

# Making it easier\_ to get back on track



It took a while but now I have taken back control.  
I'm trying new things, pushing my limits again.

Alessia

## Value creation through profitable growth

Morgan Stanley European MedTech & Services Conference 2020

March 2, 2020

Anders Lonning-Skovgaard, EVP & CFO

Making life easier

Ostomy Care, Continence Care, Wound & Skin Care and Interventional Urology



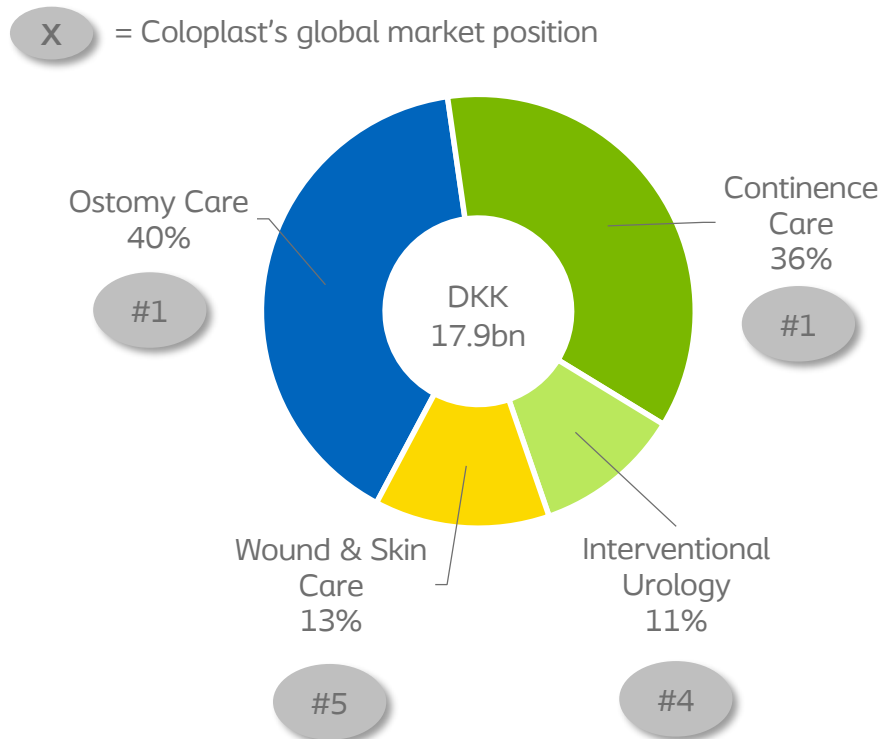
# Forward-looking statements

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.

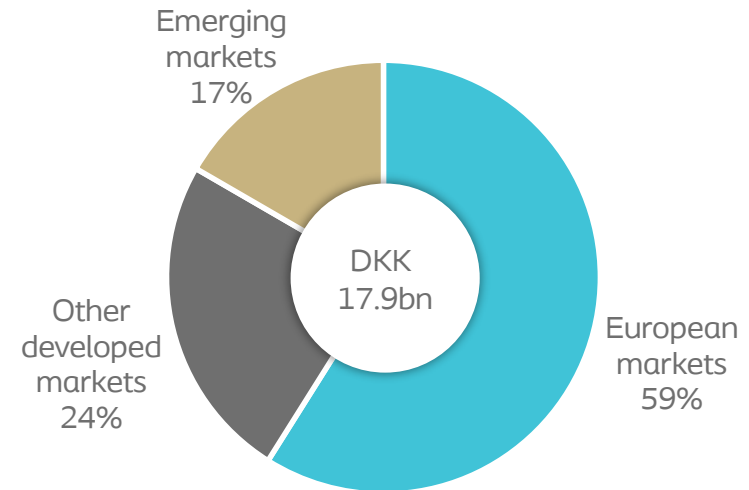
Heavy fluctuations in the exchange rates of important currencies, significant changes in the healthcare sector or major changes in the world economy may impact Coloplast's possibilities of achieving the long-term objectives set as well as for fulfilling expectations and may affect the company's financial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

# Coloplast has four business areas all with global sales presence

Group revenue 2018/19 by segment



Group revenue 2018/19 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



### Interventional Urology

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

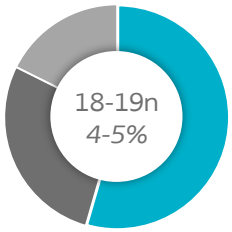
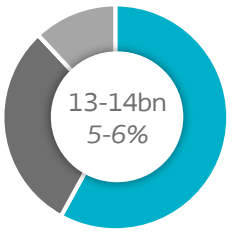
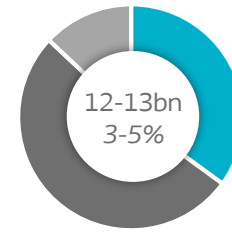
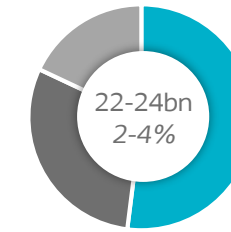












**Economic restraints** drive reimbursement reforms, **introduction of tenders**, and lower treatment cost

Coloplast addressable market growth is 4-5%



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

■ Europe  
■ Developed  
■ Emerging

	Ostomy	Continence	Urology	Wound Care
<b>Addressable market</b>  Size in DKK Growth in %				
<b>Coloplast regional market shares</b>	40 - 50% 15 - 25% 40 - 50%	45 - 55% 20 - 30% 30 - 40%	20 - 25% 15 - 20% 5 - 10%	5 - 10% 0 - 5% 5 - 10%
<b>Coloplast total market share</b>	35-40%	~40%	~15%	5-10%
<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>

# Our LEAD20 strategy expires this year and has successfully accelerated growth and long-term value creation

## LEAD20 strategy



## Long-term guidance

End of FY19/20

Revenue growth  
annual organic



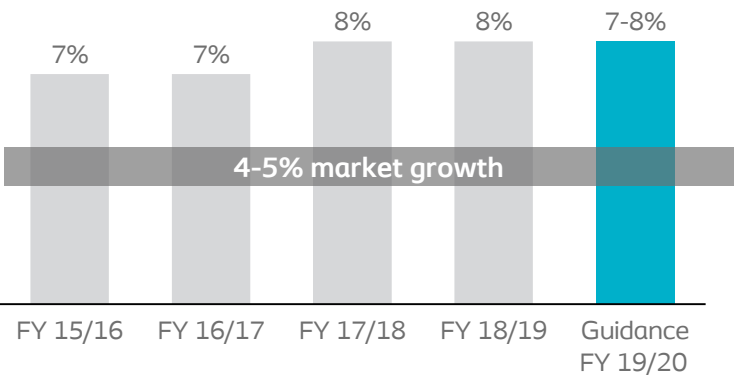
EBIT margin  
constant currencies



## Financial performance

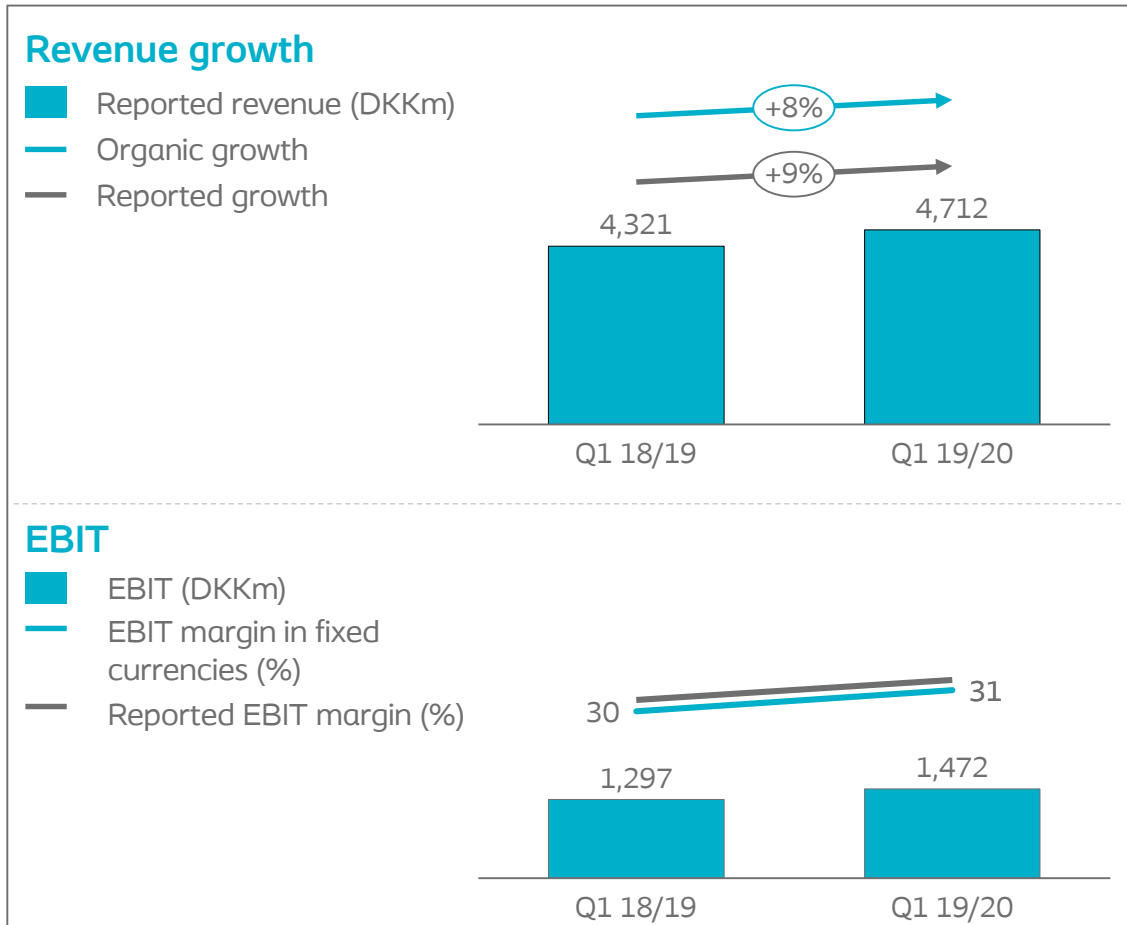
Organic growth, EBIT (%) & ROIC (%)

Full year Quarter



EBIT % <sup>1</sup>	33	32	31	31	~31
ROIC <sup>2</sup>	49	47	44	48	

# Solid start to the year with 8% organic growth in Q1 and guidance for 2019/20 maintained



## Q1 2019/20 Highlights

- Organic growth of 8% (9% reported growth in DKK) driven by solid momentum across all business areas and geographies
- Solid quarter in Emerging markets driven by China, Latin America and timing of tenders in Russia
- Negative impact from French price reform
- FX had a positive impact of a little more than 1%
- EBIT grew 13% to DKK 1,472m and an EBIT margin of 31% in DKK. EBIT margin positively impacted by less than 1%-point from FX
- Positive impact from “Global Operations Plan 4” and closure of Thisted factory in 2019 partly offset by cost pressures in Hungary
- Incremental investments of up to 2% of revenue in sales and marketing initiatives across all business areas
- ROIC after tax before special items<sup>(1)</sup> in Q1 was 47%
- New share buy-back program of DKK 500m expected to be launched in Q2 19/20 and completed by financial year-end 19/20
- Unchanged financial guidance for 2019/20:
  - Organic revenue growth of 7-8% and 7-8% reported growth in DKK, assuming negative price pressure of up to -1%
  - EBIT margin of ~31% in constant FX and ~31% in DKK
  - Coloplast is monitoring the Coronavirus outbreak in China closely. The financial impact of the situation is uncertain. Our full year guidance assumes that the situation normalises during Q2
  - Capex of DKK 850m and tax rate of 23%

(1) Special items: Balance sheet items related to the provision in connection with settlements in lawsuits in the USA alleging injury resulting from the use of trans-vaginal surgical mesh products.



# Solid growth across all business areas and geographical regions

## Q1 19/20 revenue by business area

Business area	Reported revenue DKKm	Organic growth	Share of organic growth
Ostomy Care	1,907	9%	45%
Continence Care	1,686	6%	27%
Interventional Urology	535	9%	13%
Wound & Skin Care	584	10%	15%
<b>Coloplast Group</b>	<b>4,712</b>	<b>8%</b>	<b>100%</b>

## Q1 19/20 revenue by geography

Geographic area	Reported revenue DKKm	Organic growth	Share of organic growth
European markets	2,744	5%	37%
Other developed markets	1,178	10%	30%
Emerging markets	790	16%	33%
<b>Coloplast Group</b>	<b>4,712</b>	<b>8%</b>	<b>100%</b>

# Unchanged guidance for FY 2019/20

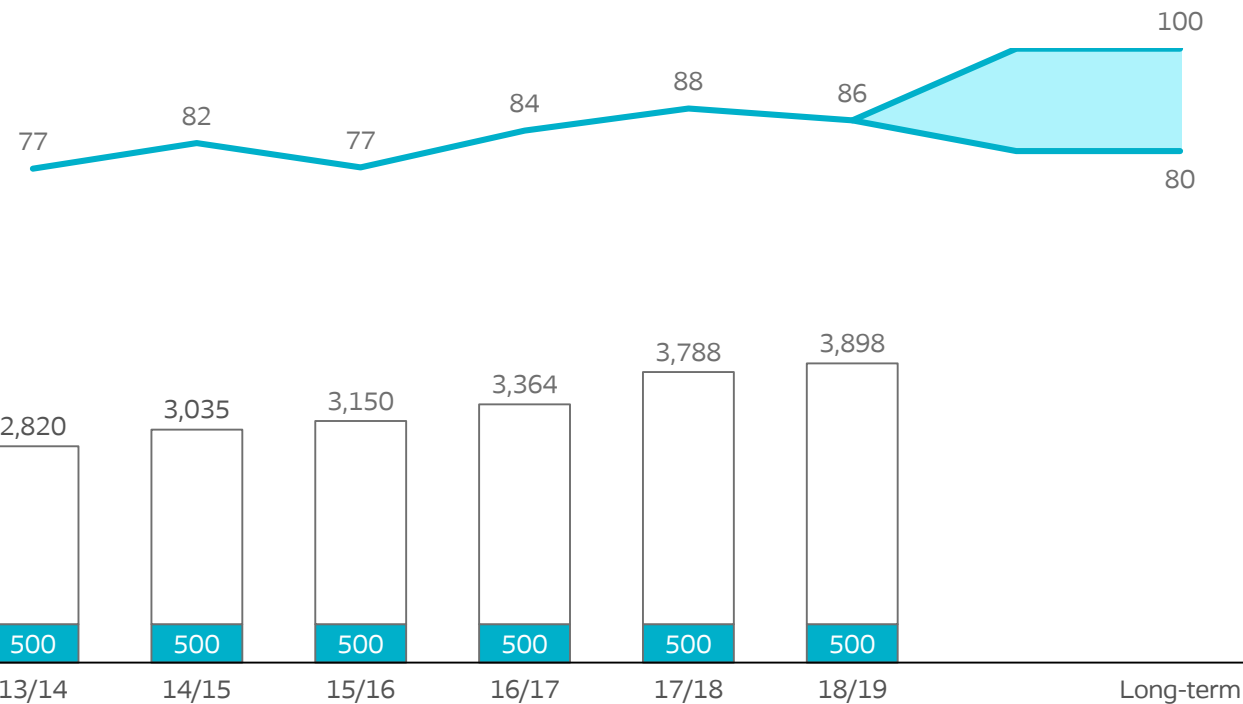
	Guidance 2019/20	Guidance 2019/20 (DKK)*	Key assumptions
<b>Sales growth</b>	7-8% (organic)	7-8%	<ul style="list-style-type: none"> <li>Stable growth trends across regions and business areas</li> <li>Up to 1% negative price pressure from reforms in France, Holland and Switzerland</li> <li>Approx. half of 9% price cut in Chronic Care in France has been mitigated</li> <li>Coloplast is monitoring the Coronavirus outbreak in China closely. The financial impact of the situation is uncertain. Our full year guidance assumes that the situation normalises during Q2</li> </ul>
<b>EBIT margin</b>	~31% (constant exchange rates)	~31%	<ul style="list-style-type: none"> <li>Leverage effect on fixed costs e.g. distribution, admin and R&amp;D costs</li> <li>Global Operations Plan 4 – savings of 100bps partly offset by negative impact from wage inflation and labour shortages in Hungary</li> <li>Incremental investments of up to 2% of revenue in China, other EM countries, US and UK</li> <li>No restructuring costs</li> </ul>
<b>CAPEX (DKKm)</b>		~850	<ul style="list-style-type: none"> <li>New machines for new and existing products</li> <li>Establishment of volume site in Costa Rica</li> <li>Investments into automation at volumes sites</li> <li>IT investments</li> </ul>
<b>Tax rate</b>		~23%	

\*DKK guidance is based on spot rates as of February 4<sup>th</sup> 2020

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

## Coloplast cash distribution to investors

□ Dividends paid out in the year (mDKK) <sup>(1)</sup> ■ Share buy-back (DKKm) — Pay-out ratio (%) <sup>(2)</sup>



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 2018/19, 2015/16, 2014/15 and 2013/14 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 17 per share for 2018/19
  - DKK 5 per share dividend paid in connection with half-year results
  - DKK 12 per share dividend to be proposed at 2019 AGM
- The two year DKK 1bn share buy-back program was completed in Q4 2018/19
- New share buy-back program of DKK 500m was launched last week in Q2 19/20 and expected to be completed by financial year-end 19/20

# Making it easier\_ to be yourself

Clothes are a part of my identity, so I worried about what I could wear after my operation. Today, I still dress the way I want.



## Coloplast Capital Market Day 2020

24 June 2020 in Copenhagen – SAVE THE DATE!

The event is intended to give institutional investors and equity analysts an introduction to the new long term strategy for the company as well as the opportunity to meet with the broader Management team. Please contact Hannah Katrine Larsen [dkhaki@coloplast.com](mailto:dkhaki@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