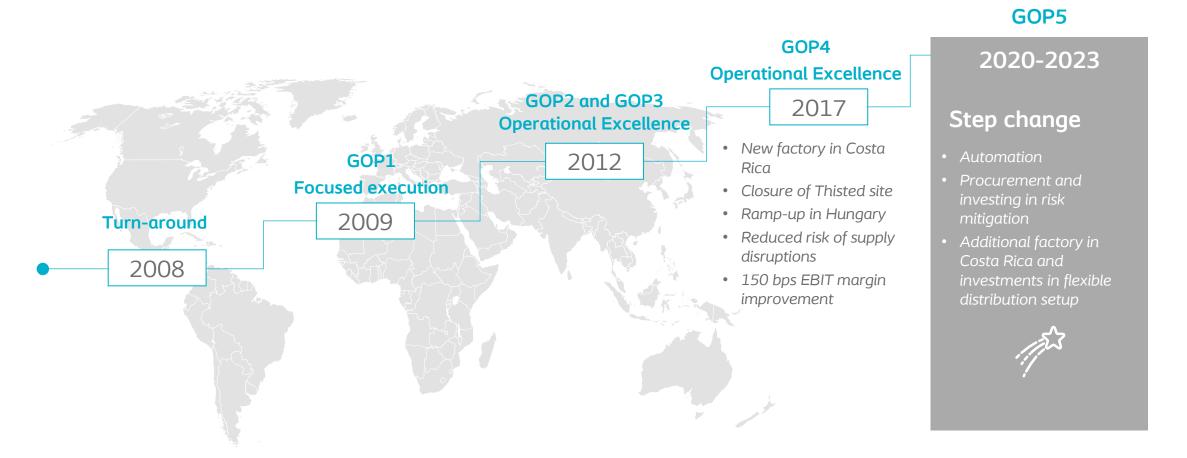


# Global Operations has exhausted the possibilities for offshoring – focus of GOP5 will shift towards automation

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



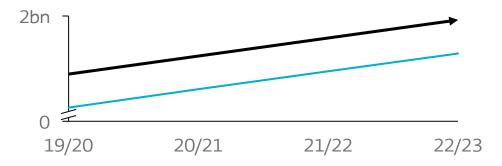
Strengthened legal requirements (MDR)





Product innovation adding cost and complexity

... together with volume and complexity increase
Volume increase



#### Complexity increase

# of SKUs in 000s

28
27
26
25
20
19/20
20/21
21/22
22/23



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

### Global Operations plan 5

## Optimise the collaboration between production and markets

 More efficient agile output through increasing focus on volume and service requests from countries

#### Investing in risk mitigation

 Amplified external demands on us and on suppliers result in higher risks and require investments in more robust supply

## Continuing a flexible global productionand distribution set-up

 To serve the volume growth in new and existing markets i.e. new Costa Rica site



#### Sustainability

 Sustainability activities embedded in all themes



Rethinking manual labour by leveraging

· Mitigate increasing salary levels and

labour shortages in Hungary

Efficiency and simplicity in all we doAs a guiding star to mitigate increasing

complexity in manufacturing, prudent

management of procurement costs and

securing scalability in the global functions

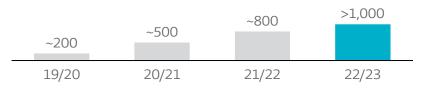
automation

# 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





Materials1 (RM & SFG)

- Expand supplier base
- Reduce risk of supply disruptions
- Increase competitive pressure
- · Implement new materials
- Run sourcing tenders



Costs levels to remain at current levels

### 3. Efficiency and scale on global functions





Keeping FTEs stable, while increasing production output







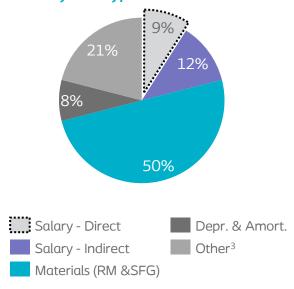
# Investing in automation secures a neutral FTE development by the end of the GOP5 period in 2022/23

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

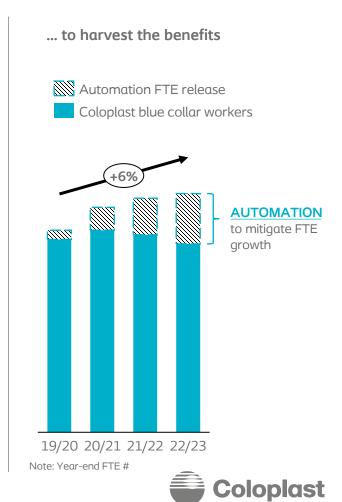
#### Increasing costs...

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

#### COGS by cost type<sup>1</sup>

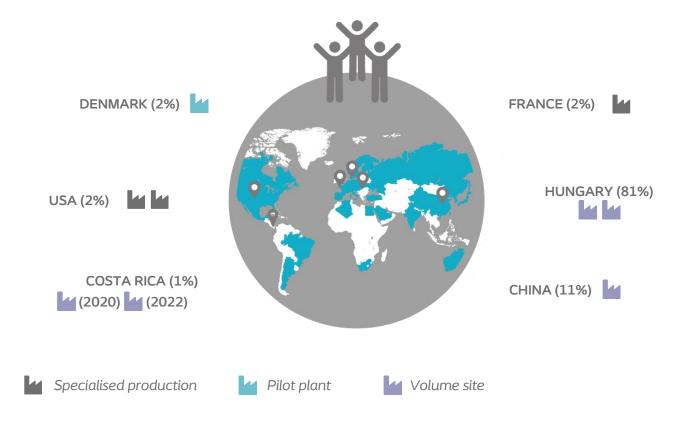


... to be mitigated through simple automation processes... **EXAMPLE** Labour intensive operations to be automated e.g.: Loading of raw materials Quality control Packing finished goods 3 FTE x 3 shifts



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

### Current production volume by country<sup>1</sup>



### 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

<sup>1)</sup> 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

