



# Value creation through profitable growth

Jefferies Healthcare Conference, London 2016

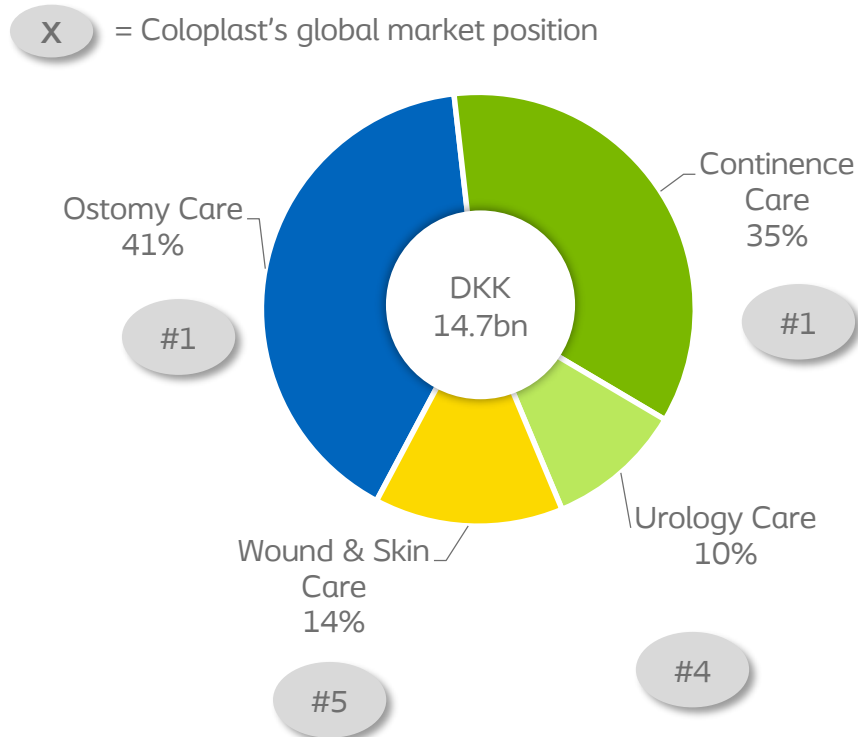
Anders Lonning-Skovgaard, CFO

Coloplast A/S - Ostomy Care / Continence Care / Wound & Skin Care / Urology Care

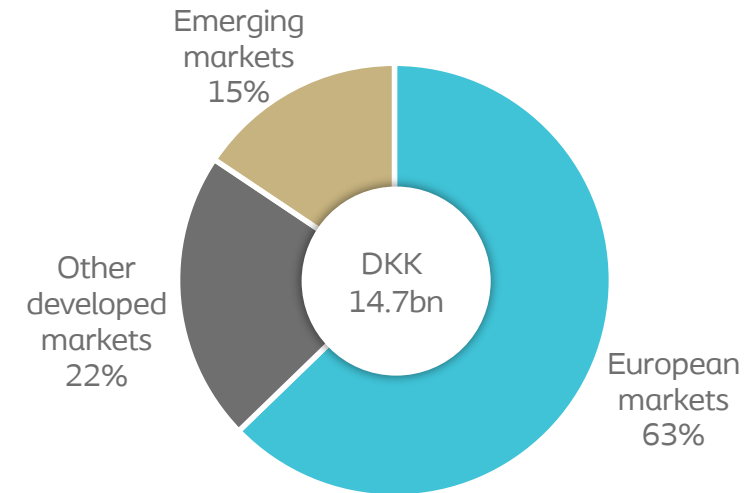


# Coloplast has four business areas all with global sales presence

Group revenue 2015/16 by segment



Group revenue 2015/16 by geography



# Coloplast specializes in intimate healthcare needs

## Who are our typical users

## How do we help them?

### Ostomy Care

People who have had their intestine redirected to an opening in the abdominal wall

**SenSura® Mio**  
Ostomy bag



### Continence Care

People in need of bladder or bowel management

**SpeediCath®**  
Flexible male  
urinary catheter



### Urology Care

People with dysfunctional urinary and reproductive systems

**Titan® OTR**  
Penile implant



### Wound Care

People with difficult-to-heal wounds

**Biatain® Silicone**  
Foam wound dressing



# Intimate healthcare is characterized by stable industry trends

## Drivers

1

### Demographics

Growing **elderly population** increases customer base for Coloplast products

2

### Emerging markets

Expanding healthcare coverage for populations in emerging markets **increases addressable market**

## Limiters

1

### Surgical and medical trends

**Earlier detection and cure**, eventually reduces addressable market for Coloplast treatment products

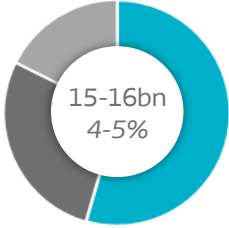
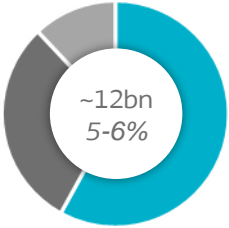
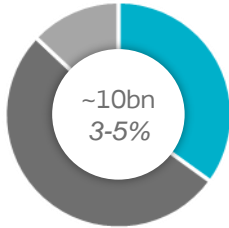
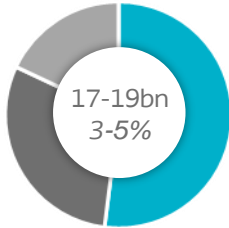




2

### Healthcare reforms

**Economic restraints** drive reimbursement reforms, **introduction of tenders**, and lower treatment cost

# Coloplast has strong market positions in Europe and great commercial potential outside Europe



	Ostomy	Continence	Urology	Wound Care
<b>Addressable market</b>  Size in DKK Growth in %				
<b>Coloplast regional market shares</b>	40 - 50% 15 - 25% 35 - 45%	45 - 55% 20 - 30% 20 - 30%	10 - 20% 5 - 15% 5 - 15%	5 - 15% 0 - 10% 10 - 20%
<b>Coloplast total market share</b>	35-40%	~40%	10-15%	7-9%
<b>Key competitors</b>				
<b>Key drivers and limiters</b>	<ul style="list-style-type: none"> <li>• Ageing population</li> <li>• Increasing access to healthcare</li> <li>• Health care reforms</li> <li>• Re-use of products outside Europe</li> </ul>	<ul style="list-style-type: none"> <li>• Ageing population</li> <li>• IC penetration potential</li> <li>• Up-selling</li> <li>• Health care reforms</li> <li>• Commoditization</li> </ul>	<ul style="list-style-type: none"> <li>• Ageing, obesity</li> <li>• Underpenetration</li> <li>• Cost consciousness</li> <li>• Clinical requirements</li> <li>• Less invasive/office procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Ageing, obesity, diabetes</li> <li>• New technologies</li> <li>• Healthcare reforms</li> <li>• Competition</li> <li>• Community treatment</li> </ul>

# Coloplast's new strategy will drive revenue and earnings growth across 4 major themes

1

Superior products & innovation

2

Unique user focused market approach

3

Unparalleled efficiency

4

Strong leadership development





# We have launched innovative products across business areas and invested heavily in Consumer activities

Continence Care



Ostomy Care



Consumer Care



Consumer  
focus

Wound Care



Urology Care



# We will continue to push for efficiency gains across Global Operations and Business Support

## Global operations



1. Reduce risk of supply disruption



2. Improve quality of daily material supply



3. Develop footprint



4. Innovation Excellence



5. Optimise supply chain and distribution



6. Retain cost focus

## Business support

- Efficiency improvement in the subsidiaries, HQ and business support centre
- Subsidiaries to focus on commercial priorities
- Add new tasks performed by our Business Centre on an ongoing basis





# Expansion relies on our organisation and strong leadership development is key to support growth

Our organisation will grow ...

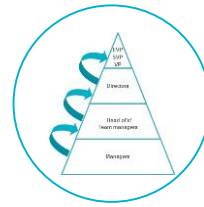


new positions  
by 19/20

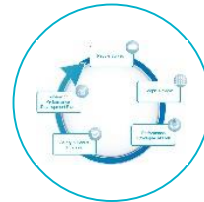


new leaders  
by 19/20

... and it will be even more important to hire for a career and not a job



Build our internal  
leadership pipeline



Secure performance  
and people  
development

*Internal*



Hire externally for  
key leadership  
competencies



Continue to recruit  
young talent straight  
out of school

*External*

# The strategy will commit up to DKK 2bn in new investments towards 2020

## Key strategic initiatives



Innovation



Wound care



Consumer

## Geographical focus areas



# Our new long-term guidance will continue to deliver strong value creation

**Revenue growth**  
annual organic

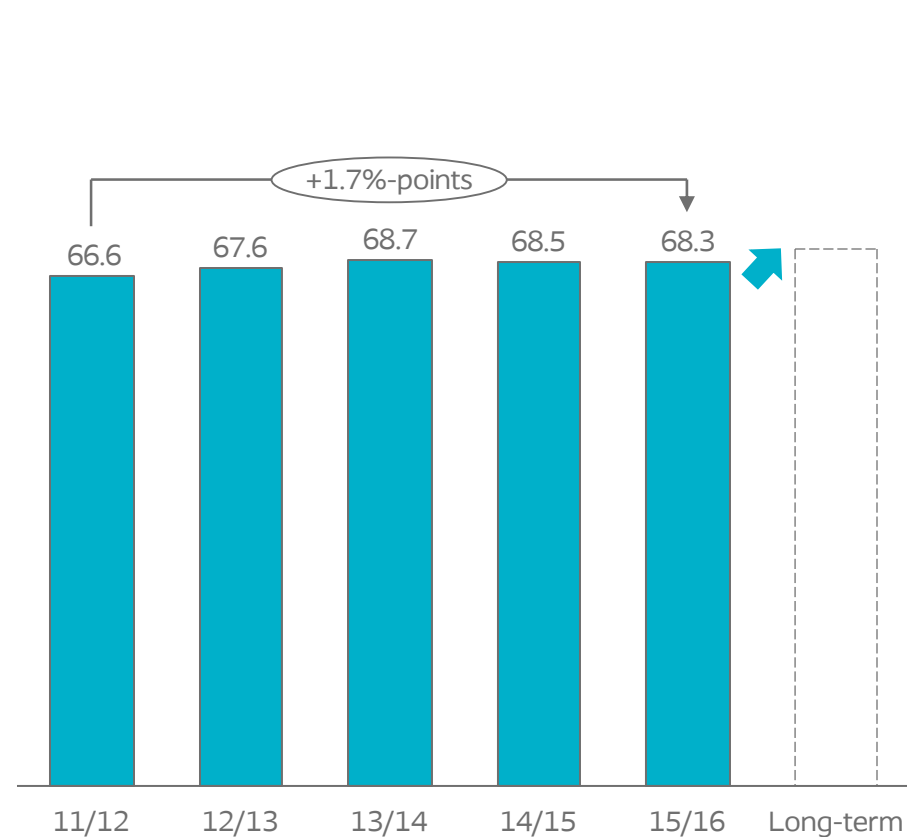
**7–9%**

**EBIT margin**  
annual improvement

**50–100 bps**

# Profitability uplift to be driven by scalability and efficiency improvements

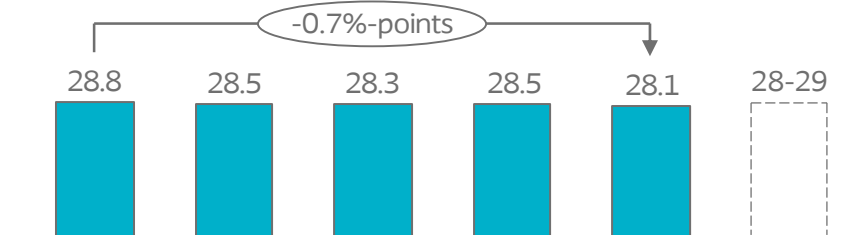
Gross margin development, in % of revenue



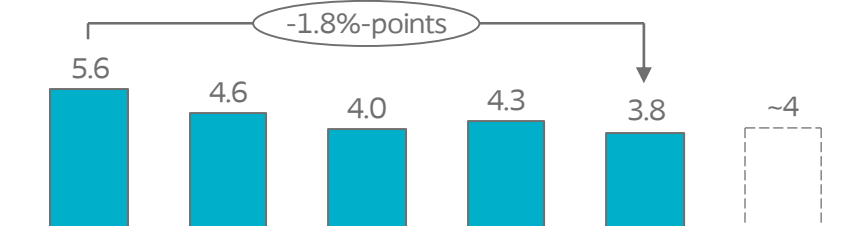
Cost item

Development, in % of revenue

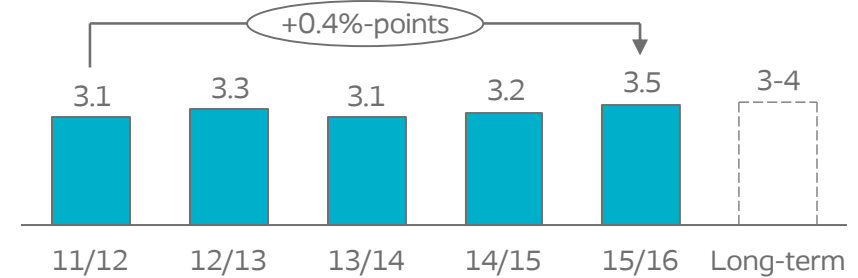
Distribution



Admin

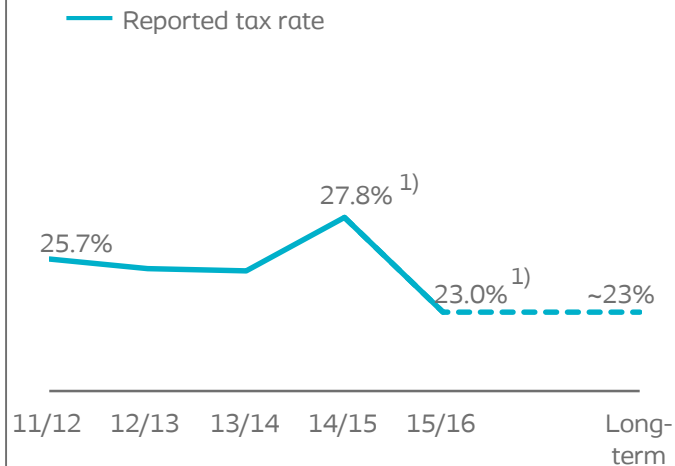


R&D



# We will continue to deliver strong and attractive free cash flows ...

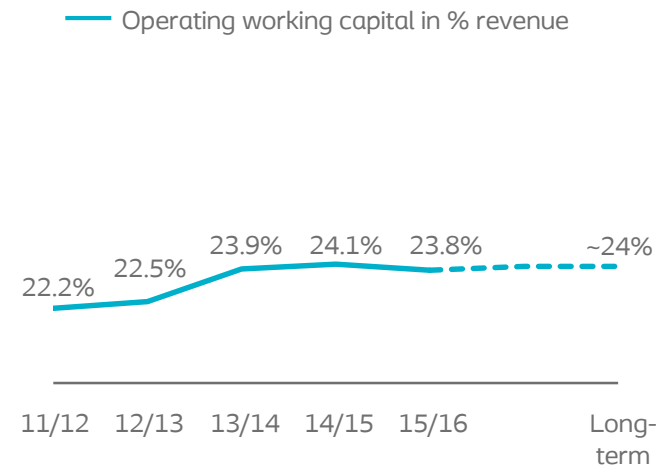
## Taxation



- DK statutory corporate tax rate lowered to 22% in 2016
- Coloplast tax rate expected to be ~23% going forward

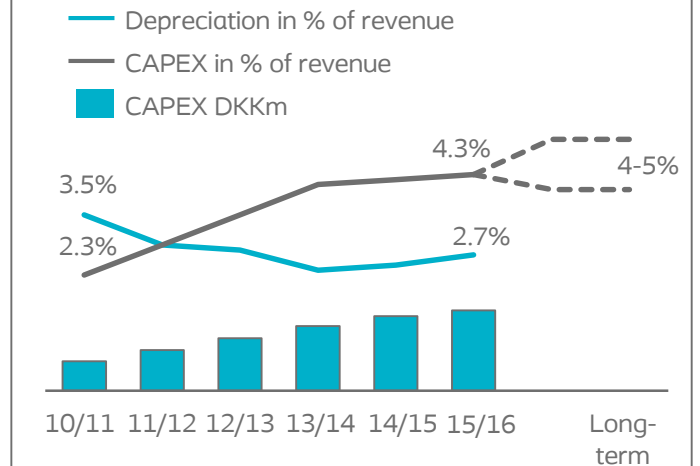
1) Impacted by provision for Mesh litigation

## Net working capital



- Working capital expected to be stable at ~24%
- Improve debtor policy in Emerging markets
- Stable inventory levels going forward

## CAPEX<sup>1</sup>

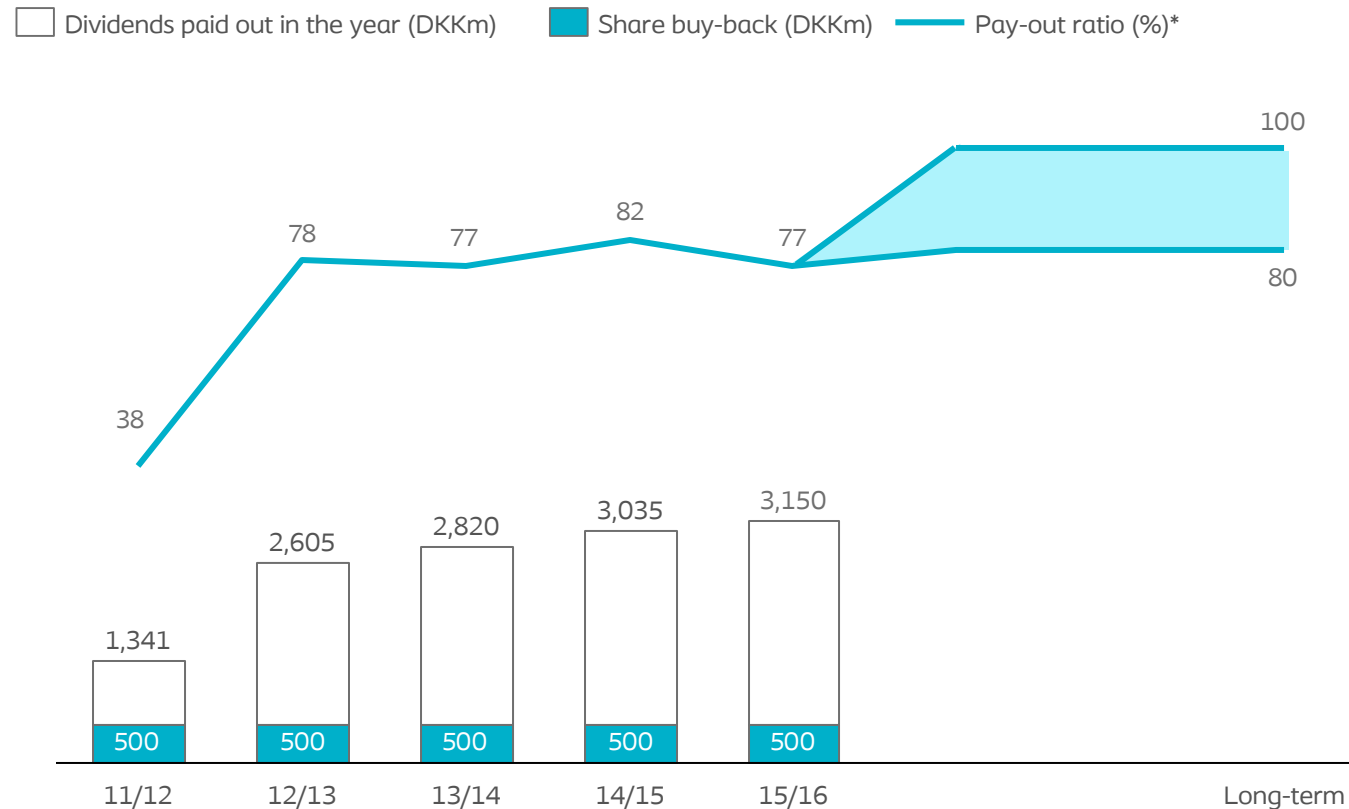


- Continued investment in machines and capacity expansion
- Widen factory footprint – factory extensions and/or greenfield investments

1) Gross investments in PPE

# ... and attractive cash returns despite large investments in commercial and expansion activities

## Coloplast cash distribution to investors



\* Pay-out ratio for 2013/14, 2014/15 and 2015/16 is before special items related to Mesh litigation

## Comments

- Coloplast returns excess liquidity to shareholders in the form of dividends and share buy-backs
- Dividend is paid twice a year – after the half-year and full-year financial reporting
- DKK 1bn share buy-back to be completed before 2016/17 fiscal year end
  - First part of DKK 500m was initiated in Q2 2015/16 and completed in August 2016

## 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