

# 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

## Coloplast Earnings Conference Call Q1 2019/20

February 6<sup>th</sup>, 2020

Making life easier

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

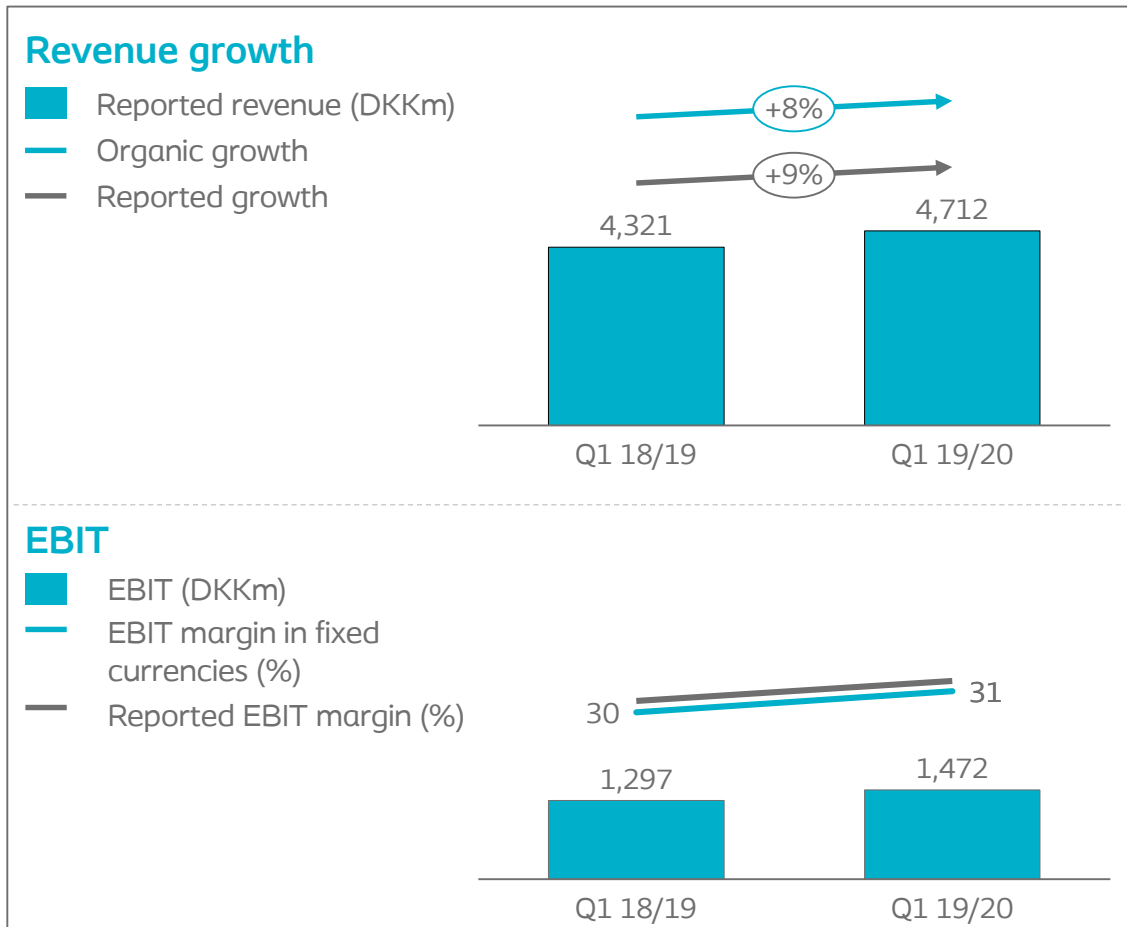


# Forward-looking statements

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.

# 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

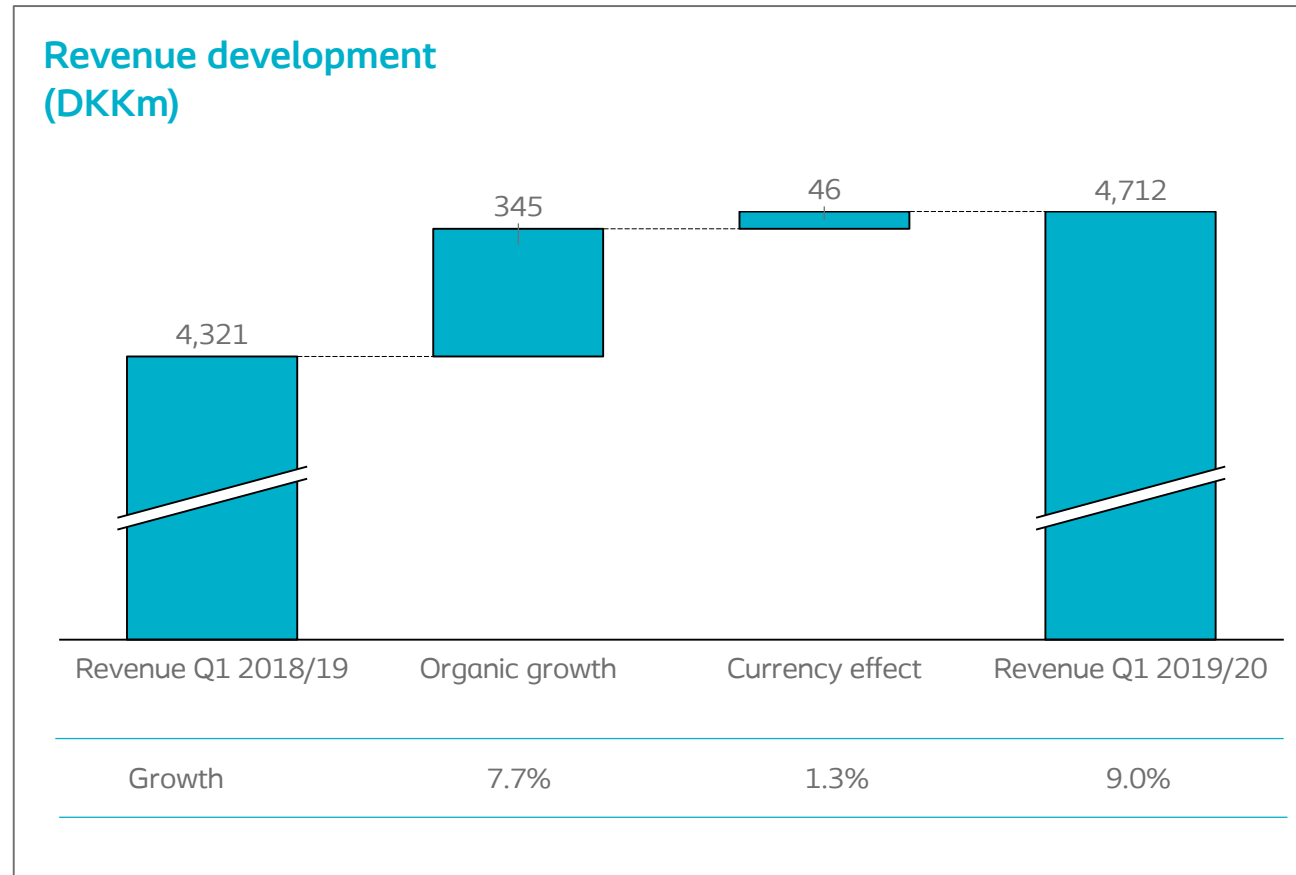
## Q1 19/20 revenue by business area

Business area	Reported revenue DKKm	Organic growth	Share of organic growth
Ostomy Care	1,907	9%	45%
Continance 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>

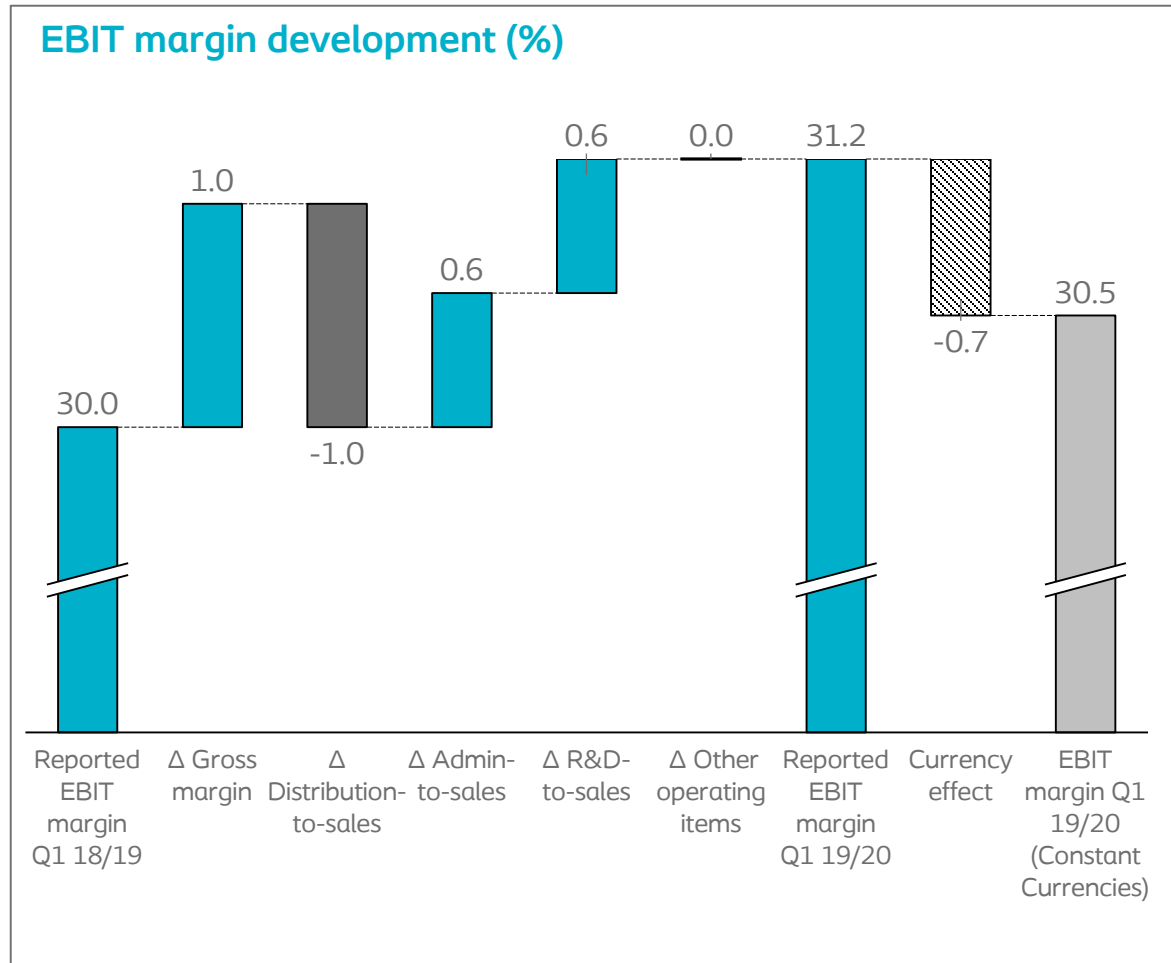
# Q1 2019/20 reported revenue grew 9% driven by solid organic growth of 8%



## Comments

- Q1 2019/20 reported revenue increased by DKK 391m or 9% compared to Q1 2018/19
- The majority of growth was driven by organic growth contributing DKK 345m or 8% to reported revenue
- Foreign exchange rates had a positive impact of DKK 46m or 1% on reported revenue primarily due to the appreciation of the USD and GBP against the Danish kroner.

# EBIT grew 13% in Q1 2019/20



## Comments

- Gross margin of 68% in DKK compared to 67% last year
  - Positive impact from operating leverage driven by revenue growth, ongoing efficiency improvements, GOP4 and the closure of the Thisted factory in June 2019
- No restructuring costs vs. DKK 17m in restructuring costs in Q1 18/19 related to reduction of production employees in DK
- Negative impact from product mix and salary inflation and labour shortages in Hungary
- Distribution-to-sales of 30% vs. 29% last year
  - Incremental investments of up to 2% of revenue into sales and marketing initiatives across multiple markets and business areas including China and other emerging markets as well as the US and the UK
- Administrative expenses were DKK 171m, down DKK 12m (7%), mainly relating to a number of one-off costs incurred last year
- R&D costs was reduced by 7% vs. last year due to phasing of R&D projects in 2019/20
- EBIT increased 13% to DKK 1,472m with a reported margin of 31%, 120 bps higher than last year
  - Positive impact of 70 bps from FX

# 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

## 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