



# Nomura Healthcare Conference 2011

Senior Vice President Lars Einar Hansen

## Forward-looking statements

The forward-looking statements contained in this presentation, including forecasts of sales and earnings performance, are not guarantees of future results and are subject to risks, uncertainties and assumptions that are difficult to predict. The forward-looking statements are based on Coloplast's current expectations, estimates and assumptions and based on the information available to Coloplast at this time.

Heavy fluctuations in the exchange rates of important currencies, significant changes in the healthcare sector or major changes in the world economy may impact Coloplast's possibilities of achieving the long-term objectives set as well as for fulfilling expectations and may affect the company's financial outcomes.

# Coloplast is a leading medtech company specialising in intimate healthcare needs...



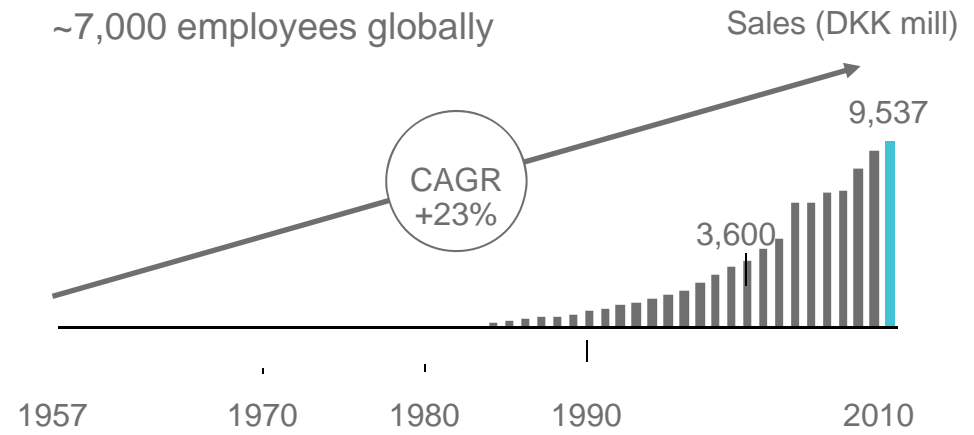
50 years of innovation and growth:

- Global no. 1 in Ostomy Care
- Global no. 1 in Urology & Continence Care
- Global no. 4 in Advanced Wound & Skin Care

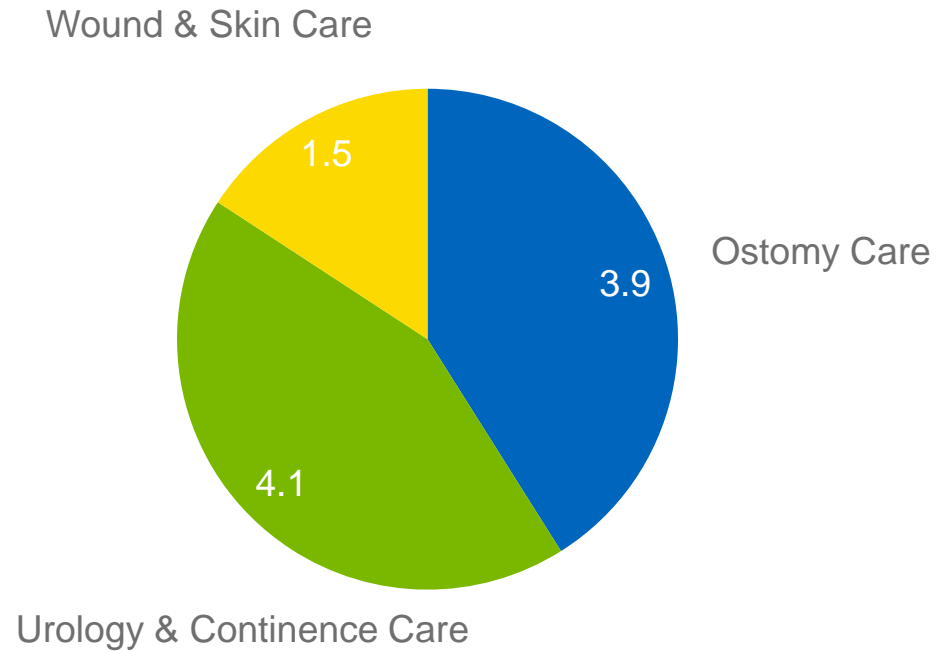
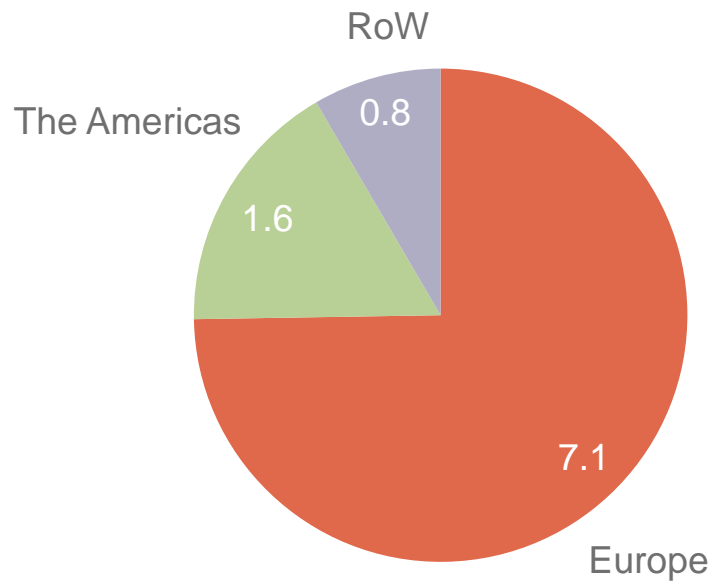
Headquartered in Denmark

Production in Denmark, Hungary, China, US and France

~7,000 employees globally



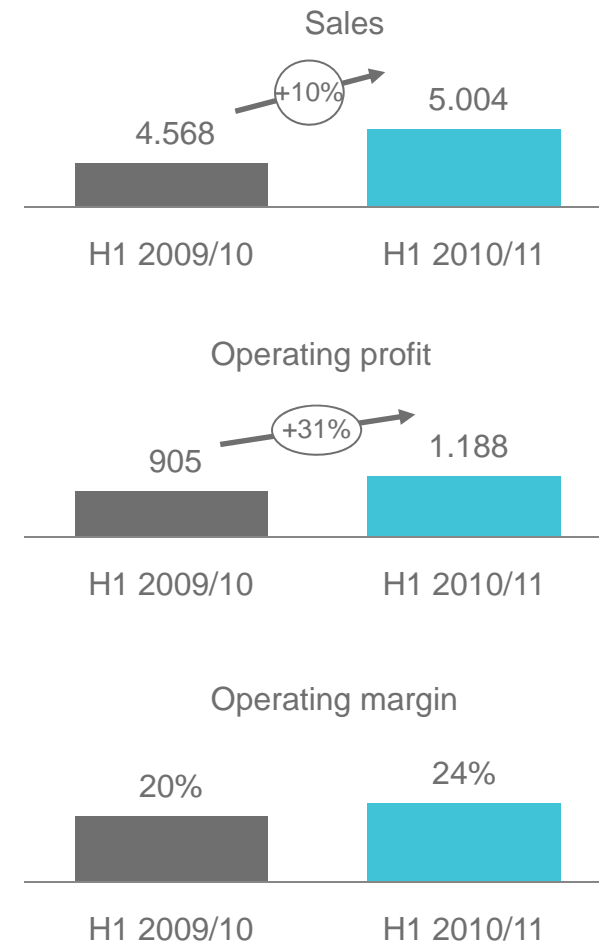
...with DKK 9.5bn in annual sales...



Full year sales 2009/10

# Key messages – H1 2010/11

- 6% organic sales growth
- Continued gross margin improvement from 61% to 64% from higher efficiency in production
- Satisfactory EBIT margin of 24%
- Revised Full Year guidance for 2010/11:
  - Organic growth rate around 6% (6% in DKK)
  - EBIT margin in fixed currencies and DKK of 24%-25%



## Stable intimate healthcare trends

### Demographics

Growing elderly population increases customer base for Coloplast products

### Emerging markets

Expanding healthcare coverage for populations in emerging markets increases addressable market

### Surgical and medical trends

Surgical and medical trends are towards earlier detection and cure, eventually reducing addressable market for Coloplast treatment products

### Healthcare reforms

Economic restraints push for reimbursement reforms, introduction of tenders, and lower treatment cost

# Introducing Ostomy Care

**Disease areas**

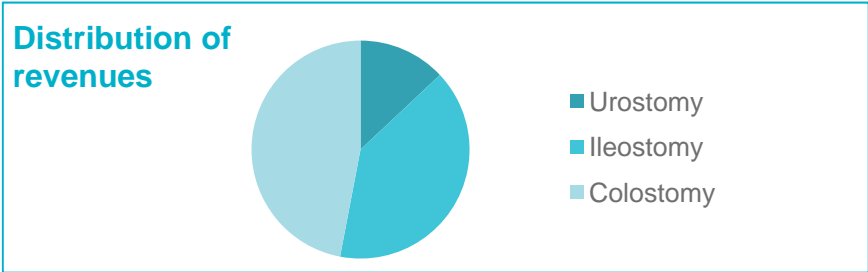
- Colorectal cancer (est. 55%)
- Bladder cancer (est. 10%)
- Inflammatory bowel disease (est. 35%)

**Customer groups**

- Nurses, mainly stoma care nurses
- People with a stoma
- Wholesalers/distribution
- Hospital purchasers and GPOs
- Surgeons

**Call points**

- Hospital & community nurses
- Hospital buyers
- Distributors
- Dealers
- Wholesalers
- Homecare companies



## Key products



Assura® 1 and 2 piece  
2nd generation launched 1996-2000



Easiflex®, 2 piece flex  
Launched in 2003



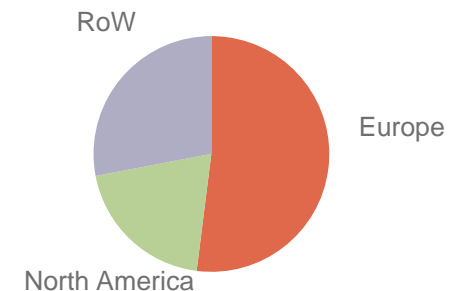
SenSura® 1 and 2 piece  
Launched in 2006-2008



# The market for ostomy devices

- Global Market size estimated at DKK 10-11bn with 4-5% growth
- Market share: 35-40%
  - Europe 40-50%
  - Americas 0-10%
  - Rest of the world 10-20%
- Main competitors are ConvaTec and Hollister/Dansac

Estimated market value split by region



## Market drivers

- ▶ Increasing incidence of colorectal cancer and inflammable bowel disease, particularly in developing countries
- ▶ Well developed usage patterns with strong key opinion leaders in Europe

## Market limiters

- ▶ Reimbursement system reforms
- ▶ Usage patterns geared towards reuse of products outside Europe

## Market trends

- ▶ National healthcare reforms aiming to reduce price and volume
- ▶ Increasing influence of financial decision makers within distribution and hospitals
- ▶ Improving treatment of stoma patients in developing economies

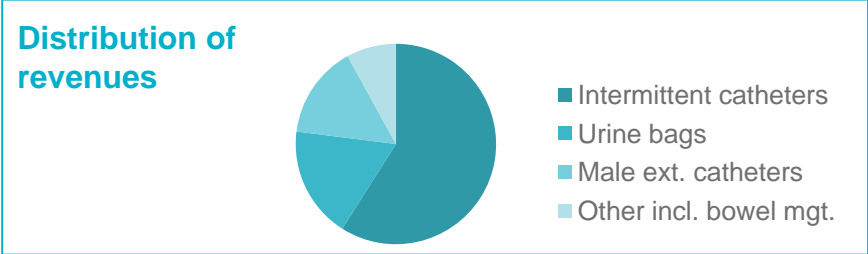


# Introducing continence consumables

<b>Disease areas</b>	<ul style="list-style-type: none"> <li>• Spinal Cord Injured, SCI</li> <li>• Spina Bifida, SB</li> <li>• Multiple Sclerosis, MS</li> <li>• Benign prostatic hyperplasia &amp; prostatectomy patients</li> <li>• Elderly and diabetics</li> </ul>
----------------------	--

<b>Customer groups</b>	<ul style="list-style-type: none"> <li>• Continenence or home care nurses</li> <li>• People with incontinence problems</li> <li>• Wholesalers/distribution</li> <li>• Hospital purchasers and GPOs</li> <li>• Surgeons</li> </ul>
------------------------	---

<b>Call points</b>	<ul style="list-style-type: none"> <li>• Rehabilitation centers</li> <li>• Urology wards</li> <li>• Pediatric clinics</li> <li>• Elderly homes</li> <li>• Distributors, dealers &amp; wholesalers</li> </ul>
--------------------	--



## Key products (management products)



SpeediCath® Compact intermittent catheter  
Launched in 03/04



SpeediCath® intermittent catheter  
Launched in 99/00



Conveen® Optima external catheter  
Launched in 05/06

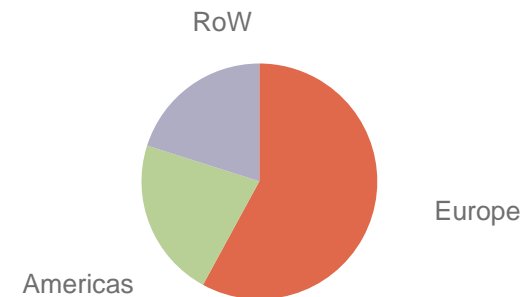


Conveen® Security+ urine bag  
Launched 10+ years ago

# The market for urinary incontinence management products

- Global Market size estimated at DKK 10-11bn with 4-6% growth
- Market share: 30-35%
  - Europe 40-50%
  - Americas 15-25%
  - Rest of the world 10-20%
- Main competitors include AstraTec and Bard

Estimated market value split by region



## Market drivers

- ▶ Large, under-penetrated population for intermittent catheters
- ▶ Moving users away from old solutions (uncoated catheters, diapers)
- ▶ Patient associations' influence is increasing

## Market limiters

- ▶ Reimbursement system reforms (single price reimbursement on product categories)
- ▶ Commoditization and low-spec competitors entering

## Market trends

- ▶ Purchasing decision centralized
- ▶ Diagnose Related Groups and tender business are increasing
- ▶ Health economic approach enables price premiums

# Introducing Urology Care

## Treatment (surgical) of urological disorders

**Disease areas**

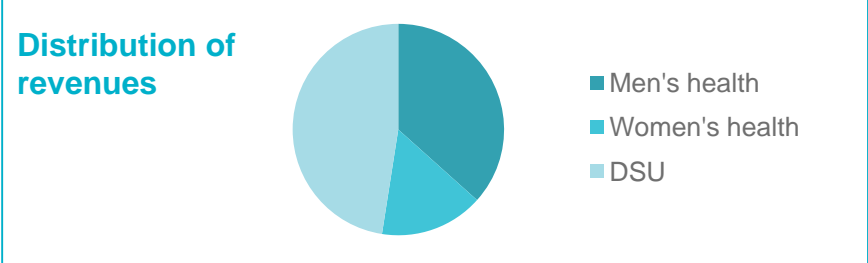
- Urinary incontinence
- Pelvic organ prolapse
- Erectile dysfunction
- Enlarged prostate
- Kidney and urinary stones

**Customer groups**

- Surgeons
- Purchasing departments and organizations
- End customers

**Call points**

- Urologists
- Uro-gynaecologists
- Gynaecologists
- Purchasing departments and organizations



### Key products (implants and surgical disposables)



Virtue® male sling  
Launched in 2009  
Men's health - Surgical Urology



Aris® vaginal sling  
Launched in 2005  
Women's health - Surgical Urology



Titan® OTR penile implant  
Launched in 2008  
Men's health - Surgical Urology

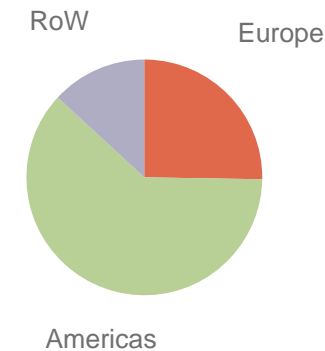


JJ stents  
Launched in 1998  
Disposable Surgical Urology

# The market for urological disorders

- Global Market size estimated at DKK ~8bn with 8-10% growth
- Market share: 5-10%
  - Europe 15-25%
  - Americas 0-10%
  - Rest of the world 0-10%
- Main competitors include American Medical Systems, Ethicon, and BSX

Estimated market value split by region



## Market drivers

- ▶ Large, under-penetrated population
- ▶ Lack of gold standard treatment
- ▶ Ageing and obese population
- ▶ Minimally invasive surgeries

## Market limiters

- ▶ Cost containment
- ▶ Increased competition
- ▶ Increased scrutiny on clinical proof
- ▶ Crowded IP landscape limits opportunities

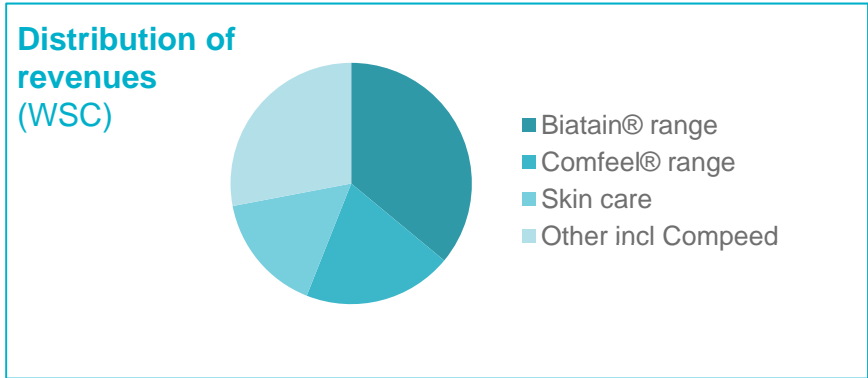
## Market trends

- ▶ Less invasive treatment methods
- ▶ Office-based treatments
- ▶ Cost containment
- ▶ Innovation key source of competitive advantage

# Introducing Wound Care

<b>Disease areas</b>	<p>Chronic wounds</p> <ul style="list-style-type: none"> <li>• Leg ulcers</li> <li>• Diabetic foot ulcers</li> <li>• Pressure ulcers</li> </ul>
----------------------	---

<b>Customer Groups &amp; call points</b>	<p>Hospitals</p> <ul style="list-style-type: none"> <li>• Wound care committees</li> <li>• Specialist nurses/doctors</li> <li>• (Purchasers)</li> </ul> <p>Community</p> <ul style="list-style-type: none"> <li>• Specialist nurses/doctors</li> <li>• General practitioners</li> <li>• District/general nurses</li> <li>• Large nursing homes</li> </ul>
--	---



## Key products (Biatain® and Comfeel® range)



**Biatain® Silicone**

- Silicone adhesive and foam dressing
- Launched in 2010



**Biatain® Ag**

- Antimicrobial foam dressing
- Launched in 2002



**Biatain®**

- High exudate mgt. foam dressing
- Launched in 1998



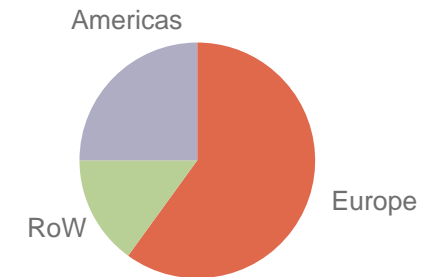
**Comfeel® Plus Transparent**

- Transparent hydrocolloid dressing
- Launched in 1994

# The market for advanced wound care where Coloplast competes

- Global Market size estimated at DKK 12-13bn with 5-7% growth
- Market share: 5-10%
  - Europe 10-15%
  - Americas 0-5%
  - Rest of the world 5-10%
- Main competitors include Convatec, Mölnlycke and S&N

Estimated market value split by region



## Market drivers

- ▶ Ageing, diabetes, and obesity
- ▶ New and more expensive technologies (e.g. silver)
- ▶ Investments by industry in sales pressure driving conversion

## Market limiters

- ▶ Healthcare reforms
- ▶ Increased competition
- ▶ Distribution taking an active role

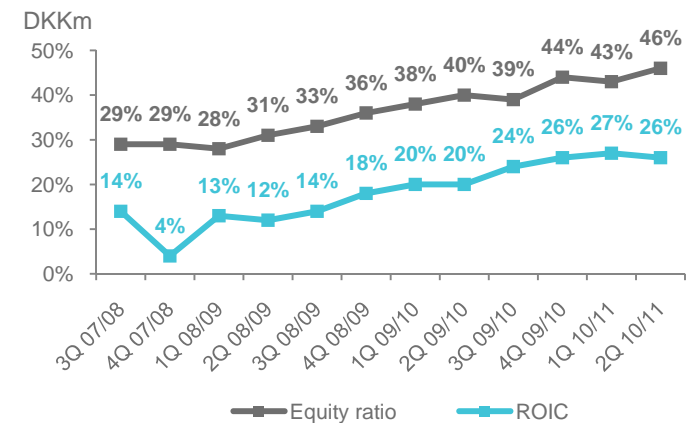
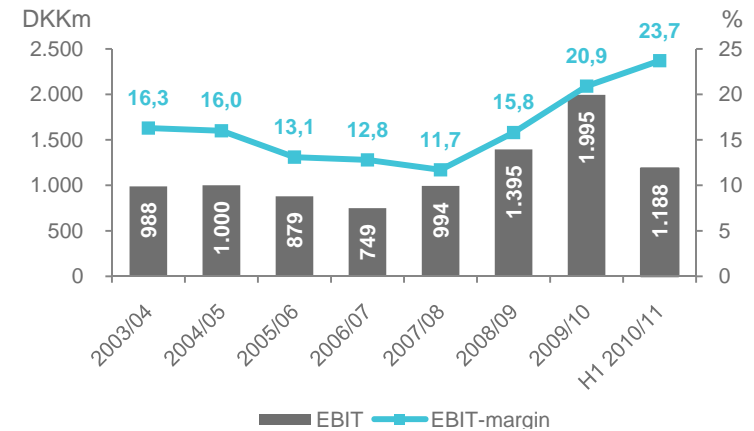
## Market trends

- ▶ Community based treatments
- ▶ Simple product offerings
- ▶ Cost containment

# Improving financial performance driven by...

- Improving chronic care sales driven by high investments in professionalizing sales activities further
- Transfer of production to low cost countries
- Efficiency gains throughout the organisation
- Lower capex-to-sales from higher capacity utilization and leaner factory footprint

.....Resulting in strong free cash flow generation and high return on invested capital.....



# Guidance for 2010/11

	Guidance 10/11	Guidance 10/11 (DKK)	Long-term ambition
Sales growth	~6 % (organic)	~6 %	Market+
EBIT margin	24-25%(fixed)	24-25%	Deliver margins in line with the best performing medical device companies *)
CAPEX (DKKm)		~300	4-5% of sales
Tax rate		~26%	-

\*) The peer group includes the following listed companies: Medtronic Inc., Baxter International Inc., Covidien PLC, Stryker Corp., St. Jude Medical Inc., Boston Scientific Corp., Sonova Holding AG, Smith & Nephew PLC, CR Bard Inc., Getinge AB, WDH A/S, American Medical Systems Inc.



# Coloplast value proposition

Stable long-term growth potential

Close relationships with nurses and end-users provide leading market positions within Ostomy & Continence Care

Growth and expansion potential

US and Emerging Markets hold high potential as well as the Surgical Urology and Wound Care businesses

Strong customer driven innovation capabilities

Focus on providing more value for money for end users and public payers

Improving financial performance

Transfer of production to low cost countries improves production efficiencies. Lean administration

