

# *SpeediCath® Flex Coudé Pro*



## **Value creation through profitable growth**

Berenberg US Conference 2018, Tarrytown

**Lars Rasmussen, President & CEO**

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



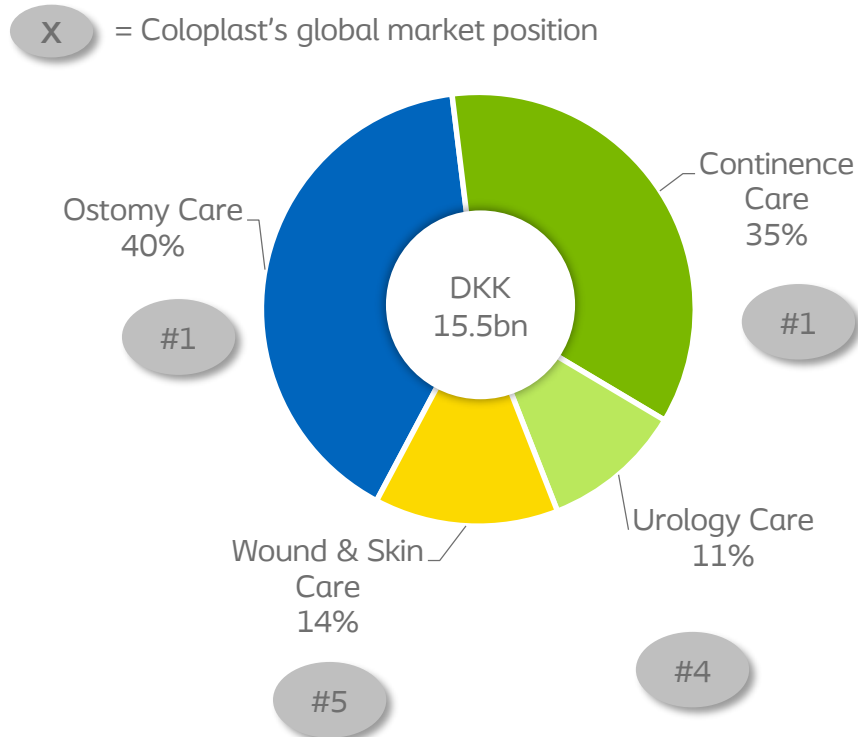
# Forward-looking statements

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.

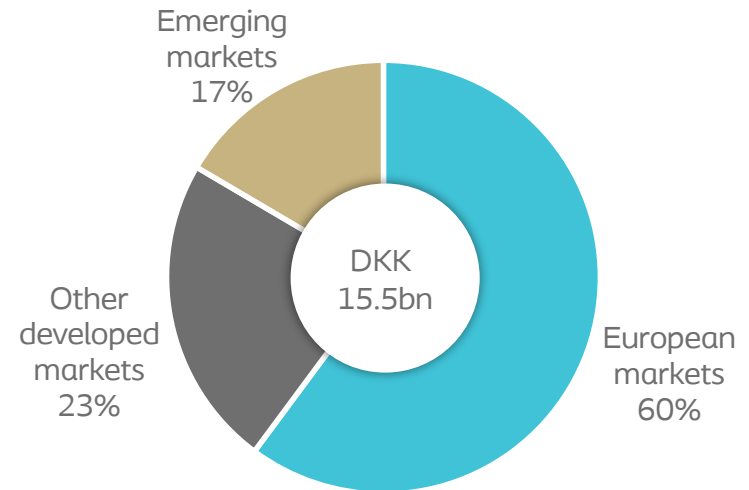
Heavy fluctuations in the exchange rates of important currencies, significant changes in the healthcare sector or major changes in the world economy may impact Coloplast's possibilities of achieving the long-term objectives set as well as for fulfilling expectations and may affect the company's financial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

# Coloplast has four business areas all with global sales presence

Group revenue 2016/17 by segment



Group revenue 2016/17 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

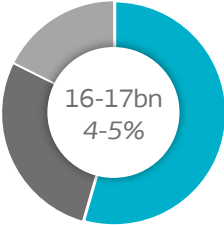
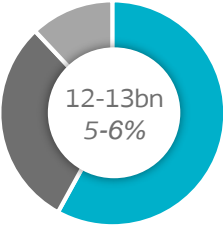
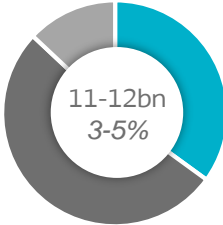
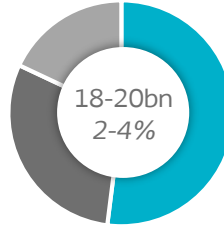




### Healthcare reforms

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

Coloplast addressable market growth is 4-5%

# 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 - 10%	5 - 15% 0 - 10% 10 - 20%
<b>Coloplast total market share</b>	35-40%	~40%	~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>

# Long-term guidance for the LEAD20 strategy period aimed at accelerating growth and long-term value creation

**Revenue growth**  
annual organic

**7–9%**

**EBIT margin**  
constant currencies

**>30%**

# Growth acceleration to be driven through two key pillars and GOP4 will continue to drive unparalleled efficiency



## Two pillars to drive growth

- I. Accelerated organic investments
  - I. Invest up to 2% of topline p.a. in new incremental investment cases (R&D and commercial investments)
  - II. Emerging markets, US, selected countries in Europe
- II. Active pursuit of inorganic opportunities to strengthen our service offering towards consumers

## Unparalleled efficiency

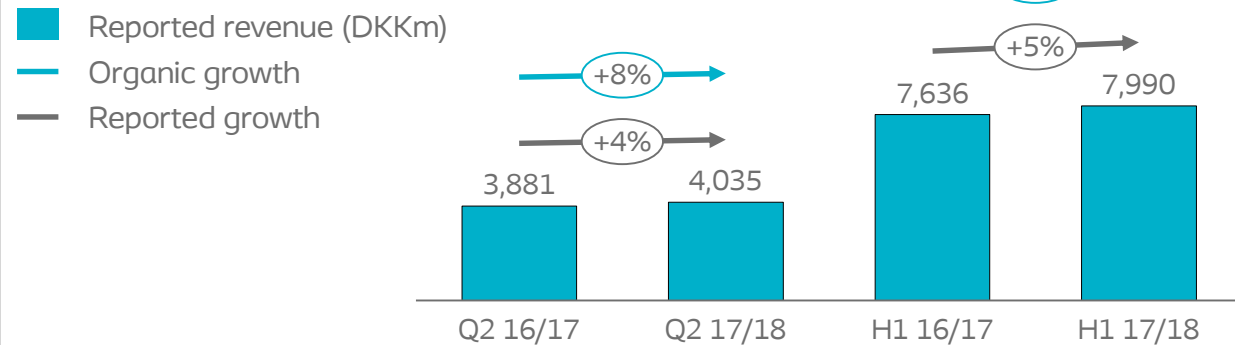
- I. Global Operations Plan 4 to improve EBIT margin by 150bp with full effect from 2020/21<sup>1</sup>

1) Based on EBIT FY2016/17

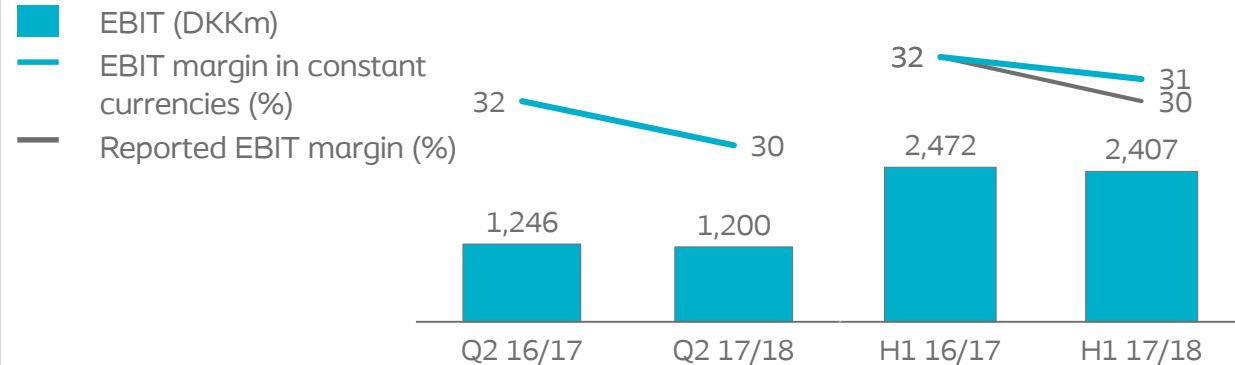


# Coloplast delivered Q2 organic growth of 8% and upgraded FY organic growth guidance from ~7% to 7-8%

## Revenue growth



## EBIT



## Q2 Highlights

- Q2 organic growth of 8% (4% in DKK)
- Negative FX impact from USD/DKK. Acquisitions contributed 1% to growth
- Strong momentum in Chronic Care driven by new products and improved momentum in Emerging markets
- Wound Care organic growth improved to 8% in Q2 despite the continued negative impact from price reform in Greece
- Launch of SpeediCath® Flex Coudé Pro in May specifically designed for the US market. SenSura® Mio Concave now launched in 7 markets
- Q2 EBIT margin of 30% in constant exchange rates and 30% in reported terms (DKK)
- Interim dividend of DKK 5.0 per share
- Updated financial guidance for 2017/18:
  - Organic revenue growth of 7-8% vs. previously ~7% and ~6% in DKK vs. previously 5-6% , assuming:
    - Negative DKK 50m vs. previously DKK 100m from patent expiry
    - Negative DKK 100m from Greek price reform
- Unchanged EBIT margin of 31-32% in constant exchange rates and ~31% in DKK

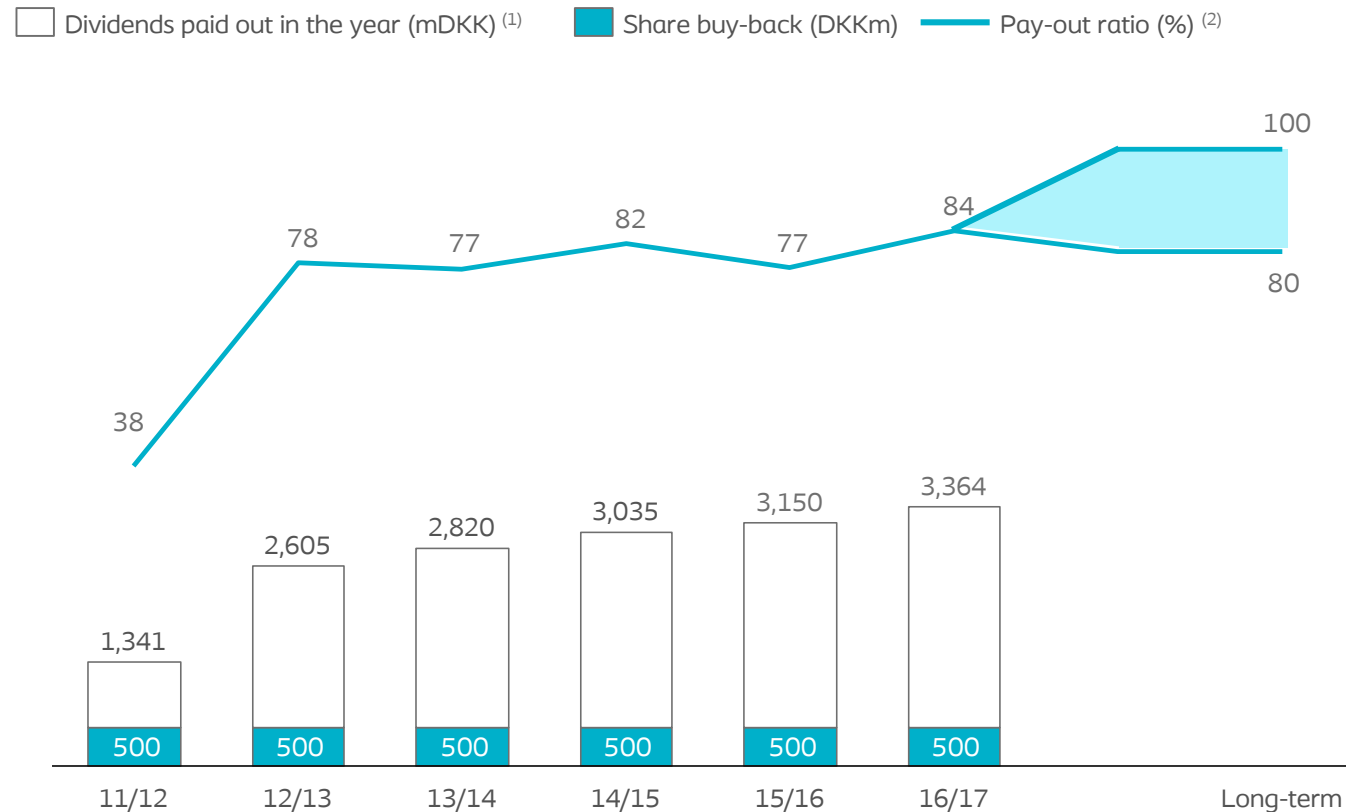
# Upgraded organic and reported growth guidance for FY 2017/18

	Guidance 2017/18	Guidance 2017/18 (DKK)*	Key assumptions
<b>Sales growth</b>	7-8% from ~7% (organic)	~6% from 5-6%	<ul style="list-style-type: none"> <li>Negative impact of DKK 50m from patent expiry</li> <li>More than 1% negative price pressure of which DKK 100m from price reform in Greece</li> <li>DKK guidance includes growth from Comfort Medical in Q1 and Lilial in Q2-Q4</li> </ul>
<b>EBIT margin</b>	31-32% (constant exchange rates)	~31%	<ul style="list-style-type: none"> <li>Impact from patent expiry and Greece</li> <li>Incremental investments of up to 2% of revenue</li> <li>DKK 20m from reduction in DK production employees</li> <li>Includes Comfort Medical and Lilial</li> </ul>
<b>CAPEX (DKKm)</b>		~700	<ul style="list-style-type: none"> <li>Factory expansion in Nyírbátor</li> <li>New machines for new and existing products</li> <li>Land acquired for new factory in Costa Rica</li> </ul>
<b>Tax rate</b>		~23%	

\*DKK guidance is based on spot rates as of April 30th

# We continue to provide attractive cash returns despite large investments in commercial and expansion activities

## Coloplast cash distribution to investors



1) Dividends paid out in the year are the actual cash payments of which the majority relates to dividend proposed in the previous financial year

2) Pay-out ratio calculated as dividend proposed in the financial year/Net profit for the financial year. 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
- Total dividend of DKK 15.0 per share for 2016/17
- H1 2017/18 interim dividend of DKK 5.0 per share for a total interim dividend of DKK 1,060m
- DKK 1bn share buy-back program to be completed before 2018/19 fiscal year end
  - First part of the share buy-back program of DKK 500m initiated in Q2
  - Shares worth DKK 198m bought back in Q2



# Coloplast Capital Market Day 2018

18 September 2018 in Copenhagen – SAVE THE DATE!

The purpose of the event is to provide institutional investors and financial analysts with the opportunity to get an update on the business and insights into key strategic themes. Please contact [dkasso@coloplast.com](mailto:dkasso@coloplast.com) to register.



## 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