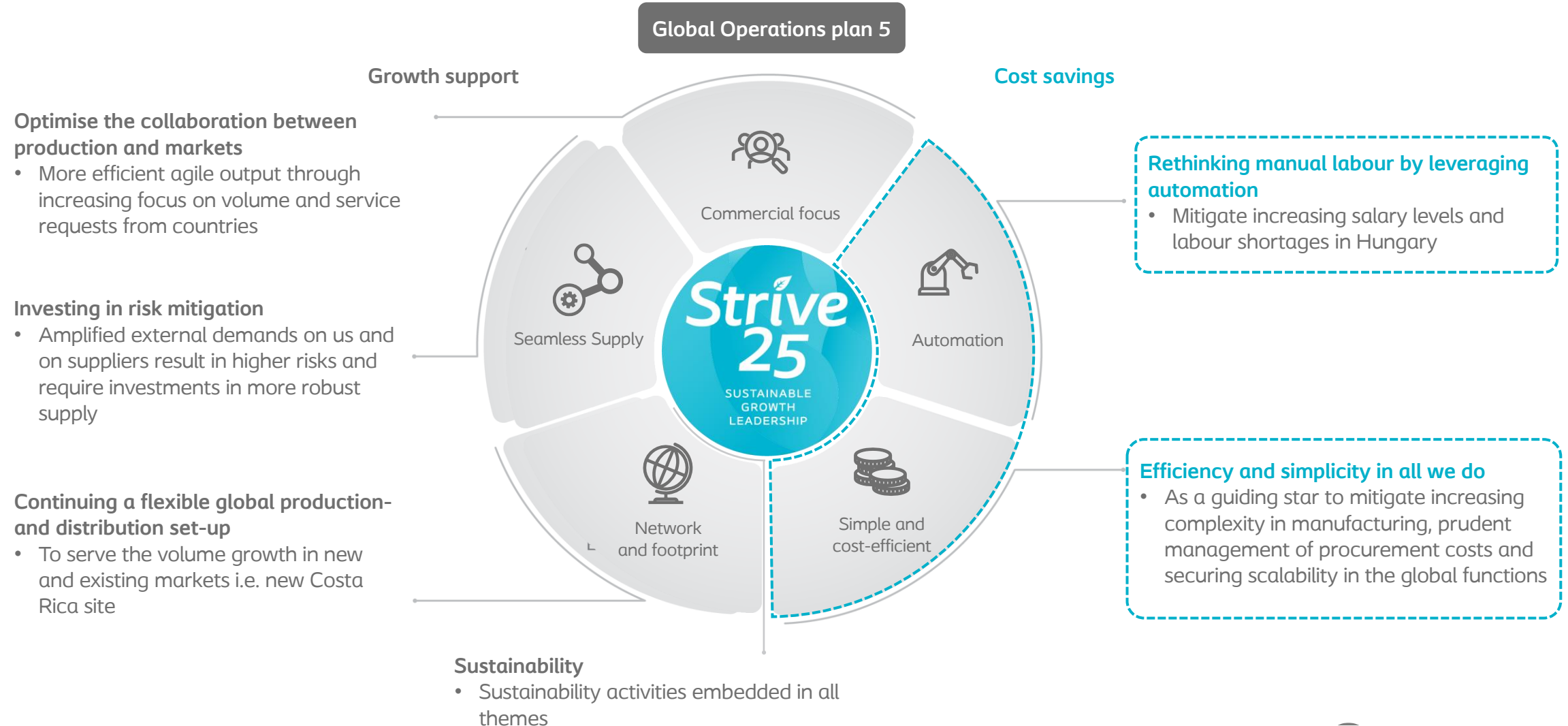


Complexity increase

of SKUs in 000s

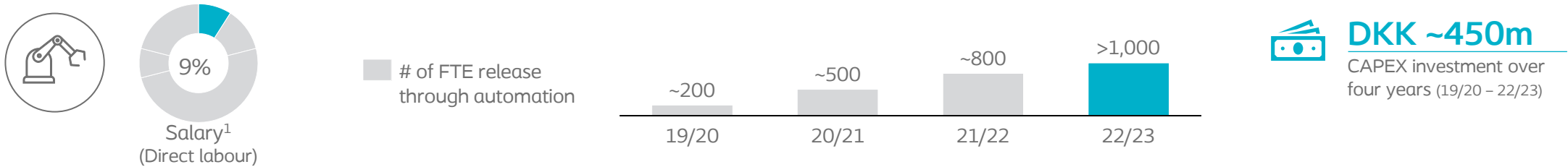


Five themes will set the direction for Global Operations in the coming three years

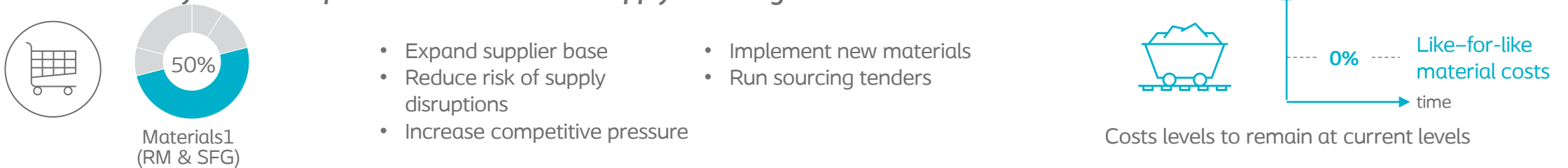


Automation, procurement and scale are key to bringing Global Operations to the next level

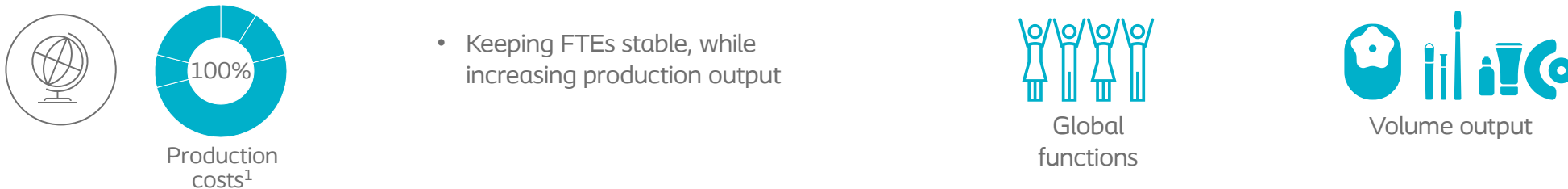
1. Automation to mitigate growth in blue-collar FTE



2. Continuously work with procurement costs and supply risk mitigation



3. Efficiency and scale on global functions



1) FY 2018/19 Production costs, DKK 5,786m

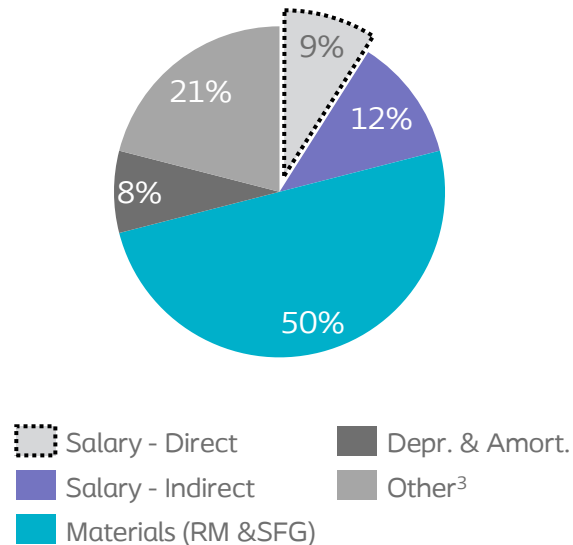
Investing in automation secures a neutral FTE development by the end of the GOP5 period in 2022/23

Automation is a massive theme in GOP5 launching more than **30 programmes** and involving **more than 300 machines** at the sites

Increasing costs...

"Our main challenge is continued labour shortage and wage inflation among our blue-collar work force"

COGS by cost type¹



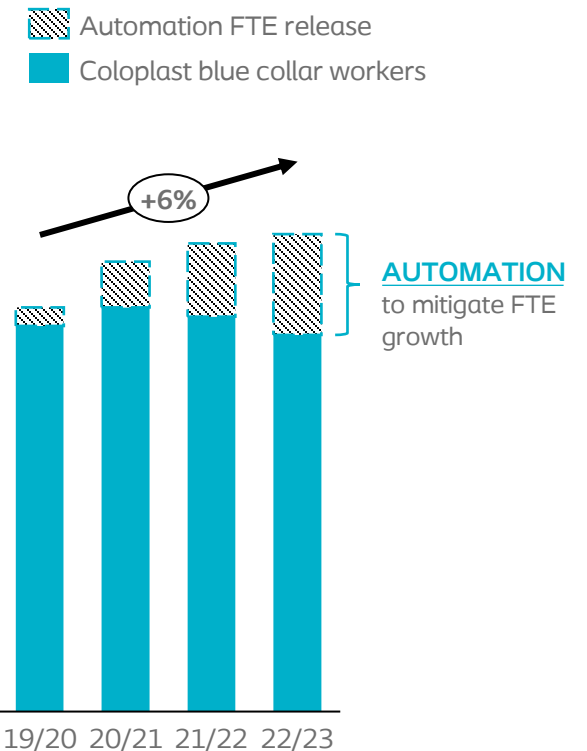
1) FY 2018/19 Cost of goods sold, DKK 5,786m

... to be mitigated through simple automation processes...

EXAMPLE



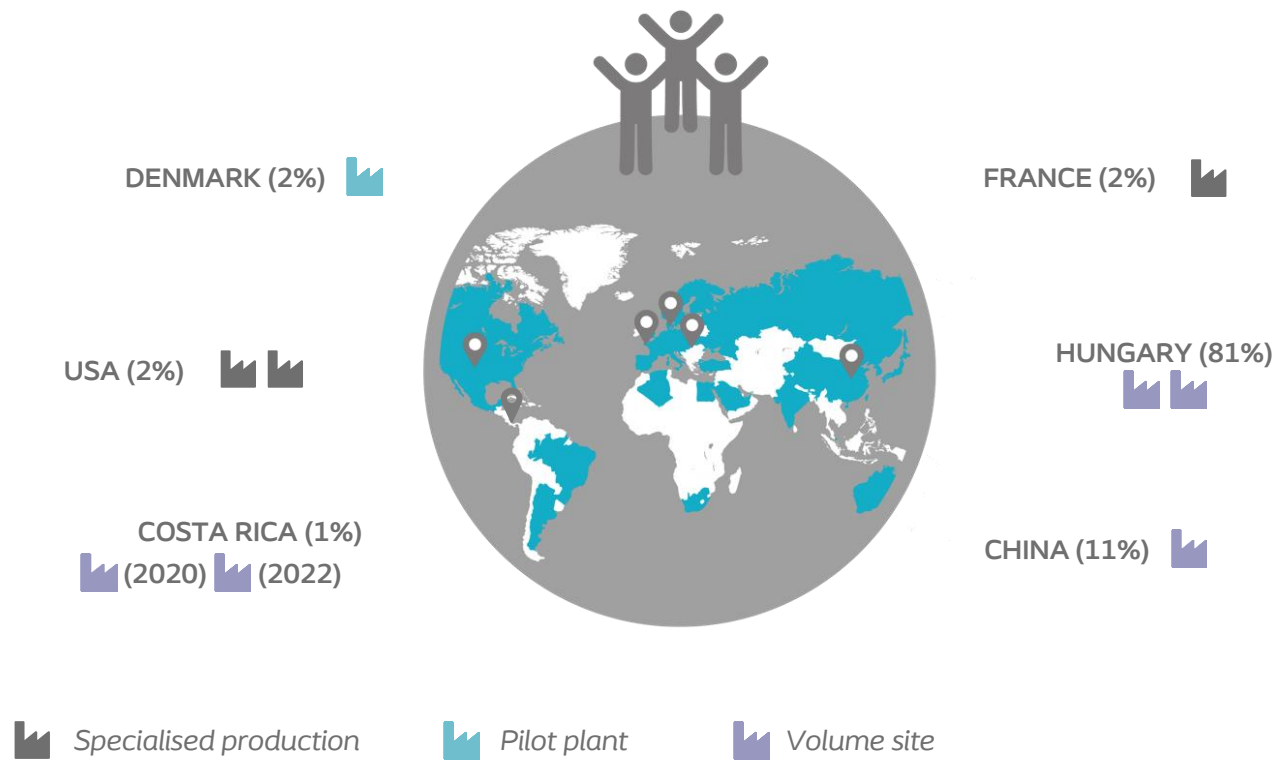
... to harvest the benefits



Note: Year-end FTE #

Two factories finalised in Costa Rica during GOP5 to ensure an efficient and flexible manufacturing footprint

Current production volume by country¹



Costa Rica highlights

- 2 factories in Costa Rica will support **increased geographical spread of risk** and a more **robust set-up**
- Blue collar wage **index ~70** compared to the Hungarian sites
- Contribution from lower salary levels will be **offset by transportation costs**
- Initial scope is for Ostomy products and Continence Care products
- 100,000 m2 acquired in 2018/9, room for **3 factory extensions** of ~25,000m2 each
- 700-800 blue-collar workers** to be hired in Costa Rica by end of GOP5

1) Produced quantity of finished goods (FY 2018/19)

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