



Value creation

Coloplast Capital Market Day 2014

Lene Skole, CFO

Today we announce our new long-term guidance

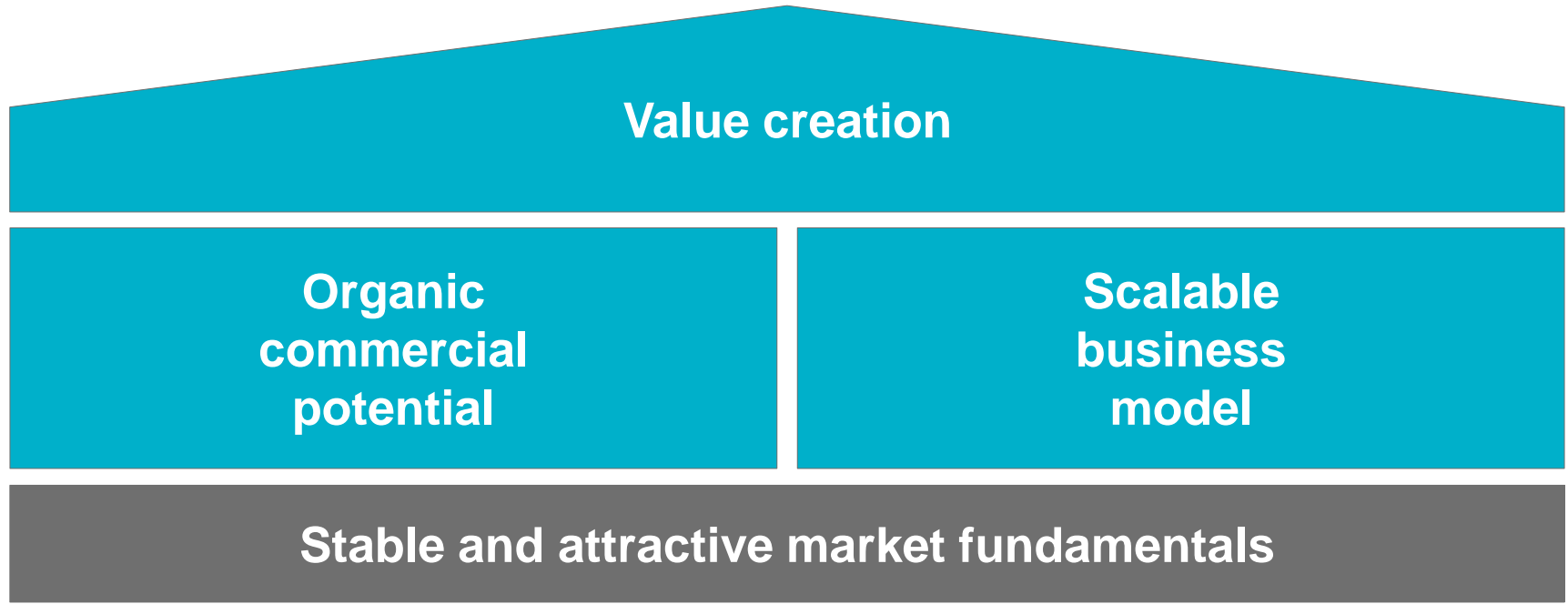
Revenue growth
- annual organic -

7 – 10%

EBIT margin
- annual expansion -

0.5 – 1.0%

Our new guidance rests on two strong pillars and a stable foundation...

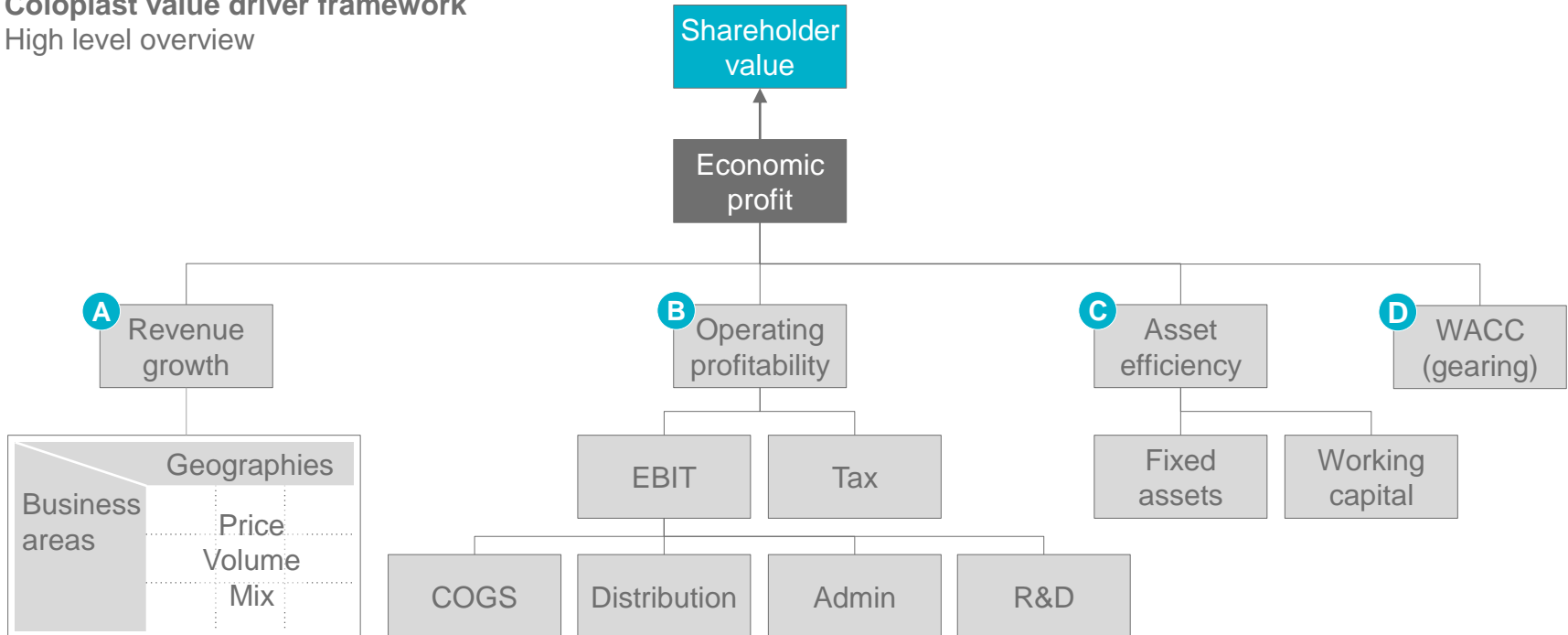


Let's take a look at
how we intend to drive
value creation






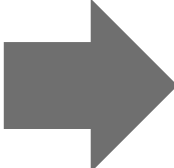
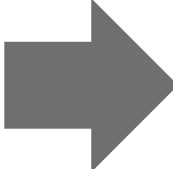


We have a structured approach to value creation

Coloplast value driver framework

High level overview



We can accelerate volume growth while managing price pressure

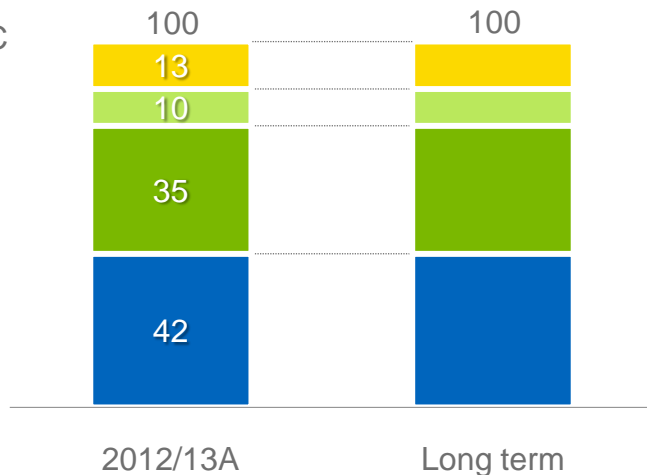
	Market (all-else-equal)	Coloplast efforts	Net effect on Coloplast
Volume	 Mid single digit growth	 Share gains	 High single digit growth
Price	 ~1% price pressure	 Price optimization	 < ~1% price pressure
Mix	 Relatively unchanged	 Up selling	 Ongoing value upgrade
Net effect	4 - 5% value growth	Volume and value share gains	7- 10% value growth

Our portfolio will continue to be dominated by Chronic Care, but with a more balanced geographical footprint

Coloplast revenue by business area

In percent

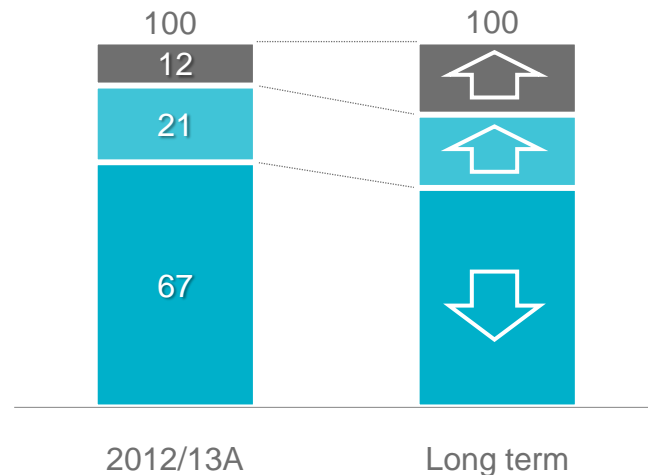
- WSC
- UC
- CC
- OC



Coloplast revenue by region

In percent

- Emerging Markets
- Other developed markets
- European markets

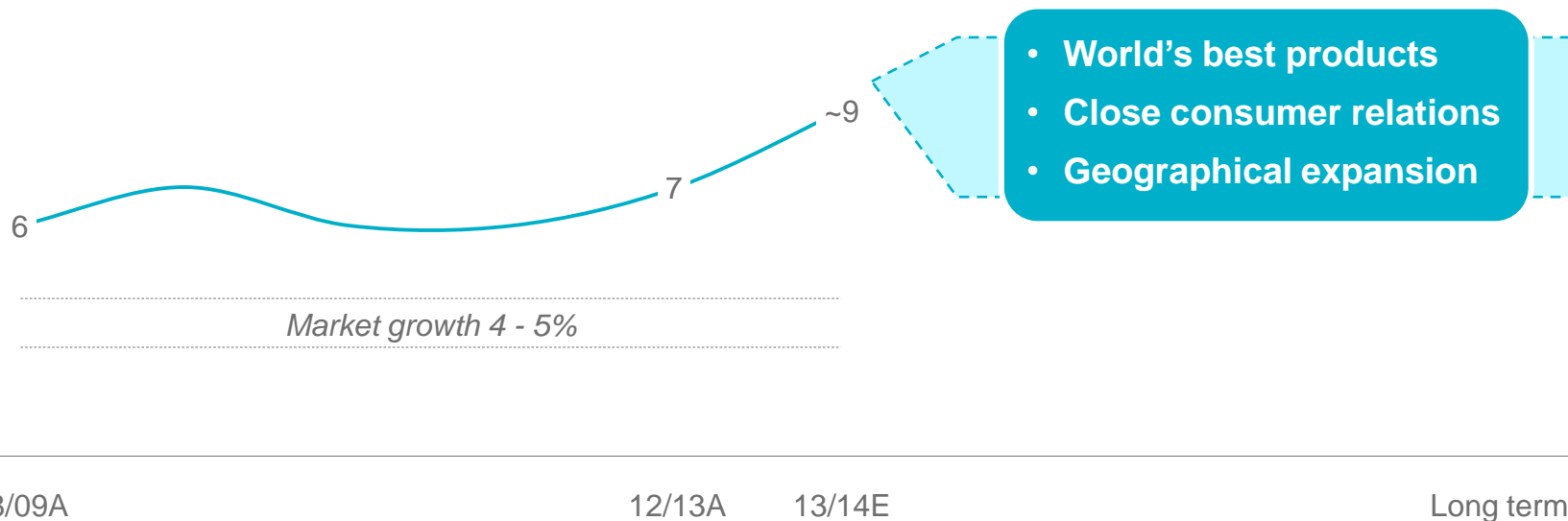


Source: Coloplast annual reports
 Ostomy Care
 Urology & Continence Care
 Wound & Skin Care

Our investments will allow us to shift our growth momentum

Coloplast organic revenue growth

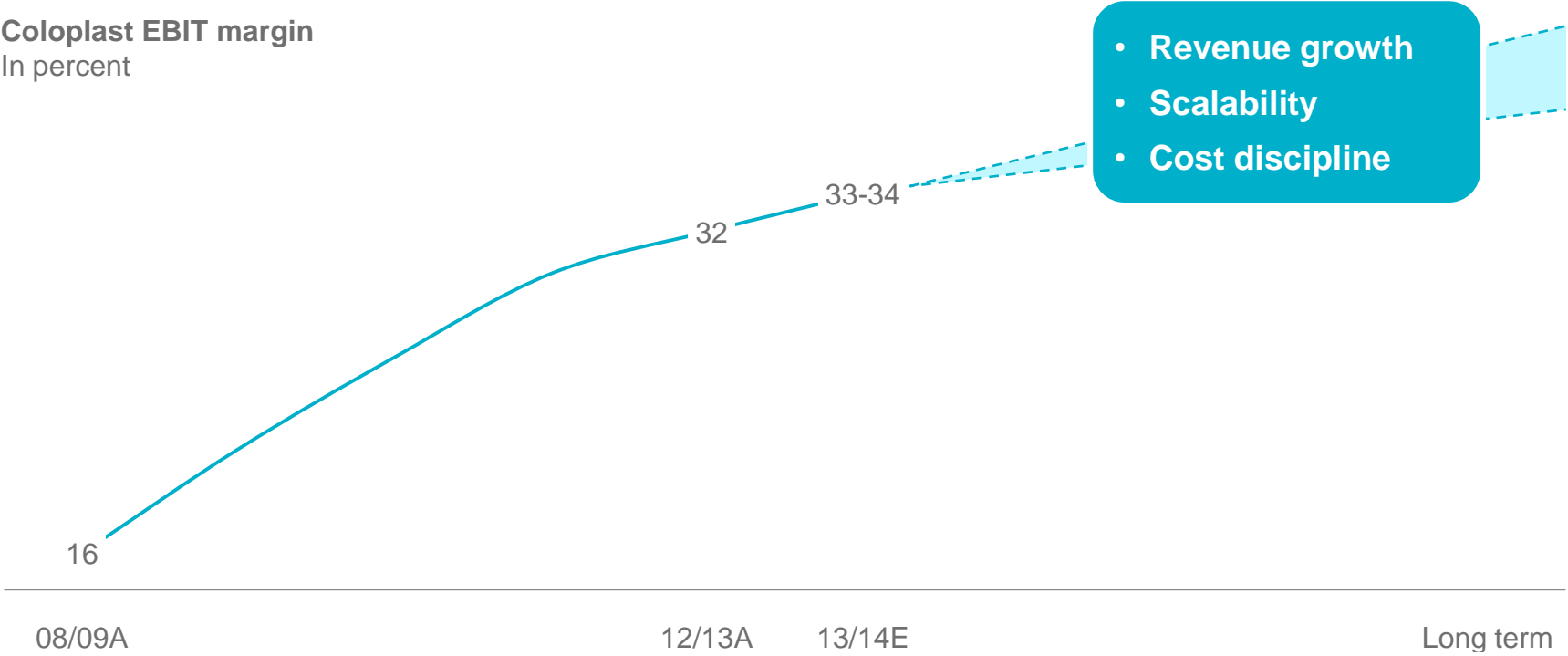
In percent



Source: Coloplast annual reports
Ostomy Care
Urology & Continence Care
Wound & Skin Care

We see annual margin expansion potential of 0.5-1.0% over the coming 3-5 years...

Coloplast EBIT margin
In percent



Source: Coloplast annual reports
Ostomy Care
Urology & Continence Care
Wound & Skin Care

...deriving from scalability in our cost functions

Cost item As reported	Development Percentage of revenue	Outlook Scalability potential	Outlook Investments requirements
COGS	<p>42.1 08/09</p> <p>32.3 12/13</p>	High	Medium
Distribution	<p>30.4 08/09</p> <p>28.4 12/13</p>	Medium	High
Admin	<p>7.0 08/09</p> <p>4.5 12/13</p>	High	Low
R&D	<p>4.4 08/09</p> <p>3.2 12/13</p>	Medium	Medium

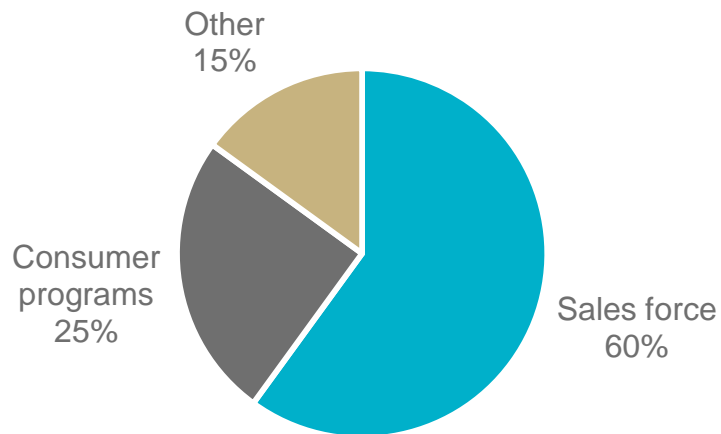
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Three things to drive further gross margin uplift: scalability, efficiency improvements and decreasing amortisations

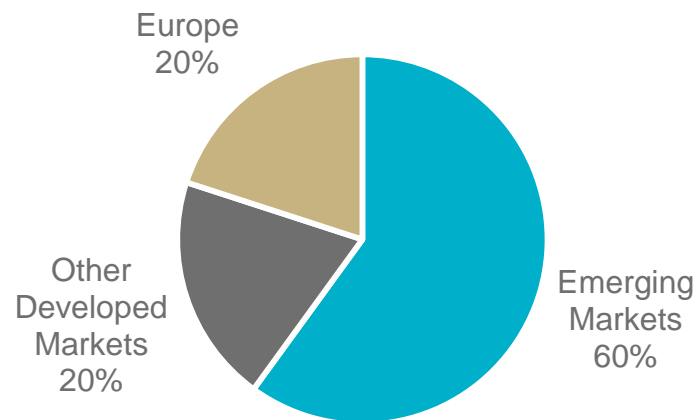
- 1 Scalability** in our Global Operations setup
 - Leverage fixed/semi-fixed overhead cost components
- 2 Efficiency improvements**
 - Supply chain
 - Production (pilot-to-volume ramp up + day-to-day volume production)
 - Distribution
- 3 Decreasing amortisation** of intangibles (acquisition related)
 - Mentor
 - Mpathy

We currently invest to grow – especially in sales force and expansion outside Europe

Sales investments by type 12/13 to Q2 13/14

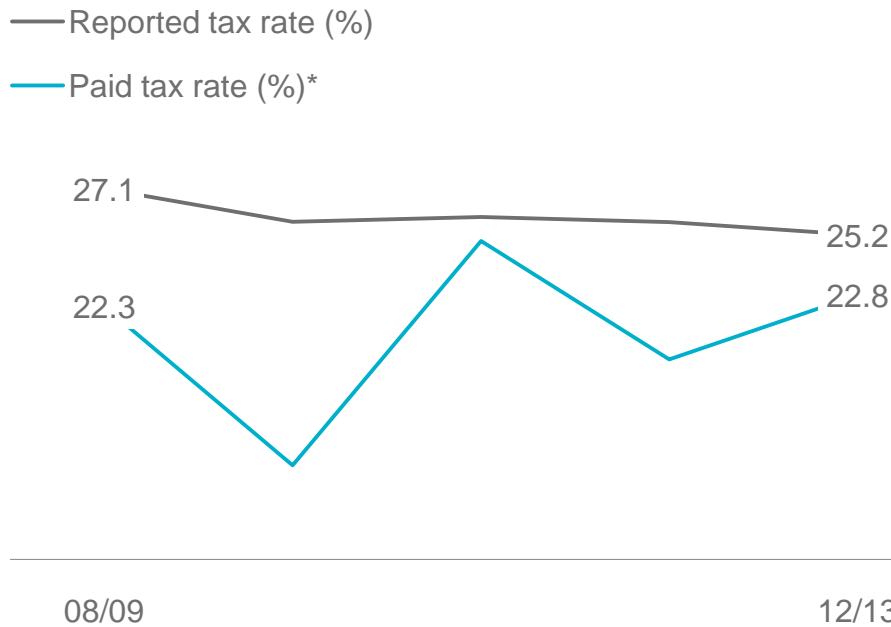


Sales investments by area 12/13 to Q2 13/14*



Our transfer pricing model makes for relatively predictable taxation

Coloplast taxation in perspective



Coloplast **taxation rates expected to decline** due to lowering of DK tax rates

- +80% of Coloplast taxes paid in DK
- DK statutory corporate tax rate to drop from 25% to 22% 2014 - 2016
- Coloplast tax rates to trend towards DK statutory corporate tax rate over time

Source: Coloplast annual reports
 Ostomy Care
 Urology & Continence Care
 Wound & Skin Care

*Paid tax rate = cash taxes paid in year / reported pre-tax profits

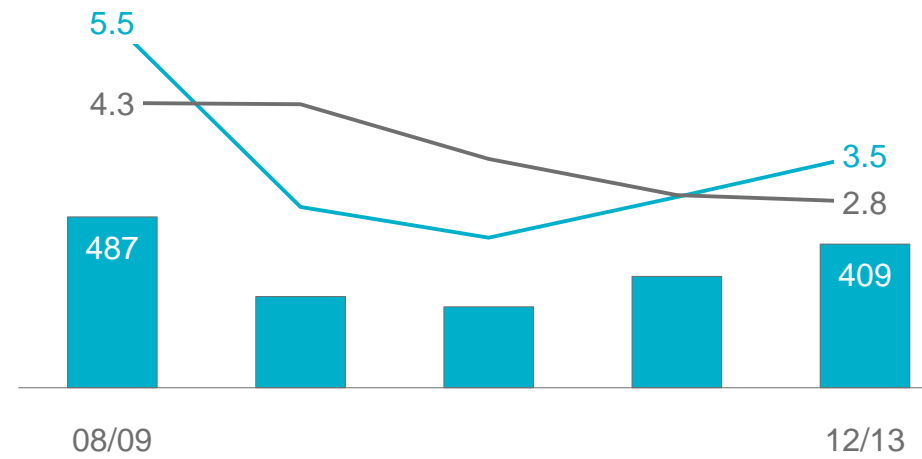
Our operating setup only requires moderate capital expenditures...

Coloplast CAPEX (PPE*) in perspective

■ CAPEX (mDKK)

— CAPEX/revenue (%)

— Depreciation/revenue (%)



~4% CAPEX-to-sales going forward

- CAPEX needed regularly for machine building and factory expansions
- Nyirbator (HU) expansion to be completed by Q2 FY14/15
- No additional capacity needed before 2018
- Option to expand with several pre-specified units exists – alternative is a Greenfield expansion in a new location

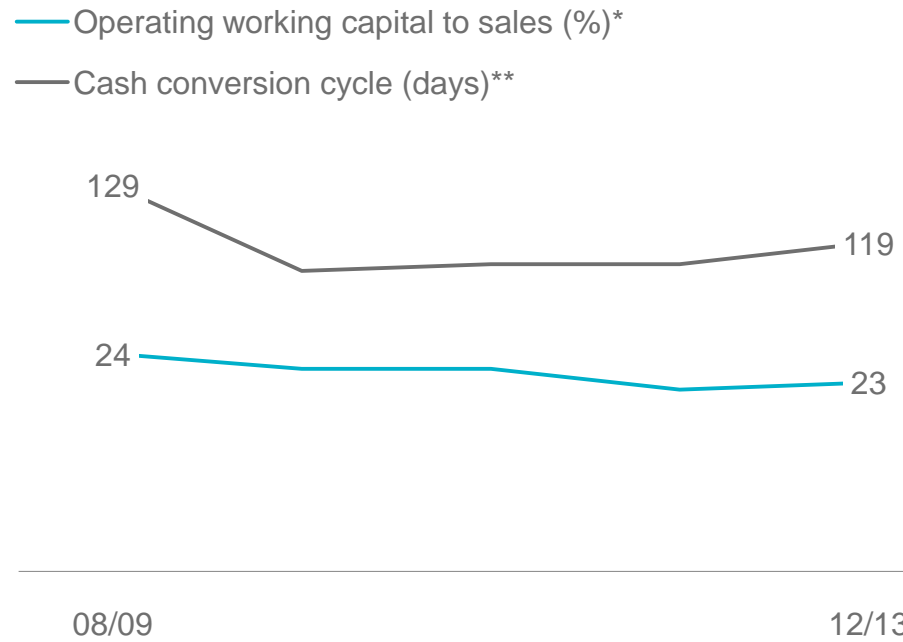
Long term

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*Property, Plant & Equipment

...and our business model has stable working capital requirements

Coloplast working capital in perspective



Stable working capital going forward

- Relatively predictable recurring business
- DSO ~60 days: Historically very stable. Collection somewhat slow in certain regions, but receivables relatively safe as many payers are public institutions
- DIO ~100 days: Inventories fluctuate somewhat with raw materials prices
- DPO ~40 days: Historically very stable

Source: Coloplast annual reports
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 Wound & Skin Care

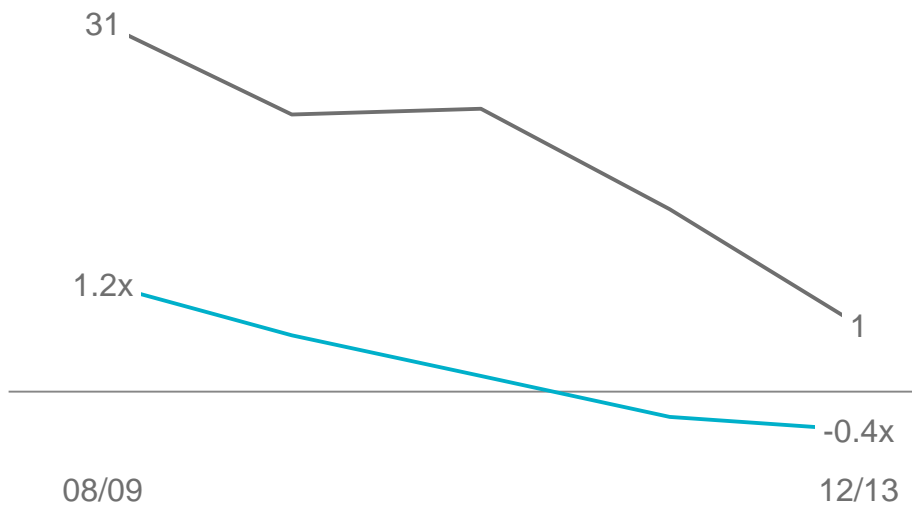
* Operating working capital = inventories (INV) + accounts receivables (AR) – accounts payables (AP)
 ** Cash conversion cycle = DIO (average INV/COGS) + DSO (average AR/sales) – DPO (average AP/(COGS + Δ INV))

Our growth agenda is fully funded via our strong cash flow – significant new debt will only be considered in case of M&A

Coloplast financial gearing in perspective

— Net interest bearing debt / EBITDA (x)*

— Interest bearing debt / Total assets (%)**



Unleveraged balance sheet – all else equal – going forward

- New debt only considered in case of sizeable M&A within core business
- Minimum amount of cash retained for daily operations

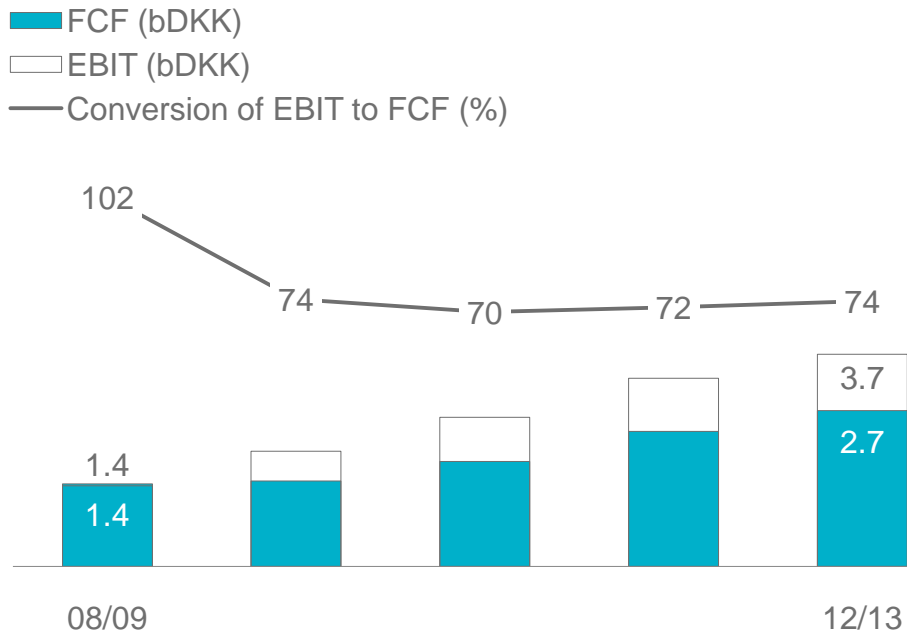
Long term

Source: Coloplast annual reports
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 Wound & Skin Care

That's how we intend
to drive value creation
– how about cash flow?

Our scalable business model and a strategic focus on organic growth means high and stable cash conversion...

Coloplast cash flow generation



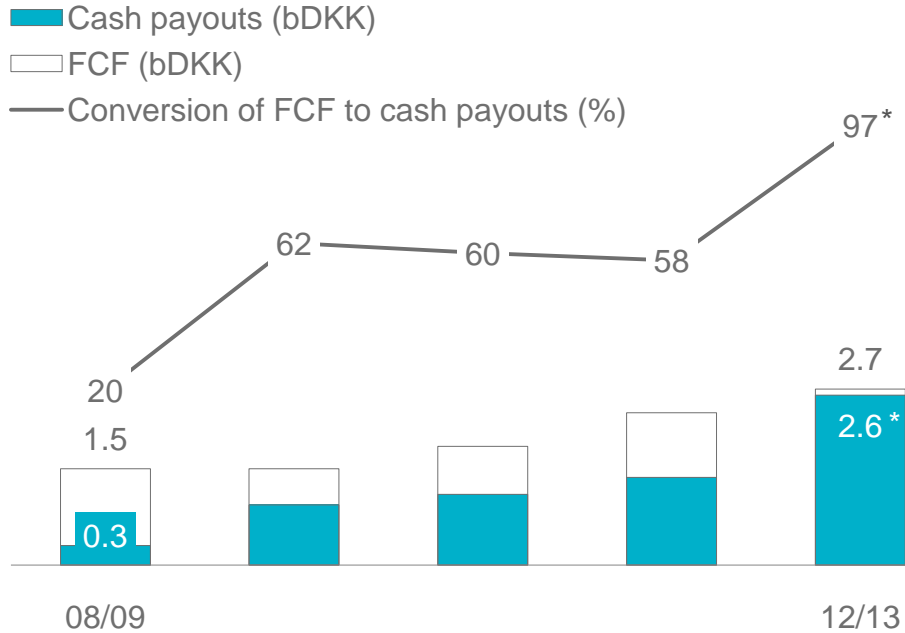
Continued
strong cash flow
generation

Long term

Source: Coloplast annual reports
Ostomy Care
Urology & Continence Care
Wound & Skin Care

...which we aim to translate into attractive cash returns to our investors

Coloplast cash distribution to investors



Continued
strong cash return
to investors

Long term

Source: Coloplast annual reports
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Urology & Continence Care
Wound & Skin Care

* Includes 631 mDKK special dividend (3 DKK per share)

In sum, Coloplast offers...



...continued **value creation**

...stable **cash returns**

...attractive **risk profile**

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