

A man with a slight smile, wearing a bright green jacket, a dark grey turtleneck, and a red and black striped beanie, is sitting in a forest. He is positioned in the center-right of the frame, with a mossy stone wall and trees in the background. A semi-transparent teal banner covers the bottom half of the image, containing text and a logo.

Comfort Medical

Coloplast Meet the Management London 2017

Lars Rasmussen, President & CEO

Ryan Flannery, VP Comfort Medical

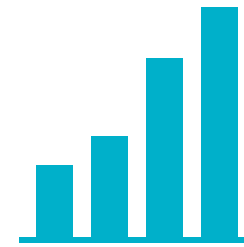
Coloplast Group – Ostomy Care / Continence Care / Wound & Skin Care / Urology Care



The rationale behind the acquisition of Comfort Medical is in line with and contributing to our US ambition

Rationale behind acquisition

- 1 An opportunity to secure patient access to superior Coloplast products
- 2 Large attractive value pool to tap into
- 3 Business model with proven commercial concept and scalable platform to drive further growth
- 4 An opportunity to accelerate hydrophilic upgrade
- 5 An opportunity to create significant value going forward



US ambition
Double digit growth

+ 10%

1

Comfort Medical secures patients access to Coloplast's superior products across IC and OC in US dealer market...

Comfort Medical is a secure outlet of superior Coloplast products

Catheters



Ostomy supplies

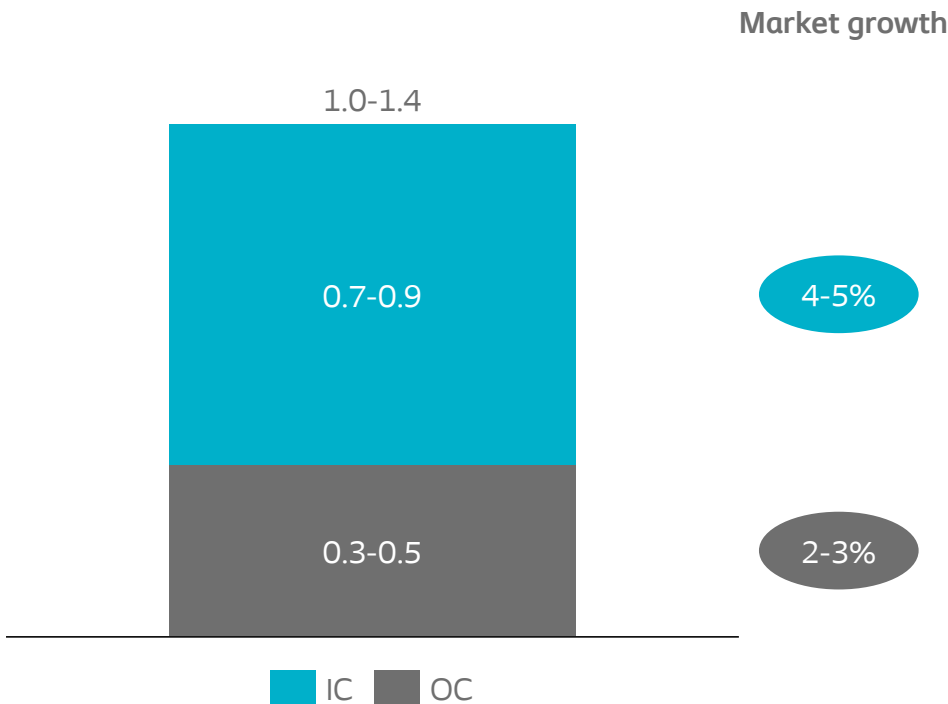


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... providing a strong value proposition to grow Comfort Medical by tapping into the large US DME market

US IC and OC DME market size

USDbn



Market drivers

- Increasing total US domestic healthcare expenditures
- Increasing US population above age 65

Market trends

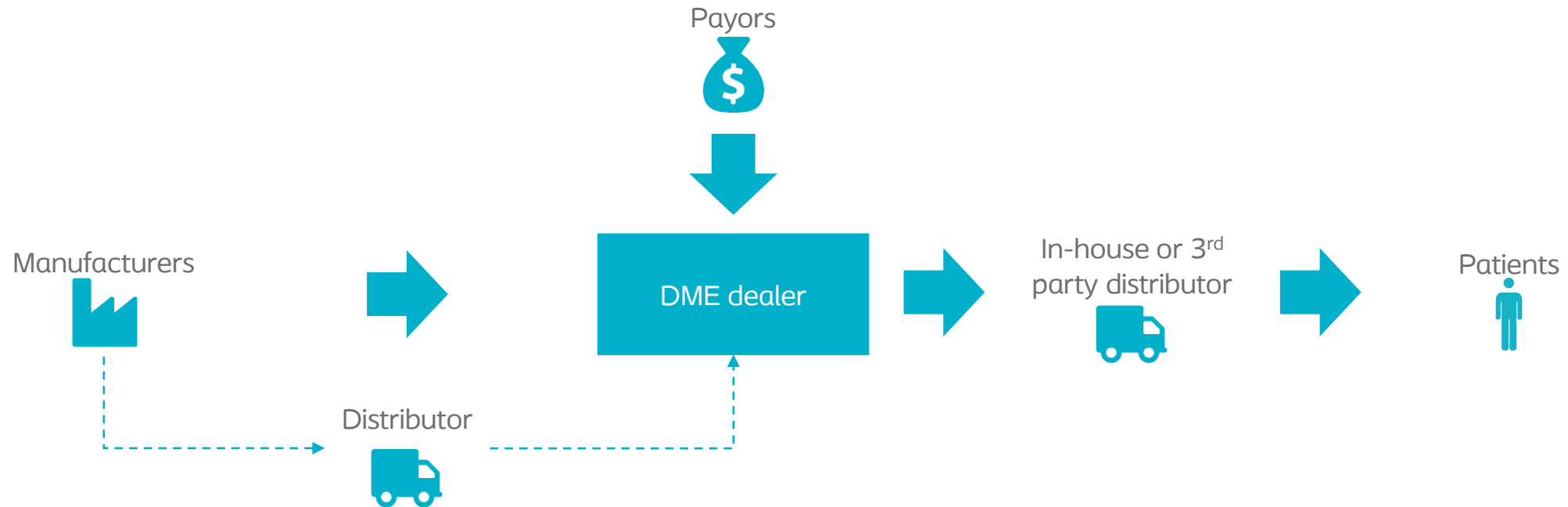
- Consolidation and forward integration
- Medicare payment conditions can stress the cash flow
- Dealers push low cost products to maximize GP
- States moving towards Managed Care

Source: Coloplast

2

A typical DME dealer provides patients with products and obtains reimbursement through payor contracts

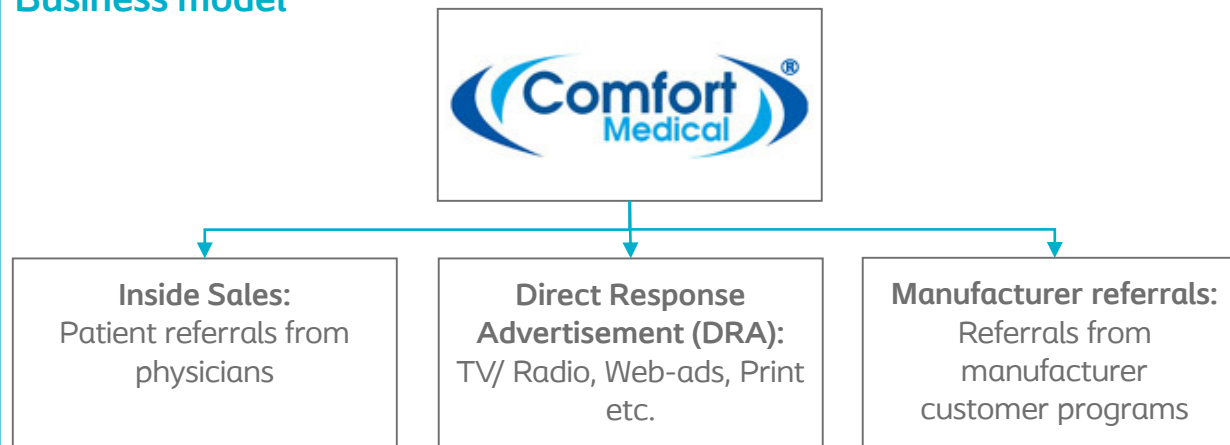
Durable Medical Equipment (DME) value chain



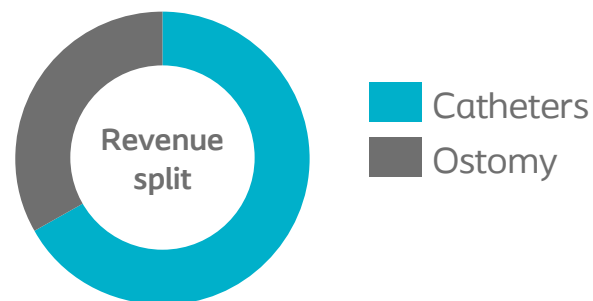
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Comfort Medical is a scalable platform, based on enrollments from Inside Sales, DRA and manufacturer referrals

Business model



Revenue split



The platform enables scalability in the DME space

- A business model with proven concept
- Coloplast has gained access to an efficient and scalable platform, enabling access to:
 - IT platform
 - Payor contracts (Medicare, Medicaid and commercial insurance)
 - Nationwide distribution setup, through a third party distributor
 - Patient engagement

Source: Coloplast

3

The right DME model enables scalability and margin accretion

Gross margin dynamics in the US DME space

- Fixed reimbursement levels - DME gross profit is based on product cost
- Providing patients with high quality products reduces DME margins
- Manufacturer ownership of DME changes this dynamic significantly

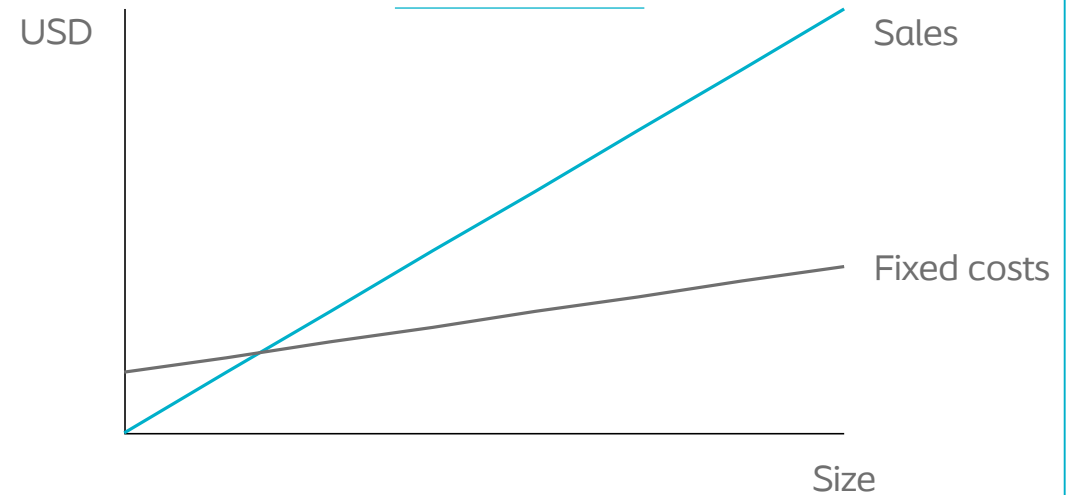
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EBIT margin dynamics for Comfort Medical

- Comfort Medical's business model is highly scalable
- Focus on driving operating efficiency
- Synergies with Coloplast on e.g. DRA spend

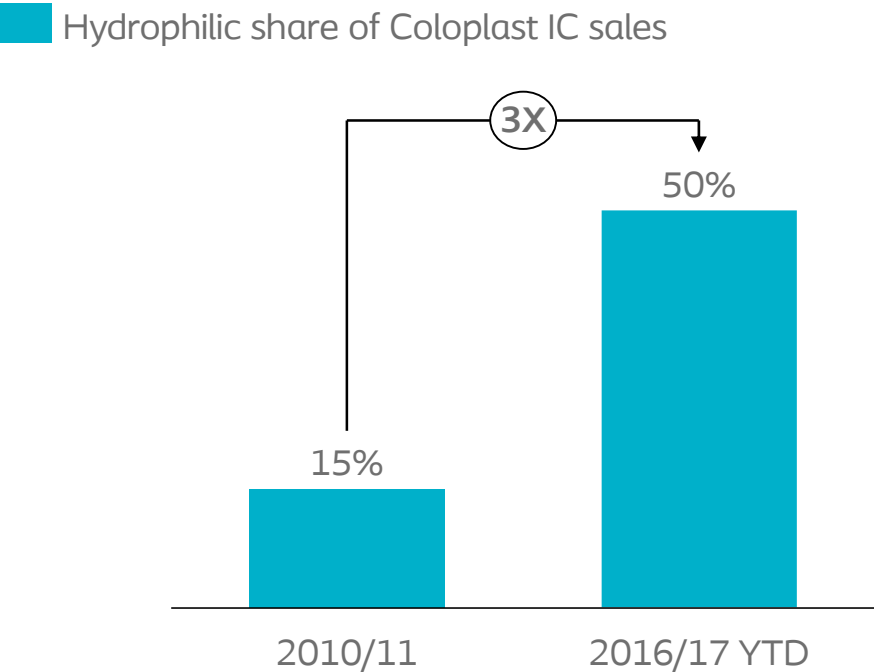
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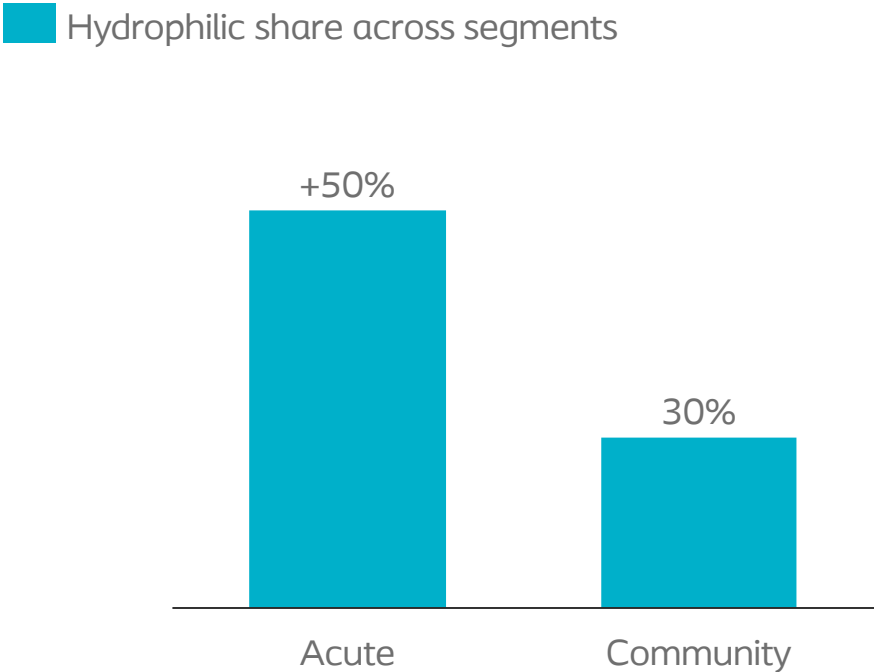
The acute market is adopting hydrophilic products – Comfort Medical will drive community by providing access

Throughout the past five years Coloplast has managed to drive hydrophilic upgrade



Source: Coloplast

The hydrophilic upgrade is led by the acute channel



Source: Coloplast

5

Acquiring Comfort Medical in the US strengthens our value proposition for consumers, payors and Coloplast



“In our direct markets we benefit from increased market share, new revenue streams and upgrade opportunities”

1

It’s an opportunity to secure patients access to our superior products...



2

... and deliver better service to payors and users through data and insights...



3

... while participating in a larger value pool



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