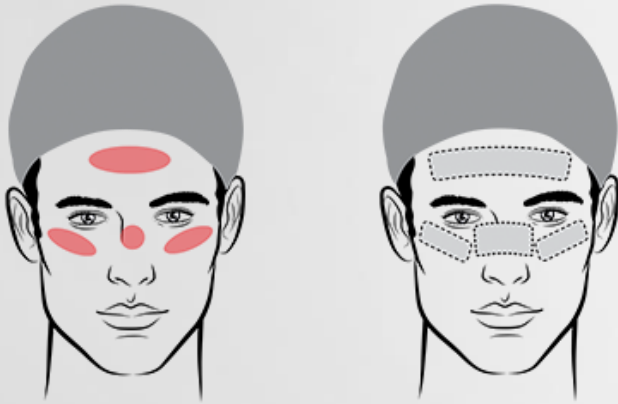


# Making life easier\_



## Leading intimate healthcare

Morningstar and BNY Mellon's Global Equity Conference

30 June 2020

Making life easier

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

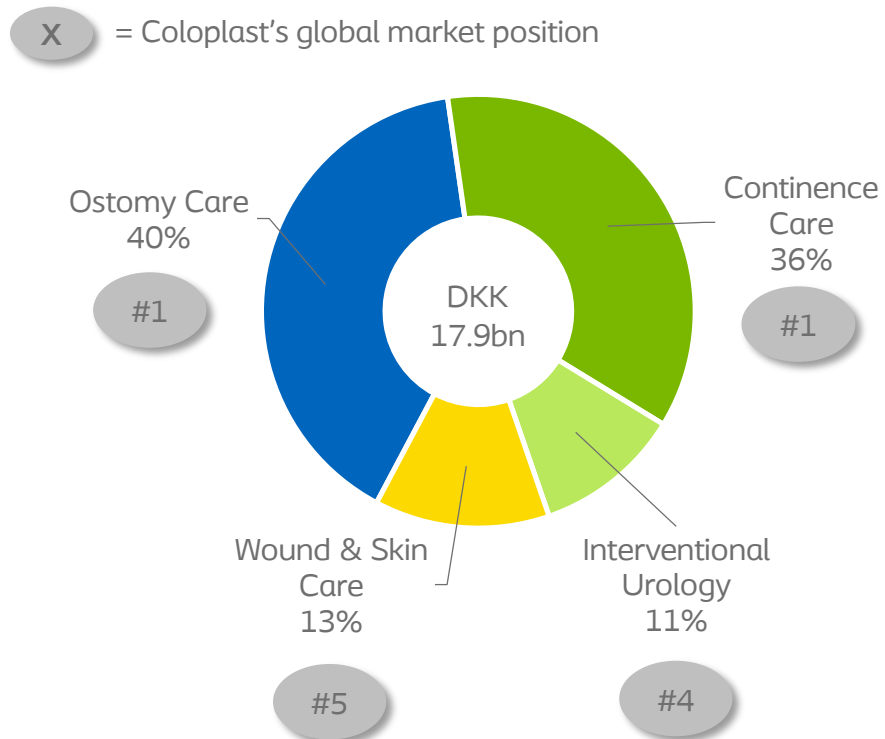
# Forward-looking statements

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.

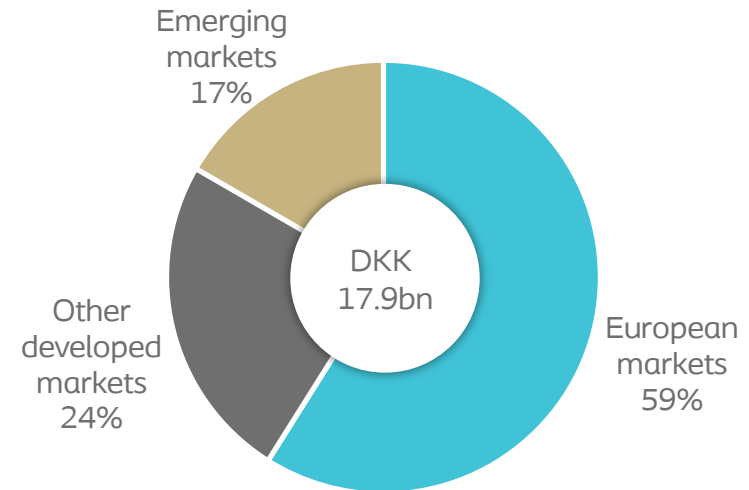
Heavy fluctuations in the exchange rates of important currencies, significant changes in the healthcare sector or major changes in the world economy may impact Coloplast's possibilities of achieving the long-term objectives set as well as for fulfilling expectations and may affect the company's financial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

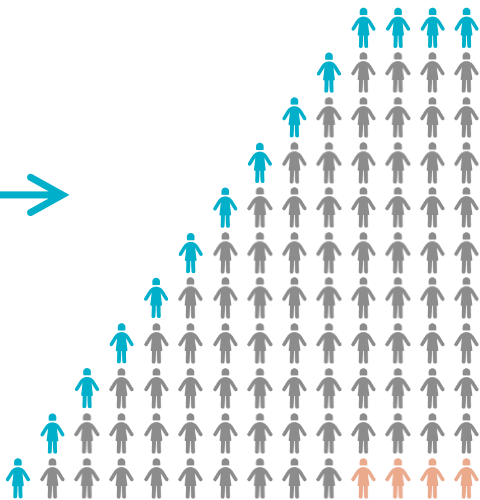
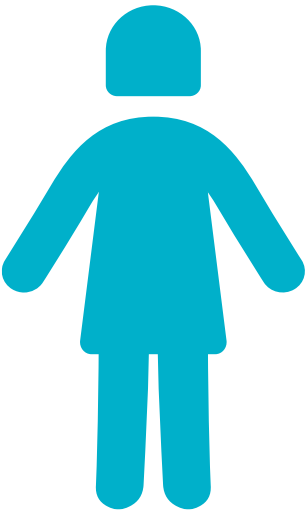


# The Chronic Care model secures a predictable revenue stream and stable revenue growth

## The chronic care user flow

New user

Installed base of users



One new patient per year...

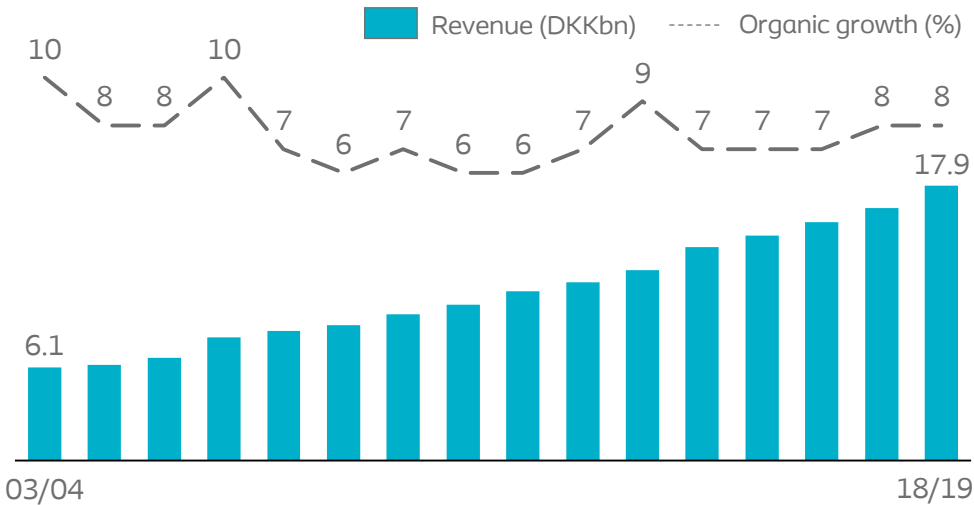
... secures ~10-30 years of predictable revenue stream

Chronic Care condition

Stable flow of loyal users

Solid reimbursement

## Coloplast group revenues



# 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

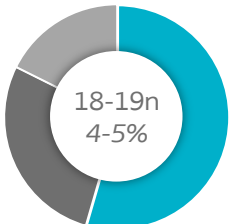
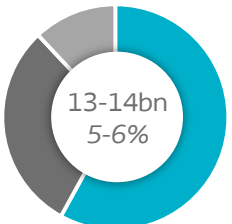
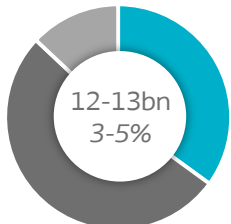
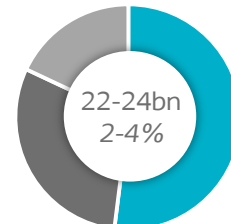




### Healthcare reforms

**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



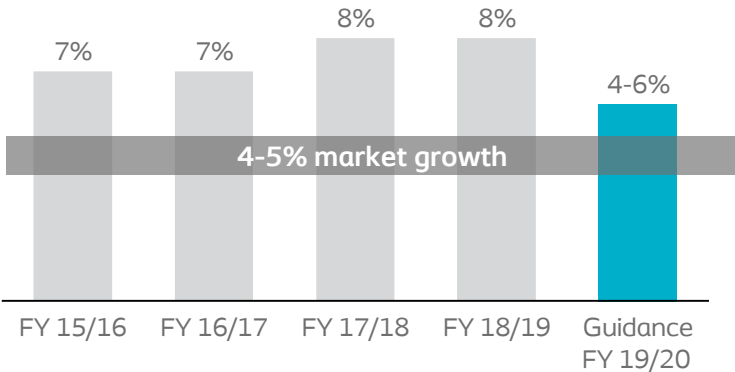
EBIT margin  
constant currencies



## Financial performance

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

Full year Quarter

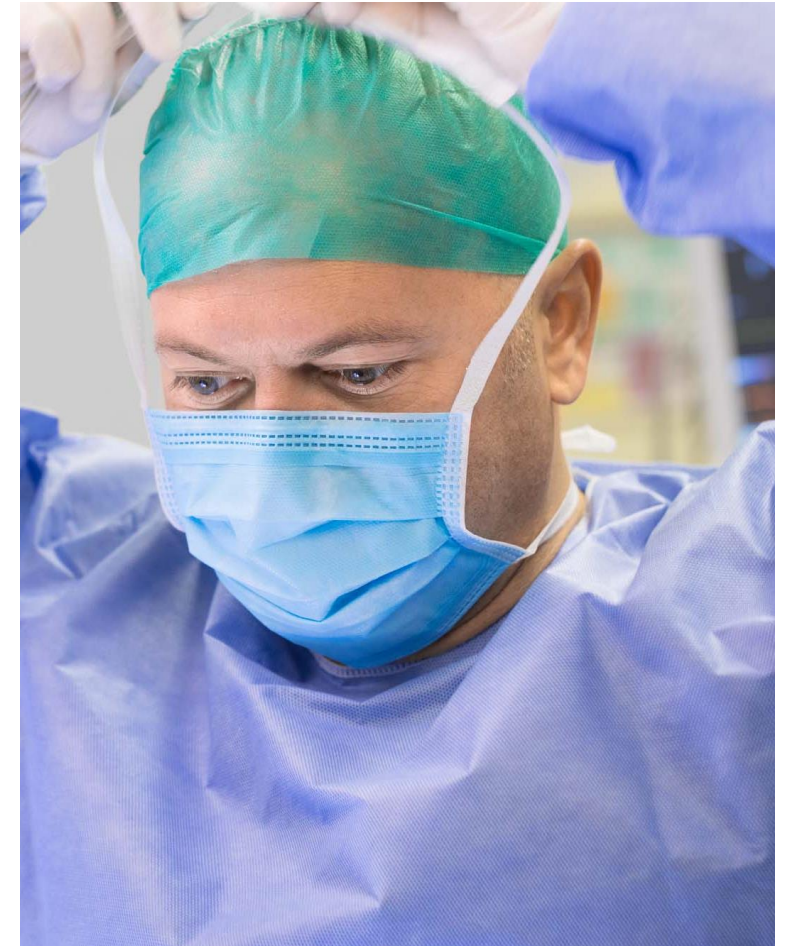


EBIT % <sup>1</sup>	33	32	31	31	30-31
ROIC <sup>2</sup>	49	47	44	48	



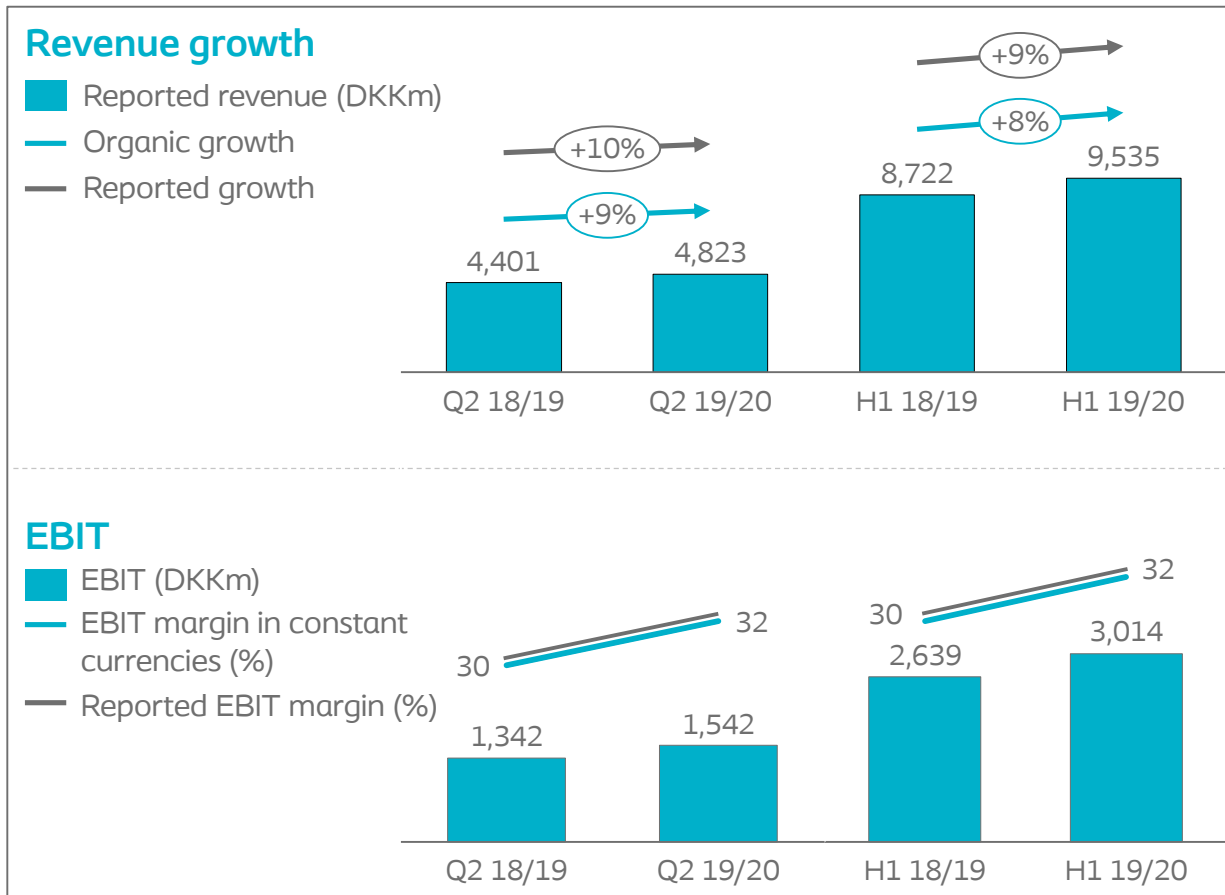
# An update on how Coloplast is navigating the COVID-19 pandemic

- **Three key priorities: keeping our people safe, continuing to serve our customers and maintaining business operations**
  - Global guidelines, safety measures and contingency plans implemented
  - Support consumers with dependable delivery of products and close dialogue through direct businesses and consumer teams in +30 markets
  - Virtual engagement with health care professionals and training programmes to upskill sales force
  - Prudent approach to costs yet firm commitment to investments in innovation and commercial initiatives
- **Positive and negative drivers in Q2 due to COVID-19:**
  - Positive impact of DKK ~150m from stock building in primarily Europe. Will partially reverse in H2 19/20, however due to the uncertainty of COVID-19 some safety stock will remain with distributors and end-users
  - Negative impact in Ostomy Care and Wound Care in China. The situation is expected to gradually normalise during second half of 19/20
  - Negative impact in Interventional Urology due to postponed elective procedures, in particular in the US. The situation is expected to gradually normalise during second half of 19/20



**Financial guidance for 2019/20 maintained**

# Continued solid performance in Q2 impacted by COVID-19 outbreak and stock building in primarily Europe



## Q2 Highlights

- Organic growth of 9% and 10% reported growth in DKK
- Chronic Care delivered a strong underlying growth in Q2 ex-China with a positive impact of DKK ~150m from stock building in primarily Europe
- In Q2, Wound Care delivered negative 2% organic growth due to the COVID-19 outbreak in China and cancellation of procedures
- In Q2, Interventional Urology delivered 3% organic growth impacted by a temporary decline in elective procedures in primarily the US
- EBIT grew 15% to DKK 1,542m and a reported EBIT margin of 32% positively impacted by cost saving initiatives. Continued investment in R&D and commercial investments apart from Interventional Urology
- ROIC after tax before special items<sup>(1)</sup> of 46%
- Half year interim dividend of DKK 5.0 per share
- Financial guidance for 2019/20:
  - Organic revenue growth of 4-6% and 4-6% reported growth in DKK
  - EBIT margin of 30-31% in constant exchange rates and 30-31% in DKK
  - Capex of DKK 950m vs. 850m previously to ensure sufficient capacity for new and existing products

(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 in Chronic Care in Q2 lifted by stock building in Europe; China & Interventional Urology negatively impacted

## Q2 19/20 revenue by business area

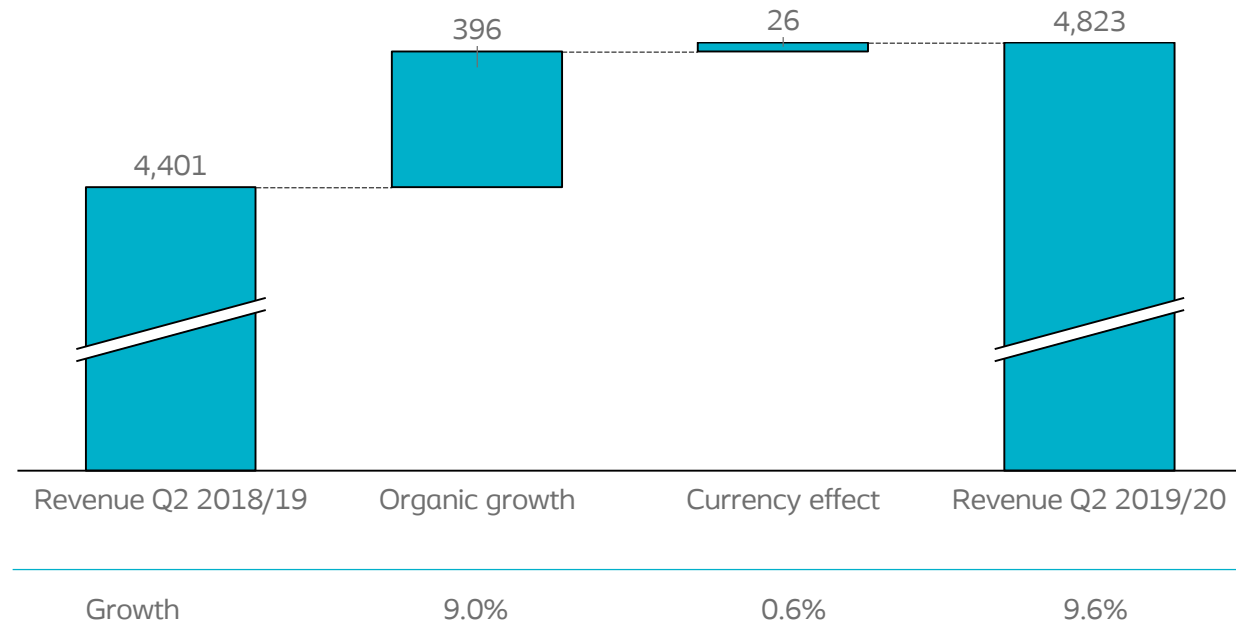
Business area	Reported revenue DKKm	Organic growth	Share of organic growth
Ostomy Care	1,920	10%	44%
Continence Care	1,776	12%	46%
Interventional Urology	507	3%	3%
Wound & Skin Care	620	4%	6%
<b>Coloplast Group</b>	<b>4,823</b>	<b>9%</b>	<b>100%</b>

## Q2 19/20 revenue by geography

Geographic area	Reported revenue DKKm	Organic growth	Share of organic growth
European markets	2,847	9%	57%
Other developed markets	1,172	11%	29%
Emerging markets	804	7%	14%
<b>Coloplast Group</b>	<b>4,823</b>	<b>9%</b>	<b>100%</b>

# Q2 2019/20 reported revenue grew 10% driven by solid organic growth of 9%

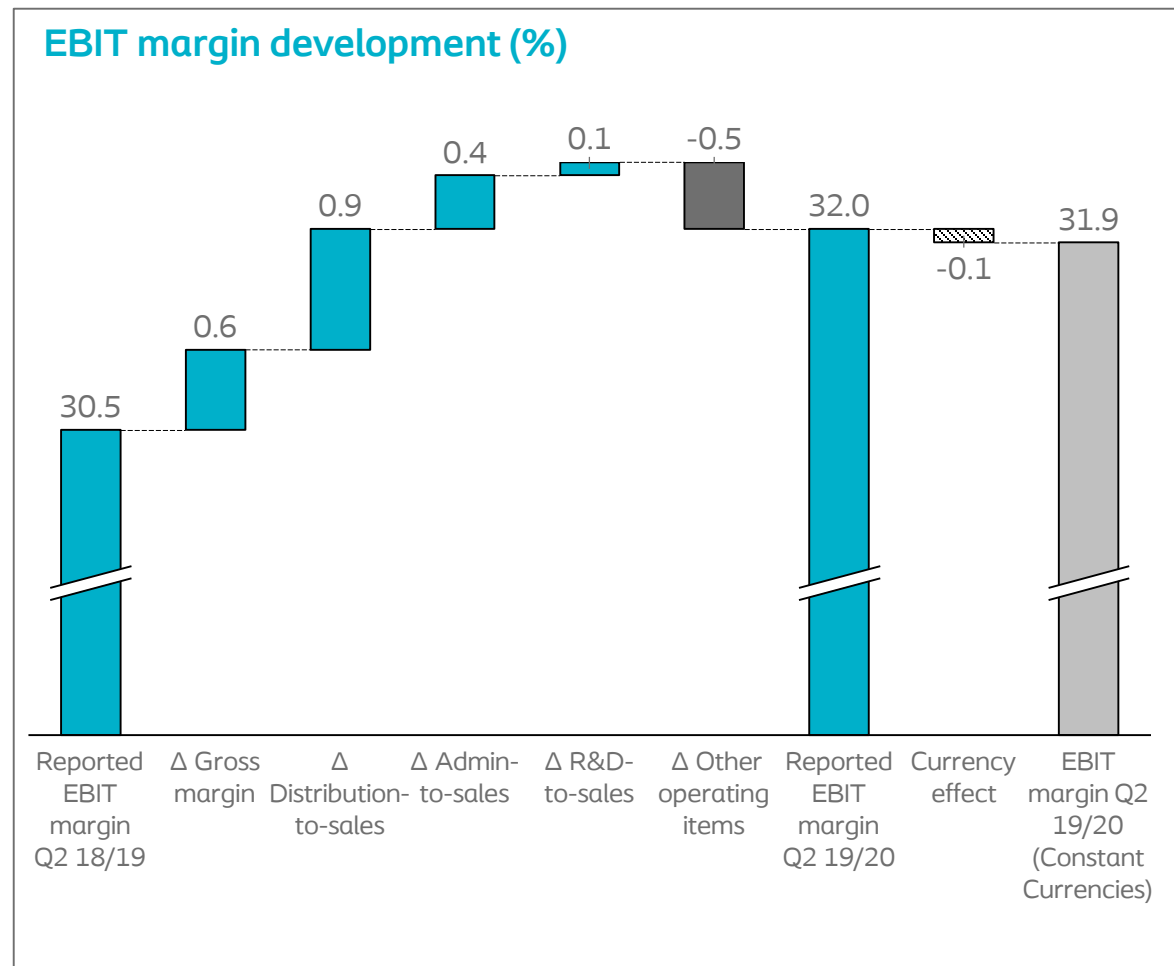
## Revenue development (DKKm)



## Comments

- Q2 2019/20 reported revenue increased by DKK 442m or 10% compared to Q2 2018/19
- The majority of growth was driven by organic growth contributing DKK 396m or 9% to reported revenue
- Positive and negative drivers related to COVID-19
  - + Positive impact of DKK 150m from stock building in primarily Europe
  - ÷ Negative impact from Ostomy Care and Wound Care in China
  - ÷ Negative impact from Interventional Urology
- Foreign exchange rates had a positive impact of DKK 26m or 1% on reported revenue primarily due to the appreciation of the USD and GBP against the Danish kroner

# EBIT grew 15% in Q2 driven by underlying operating leverage and lower commercial spending during the COVID-19 outbreak

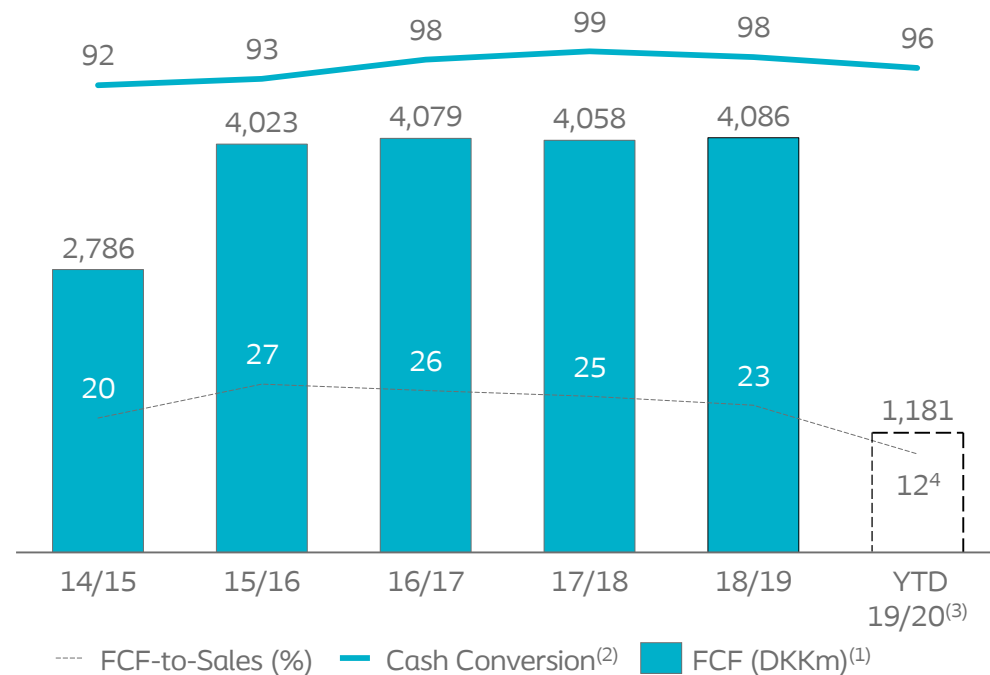


## Comments

- Q2 gross margin of 68% in DKK compared to 67% last year
  - Positive impact from operating leverage driven by revenue growth, GOP4 and the closure of the Thisted factory in June 2019
- Negative impact from product mix due to decline in sales in Interventional Urology, salary inflation and labour shortages in Hungary and extraordinary costs due to COVID-19
- No restructuring costs vs. DKK 10m in restructuring costs in Q2 18/19 related to reduction of production employees in DK
- Distribution-to-sales of 28% vs. 29% last year
  - In absolute terms, distribution costs only increased by DKK 78m or 6% against Q2 last year due to reduced commercial activities and expenses during the COVID-19 outbreak
  - Investments in sales and marketing activities in for example China, US, UK are all on track, apart from in Interventional Urology where investments are on hold due to the COVID-19 situation
- R&D costs grew 6% against Q2 last year
- Other operating income declined DKK 23m due to a DKK 16m gain on the sale of former production facilities in Q2 last year
- EBIT increased 15% to DKK 1,542m with a reported margin of 32%, 150bps higher than last year (positive impact of 10 bps from FX)

# FCF driven by solid underlying development in earnings

## FCF development



## Comments

- Free cash flow in H1 2019/20 was DKK 1,181m, up 18% compared to DKK 1,004m in H1 2018/19
- Adjusted for the positive impact of DKK 95m related to the reclassification of lease payments following the adoption of IFRS 16, the free cash flow was up 8%
- Operating cash flow was up 33% to DKK 1,641m compared to DKK 1,234m last year including the abovementioned DKK 95m positive IFRS 16 adjustment. Apart from the adjustments the positive development was mainly due to an increase in operating profit (EBIT)
  - Reported EBIT DKK 375m higher than in H1 2018/19
  - NWC-to-sales of 24% on par with last year. Closely monitoring receivables in particularly Emerging Markets
- CAPEX-to-sales of 5% vs. 3% in H1 2018/19. The increase was mainly linked to investments in automation, IT and timing of investments in manufacturing equipment during the course of the year

1) FCF in 2014/15, 2015/16 and 2018/19 adjusted for Mesh payments. FCF in 2016/17 and 2017/18 adjusted for Mesh payments and acquisitions. Adjustment for Mesh payments includes DKK 500m insurance coverage in 2014/15.

2) Cash Conversion calculated as FCF ex. Mesh payments, interest payments, tax payments, M&A and marketable securities relative to EBIT before special items.

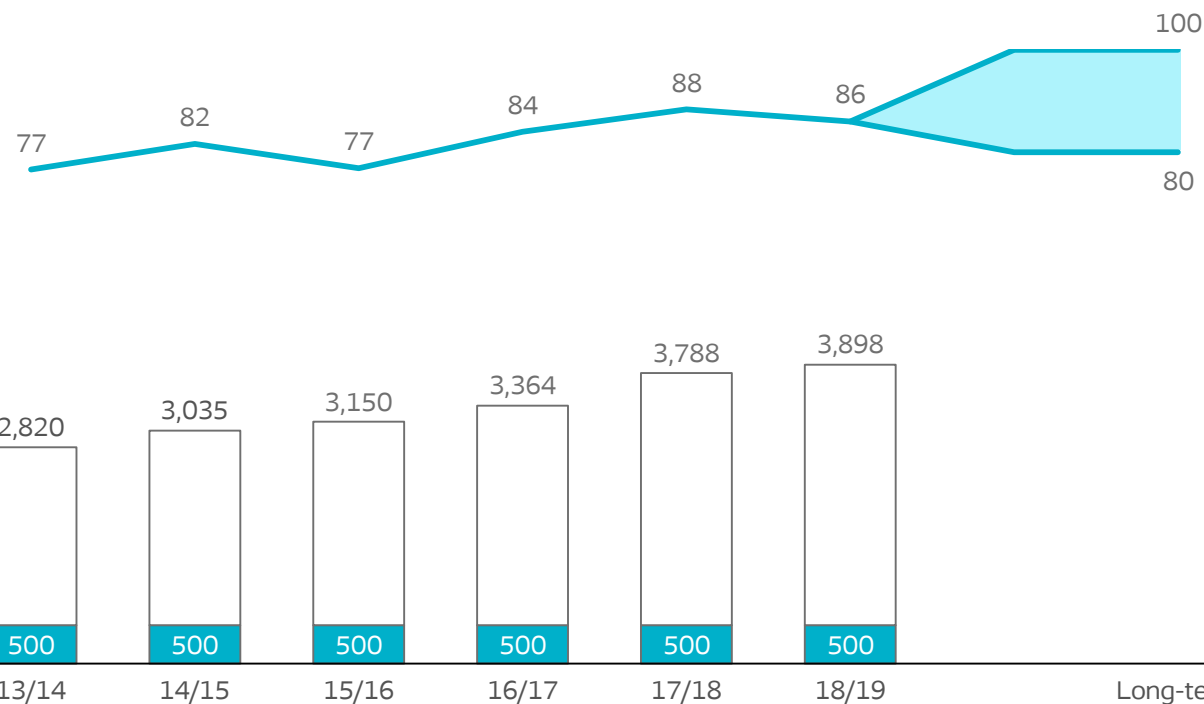
3) Cash Conversion is trailing twelve months

4) FCF-to-Sales YTD 2018/19: 12%

# 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
- H1 2019/20 interim dividend of DKK 5.0 per share for a total interim dividend of DKK 1,064m
- Share buy-back program of DKK 500m launched in Q2 19/20 and expected to be completed by financial year-end 19/20

# Financial guidance for FY 2019/20 – updated capex guidance

	Guidance 2019/20	Guidance 2019/20 (DKK)*	Key assumptions
<b>Sales growth</b>	4-6% (organic)	4-6%	<ul style="list-style-type: none"> <li>The situation in Interventional Urology gradually normalises during H2</li> <li>The situation in China in Ostomy Care and Wound Care gradually normalises during H2</li> <li>The large stock building impact in Q2 in primarily Europe partially reverses in H2</li> <li>Stable supply and distribution of products across the company</li> <li>Up to 1% negative price pressure from reforms in France, Holland and Switzerland</li> </ul>
<b>EBIT margin</b>	30-31% (constant exchange rates)	30-31%	<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, but on hold in Interventional Urology</li> <li>No restructuring costs</li> <li>Prudent approach to costs due to COVID-19 situation</li> </ul>
<b>CAPEX (DKKm)</b>		~850m increased to ~950m	<ul style="list-style-type: none"> <li>New machines for new and existing products, establishment of volume site in Costa Rica, investments into automation at volumes sites and IT investments</li> <li>Capex increased by DKK 100m to ensure sufficient production capacity for new and existing products</li> </ul>
<b>Tax rate</b>		~23%	

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



# Key highlights from 2018/19 Corporate Responsibility initiatives

## Empowering People



Our Access to Healthcare programme has supported 62 projects since 2007. This year, we entered a 3-year plan to raise the standard of care for spinal cord injured patients in China. Today, around two million Chinese citizens are spinal cord injured



>800 healthcare professionals attended Continenence Days in Denmark – focused on the neurogenic bladder and bowel



83% of users expressed feeling an improved quality of life through their participation in Coloplast Care

## Acting respectfully



New target to increase share of diverse teams (gender, generation, nationality)



30% reduction in occupational injuries in 18/19 to our 2020 target of a 3.0 LTI frequency



Established Remuneration and Nomination Committee



Updated Code of Conduct, 99% of white collars trained



100% of raw material suppliers screened for human rights

## Minimising footprint



Achieved 100% electricity from renewable sources



32% recycling coverage of production waste in 18/19  
Target of 35% by the end of 2020

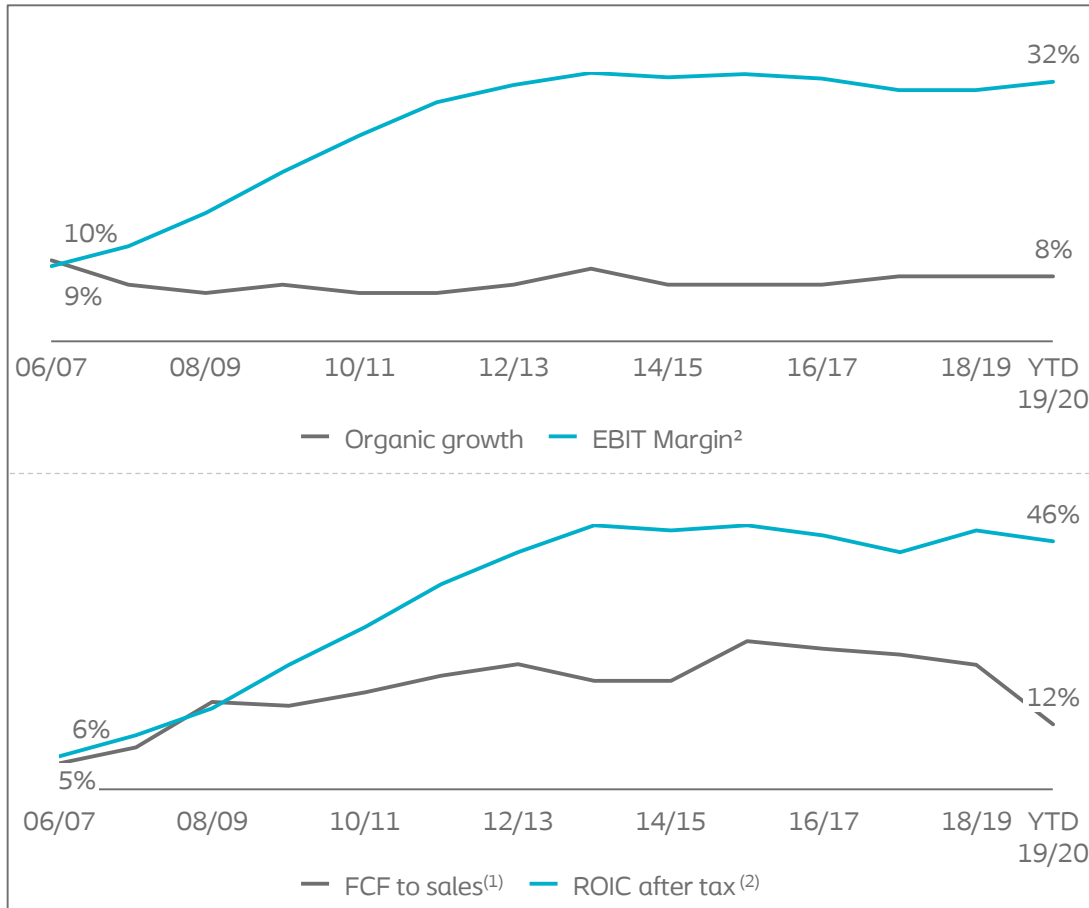


Airfreight as a % of total transport has decreased to 5.1% from 10.7% last year  
Long-term ambition is to reduce to less than 3%



NOTE: Full statements to be found in Coloplast's Corporate Responsibility Report 2018/19

# In sum, we believe Coloplast can continue to deliver stable shareholder returns through ...



## Comments

- Stable market trends in our Chronic Care business
- Strong Coloplast Care retention program and innovative DtC activities
- Increased focus on growing the business outside Europe
- Additional improvements in manufacturing by leveraging on global operations footprint
- European leverage will provide funds for further investments in sales initiatives
- Resulting in strong free cash flow generation and high return on invested capital

1) FCF adjusted for Mesh payments in 2013/14, 2014/15, 2015/16, 2016/17, 2017/18, 2018/19 and acquisitions in 2016/17 and 2017/18. Adjustment for Mesh payments includes DKK 500m insurance coverage in 2013/14 and 2014/15 combined.

2) Before special items. Special items 2013/14 include DKK 1bn net provision. Special items 2014/15 include DKK 3bn provision. Special items 2015/16 include DKK 0.75bn provision. Special items 2018/19 include DKK 0.4bn provision

## 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