

# Chronic Care

Coloplast Capital Market Day 2009

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## Agenda

- **Chronic Care Product Portfolio**
- Ostomy Care
- Contenance Care
- Wound and Skin Care



## Chronic Care Portfolio covers four product-business areas addressing chronic conditions



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- Chronic Care Product Portfolio
- **Ostomy Care**
- Contenance Care
- Wound and Skin Care



# The US ostomy market is well defined and familiar to Coloplast

## Underlying conditions

- Colorectal cancer (33%)
- Inflammatory bowel disease (35%)
  - Crohns Disease
  - Ulcerative Colitis
- Bladder cancer (10%)

## Customer Groups

### Primary

- Nurses, mainly Wound, Ostomy Contenance nurses
- People with a stoma (ostomates)

### Secondary

- Wholesalers/distribution
- Hospital purchasers and GPOs
- Surgeons

## Call points

- Hospital nurses
- Hospital materials management
- National distributors
- Dealers
- Home care agencies

## Key products for the US Market



SenSura 1 and 2 piece  
Launched in 2007-2008



Assura 1 and 2 piece  
2nd generation launched 1996-2000

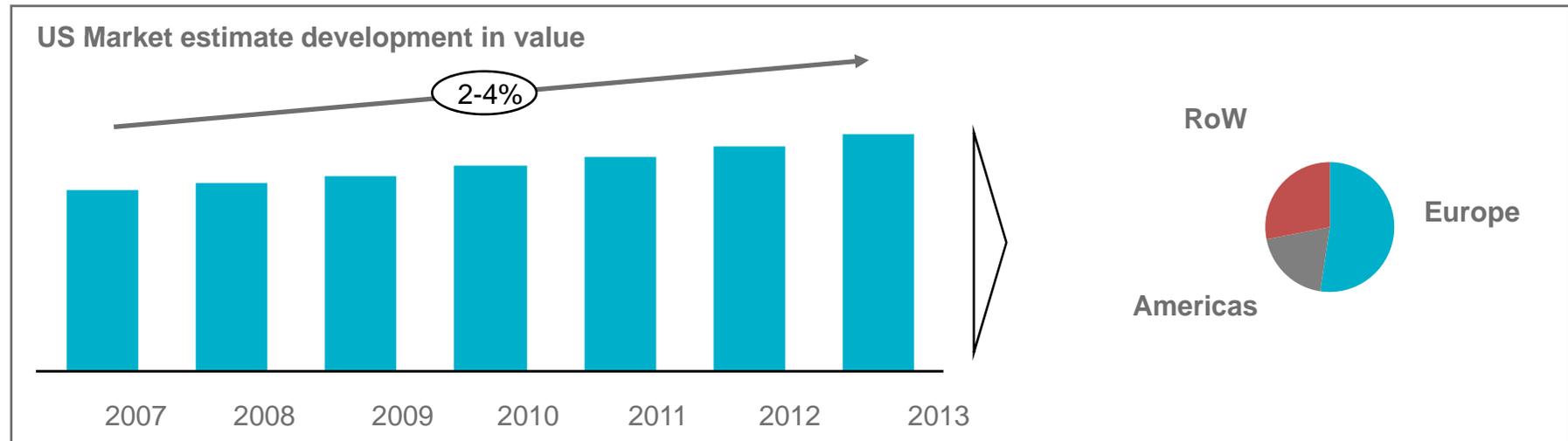


Easiflex, 2 piece flex  
Launched in 2003



Fistula Wound Management  
System launched in 2006

# The market for ostomy products is expected to grow slowly with both positive and negative factors impacting growth



### US Market Drivers

- ▶ Increasing incidence of Colorectal cancer and Diverticulitis
- ▶ Well-developed usage patterns with strong key opinion leaders

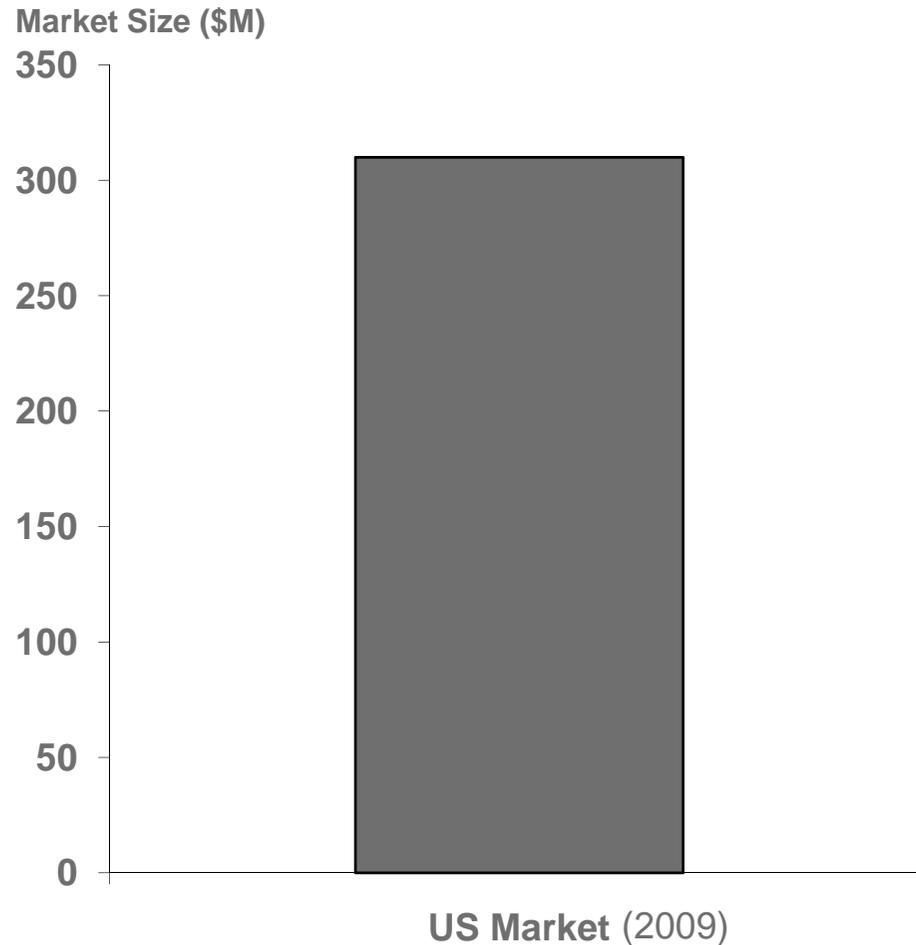
### US Market Limiters

- ▶ Reimbursement system encourages extended use of products

### US Market Trends

- ▶ National health care reforms aiming to reduce price and volume
- ▶ Increasing influence of financial decision makers within distribution and hospitals
- ▶ Improving treatment of stoma patients

# Hollister and ConvaTec dominate the market, and three local competitors have only 5% market share



# There are four primary customer segments and call points, where ostomy patients are cared for

| <b>Account type</b>      | <b>Description</b>  | <b>Rationale</b>  |
|--------------------------|---|---|
| <b>1. Hospitals</b>      | Acute care hospitals, independent or part of an Integrated Delivery Network, member of Group Purchasing Organizations. Also includes VA hospitals | Hospital generate New Patient Discharges and discharges to home health agency, long-term care facility, rehab and home. |
| <b>2. Home Health</b>    | Home Health Agencies provide medical care services for patient's at home  | Home health is a fragmented market, but is important for retention of patients as they transition from hospital to home |
| <b>3. Dealers</b>        | Dealers selling directly to end user  | The community market is supplied through the Durable Medical Equipment dealers  |
| <b>4. Distributors</b>   | Wholesalers, distributors selling to both dealers and facilities  | Typical national coverage, large volume of products.  |
| <b>5. Long Term Care</b> | Nursing homes   | Smaller number patients are discharged to long-term care facility   |

## Summary

- Large well defined attractive market
- Coloplast well positioned with superior products and programs
- Focused national sales coverage with emphasis on
  - new patient discharge
  - patient retention
  - competitor conversion



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- Chronic Care Product Portfolio
- Ostomy Care
- **Continence Care**
- Wound and Skin Care



# Introducing Continence Care in the US

## Underlying Conditions

- Spinal Cord Injury, SCI
- Spina Bifida, SB
- Multiple Sclerosis, MS
- BPH patients
- Neurogenic patients

## Customer Groups

### Primary

- Clinicians
- End-users
- Dealers / distributors

### Secondary

- Hospital purchasers
- Home health

## Call points

- Rehabilitation centers
- Urology clinics
- Pediatric clinics
- Long term care facilities
- National Distributors
- Dealers

## Key products for the US Market



Self-Cath intermittent catheter  
Launched 30+ years ago



SpeediCath line of hydrophilic  
coated catheters  
Launched in 2003

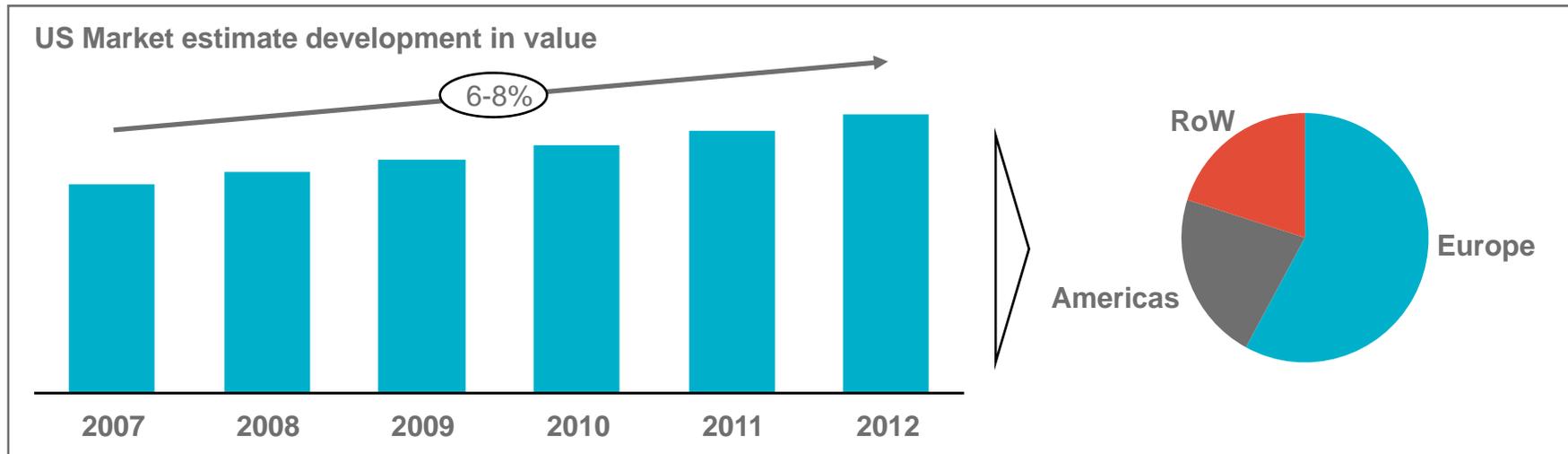


Freedom line of male external  
catheters  
Launched 25+ years ago



Conveen Security+ urine bag  
Launched 10+ years ago

# Growth of urinary continence supplies market has been accelerated by 2008 Medicare reimbursement change



## US Market Drivers

- ▶ Reimbursement policy change for intermittent catheters
- ▶ Large, under-penetrated population for intermittent catheters
- ▶ Moving users away from old solutions (uncoated caths, diapers)
- ▶ Patient's associations

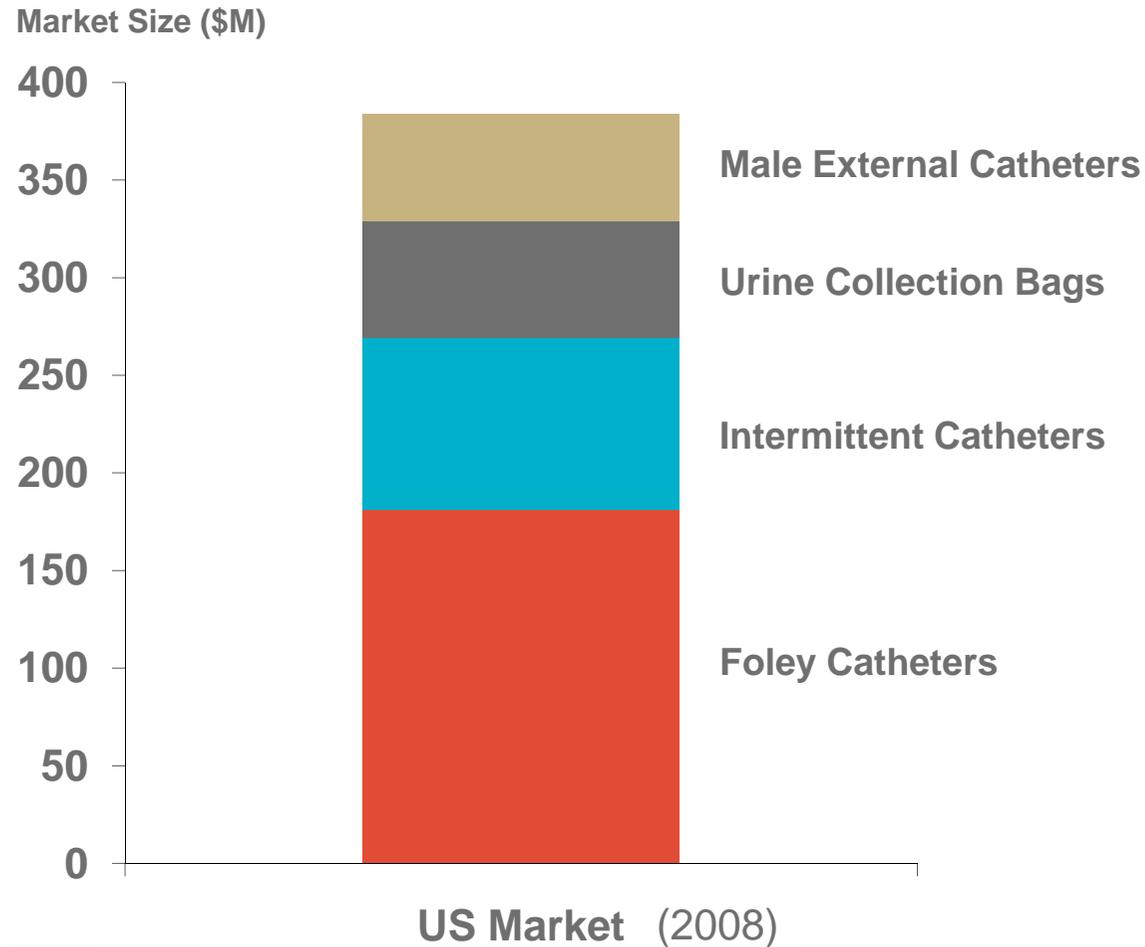
## US Market Limiters

- ▶ Single price reimbursement on product categories
- ▶ Commoditization and low-cost competitors entering

## US Market Trends

- ▶ Increasing amount of patients leaving hospital with a non-committed script
- ▶ Dealer preference is driven by product acquisition costs
- ▶ Aging population

# The urinary continence market consists of four product categories and has numerous competitors

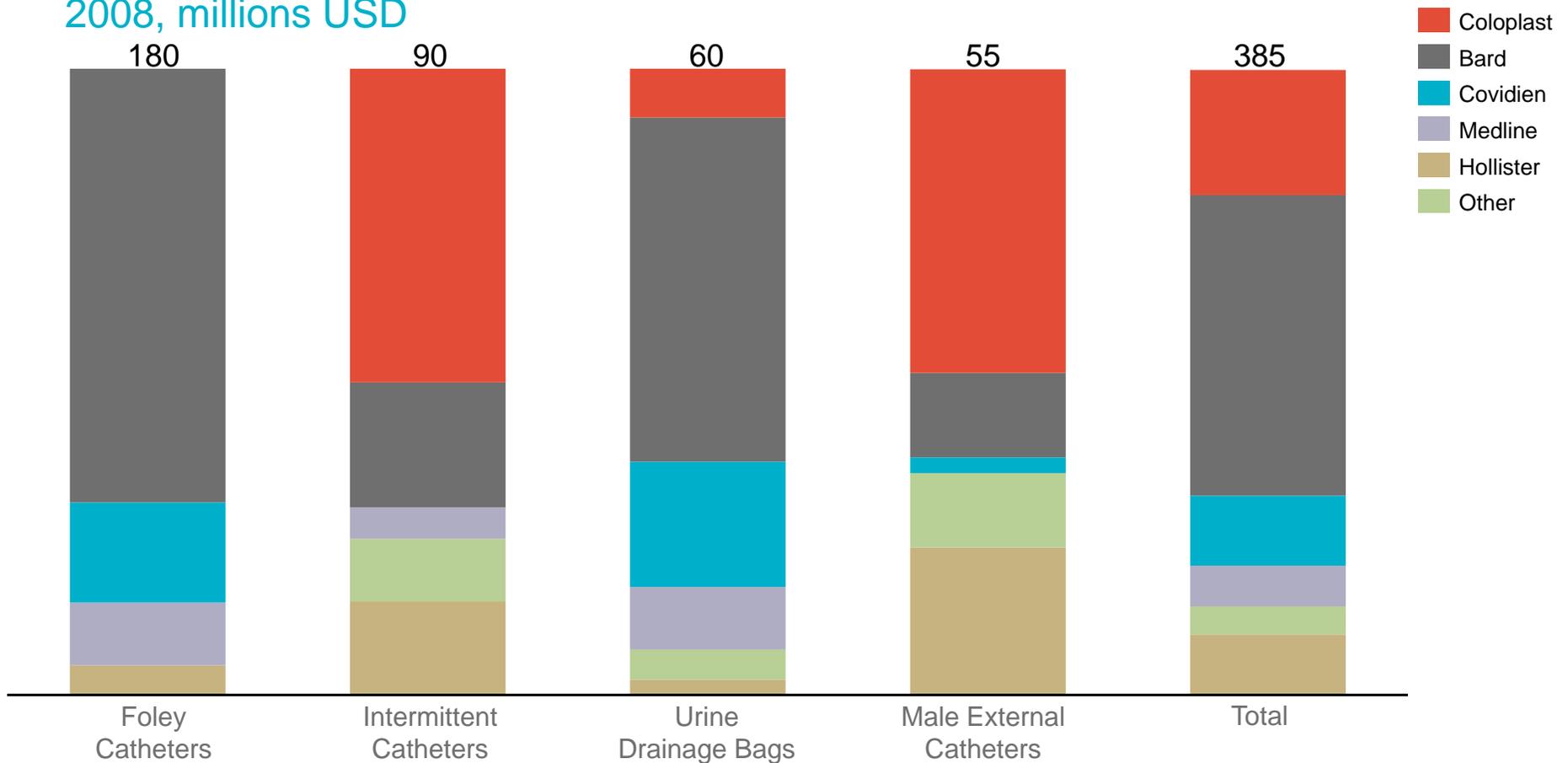


### Competition

- Hollister
- BAIRD
- Rochester Medical
- RUSCH  
A TELEFLEX COMPANY
- COVIDIEN
- MEDLINE

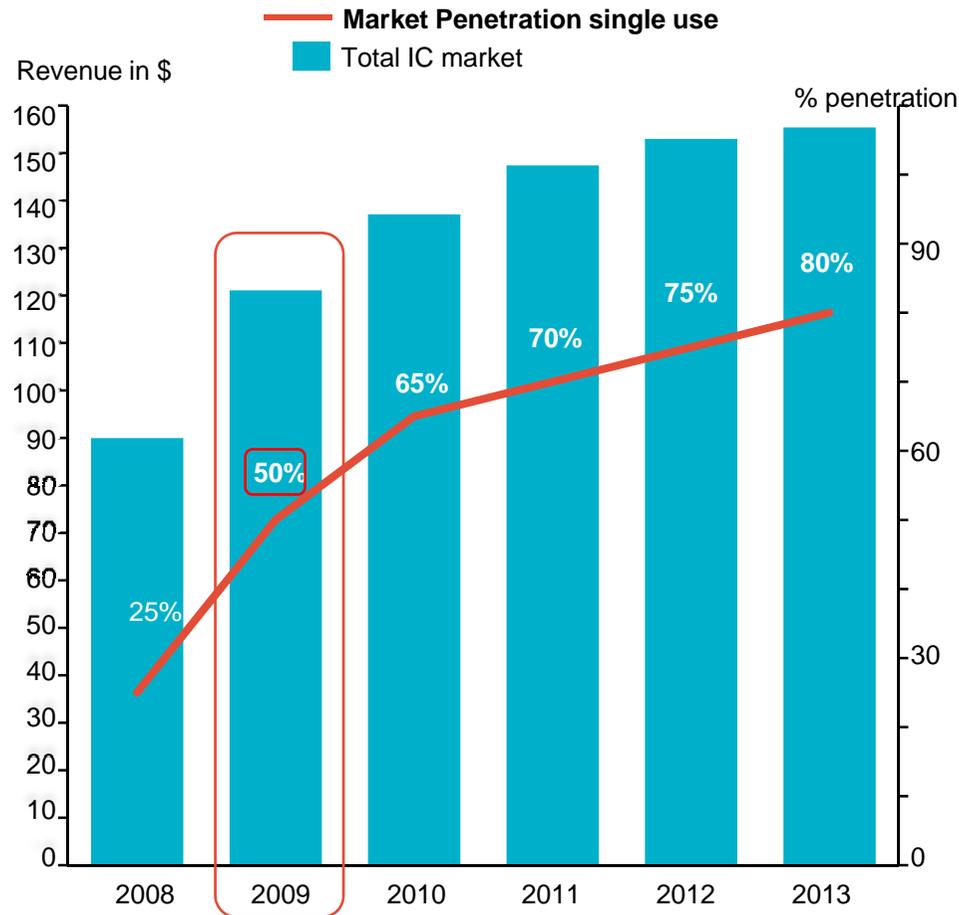
# Coloplast has market leading positions in intermittent and male external catheters. Bard is overall market leader.

2008, millions USD



Source: US Markets for Urology Devices 2008, Millennium Research Group (2007 data)

# Medicare reimbursement policy will expand intermittent catheter market by 70-80%



## Key Conclusions

- 16 months after the policy change about 50% of total market on single use
- After 2011 the effect of policy change is expected to flatten out
- 80% of total market is projected to be on single use in 2013

# Four clinical and two distribution primary call points in the urinary continence market

| <u>Account type</u>  | <u>Description</u>                                 | <u>Rationale</u>  |
|--|--|---|
| <b>1. Spinal Cord Injury centers</b>                             | Specialized model SCI centers.                     | SCI/SB/MS centers and VA hospitals generating majority of New Patient Discharges and also sets standard for treatment procedures. |
| <b>2. Spina Bifida centers</b>                                   | Including Shriners hospitals and pediatric centers |   |
| <b>3. Multiple Sclerosis centers</b>                             | Specialized MS centers                             |   |
| <b>4. Veterans Administration / other relevant rehab centers</b> | General rehab including VA rehab centers           |   |
| <b>5. Dealers</b>  | Dealers that sell directly to end users            | Durable Medical Equipment dealer handles distribution to community market.  |
| <b>6. Distributors</b>   | Distributor sells to dealers and facilities        | Typical national coverage, large volume of products.  |

## Summary

- Market trends very favorable enabled by reimbursement policy change
- Strong leading supplier of Intermittent and male external catheters
- Focus on expanding IC market through education of
  - Clinical decision makers
  - Dealers
  - End users



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# Introducing Wound and Skin Care in the US

**Underlying conditions**

Chronic Wounds

- Leg ulcers
- Diabetic foot ulcers
- Pressure ulcers

Moisture associated skin damage

- Incontinence
- Skin folds

Preventative skin care

**Customer Groups**

Hospitals / IDNs

- Clinical committees
- New product committees
- Materials management

Community

- Distributors / DME's
- Select Long Term Care
- Home Health Care

**Call points**

- Wound/Ostomy/Continence Nurses
- Intensive Care Units
- Burn units
- Pediatric / Neonatal units
- Wound clinics
- Dealers

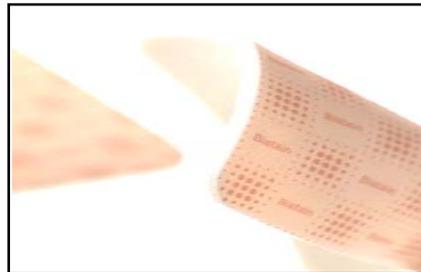
## Key products for the US Market

### Wound Care



SeaSorb® Soft Ag

- Alginate dressing with silver
- Launched in 2002



Biatain®

- High exudate management foam dressing
- Launched in 1998

### Skin Care



Sween®

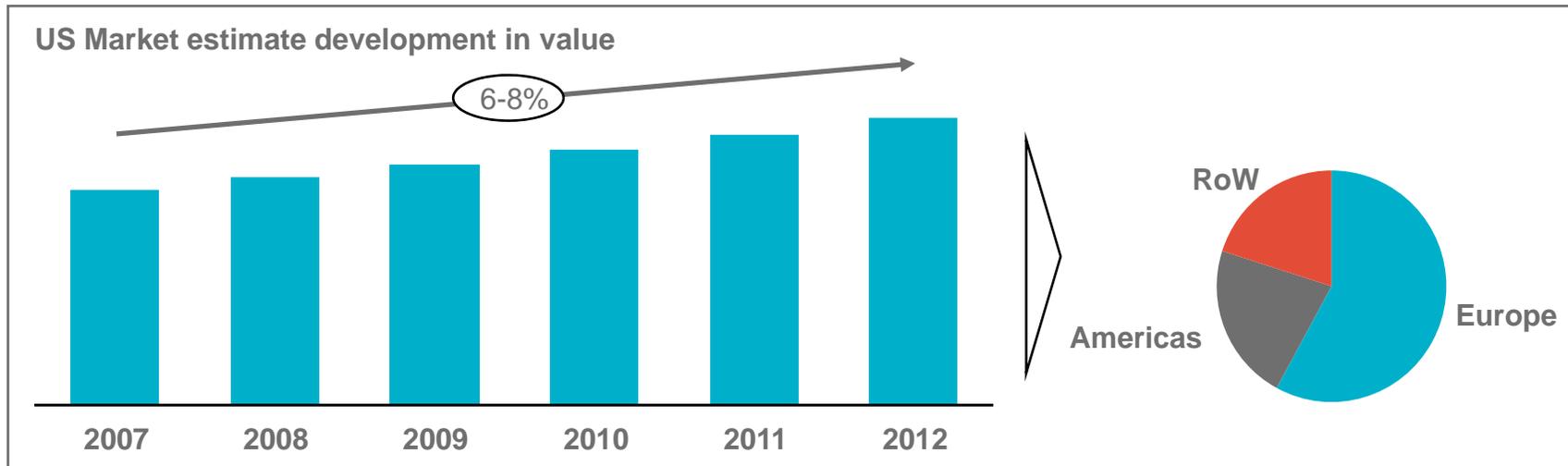
- Skin care products of distinction
- Launched in 2003 - 2005



InterDry™ Ag Textile

- Textile with antimicrobial silver complex
- Launched in 2006

# Recent changes in reimbursement policies drive healthy growth for wound and skin products



### US Market Drivers

- ▶ Hospital acquired conditions (HAC) policy for reimbursement
- ▶ Programs to reduce risk of non-payment
- ▶ Standardized care plans
- ▶ National Pressure Ulcer Advisory Board treatment recommendations

### US Market Limiters

- ▶ Lack of reimbursement for skin care and silver products
- ▶ Commoditization and distributor OEM skin care

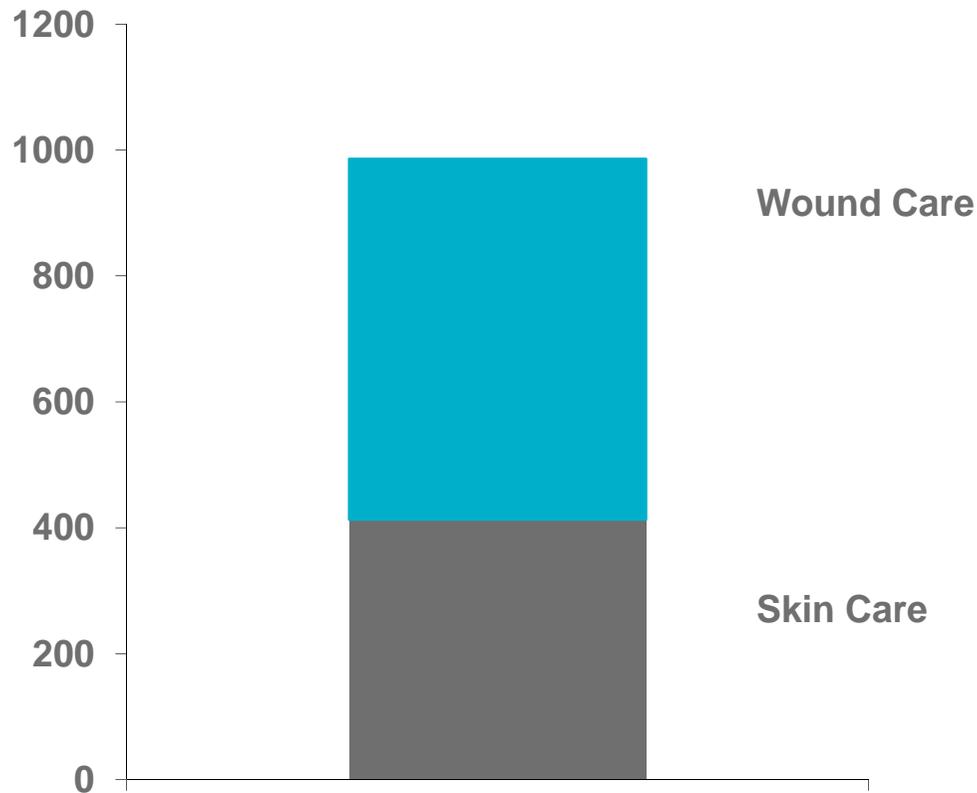
### US Market Trends

- ▶ Healthcare under severe economic strain
- ▶ Purchasing decision becoming more centralized
- ▶ Antimicrobial technology
- ▶ Health economic approach enables price premiums

Source GHX Data: FY02 2009

# The US market for wound and skin care is fragmented with many players and ConvaTec as overall leader

Market Size (\$M)



US WSC Market (2009)

### Competition

A collection of logos for major competitors in the Wound Care market. The logos are arranged in a grid-like fashion within a box. From top to bottom, the logos are: ConvaTec (blue circle with 'III' and 'ConvaTec' text), Smith & Nephew (orange star and 'smith&nephew' text), SAGE PRODUCTS INC (blue 'SAGE' text with 'PRODUCTS INC' below and 'Innovative Healthcare Products Since 1971' in small text), Mölnlycke Health Care (green circles and 'MÖLNLYCKE HEALTH CARE' text), 3M (red '3M' text), and Medline (blue square with 'MEDLINE' text and a white starburst graphic).

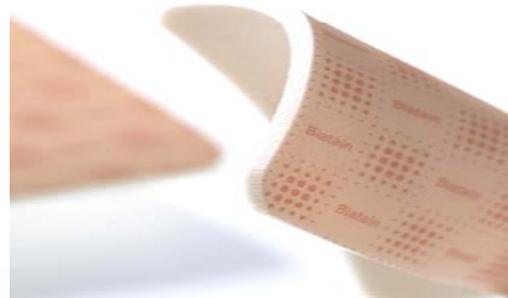
Source GHX Data: FY02 2009

# Over 50% of wound and skin market is in the acute care segment and the value per account is higher

| <u>Account type</u>                       | <u>Description</u>  | <u>Rationale</u>   |
|---|---|--|
| <b>1. IDNs / Hospitals</b>                | Groups of hospitals / large hospitals                               | More than 50% of skin care market is in acute hospitals. Prevention of skin breakdown is an increasing focus |
| <b>2. Affiliated Wound Care clinics</b>   | Specialized wound care clinic                                       | Often conduct the Wound Care treatment for the hospital  |
| <b>3. LTAC's<br/>Long term acute care</b> | Provide intense, special treatment for 20-30 days (post acute care) | High value accounts. Average value per bed is estimated to be 2-3 times the value of a hospital bed.         |
| <b>4. Long Term Care</b>                  | Long term care, typically nursing homes                             | Accounts are fragmented. Value per bed is lower than in acute care, so focus on high value accounts is key.  |
| <b>5. Home Health</b>                     | Home Health provides medical care services for patient's at home    | Call points are fragmented, however segment is important for wound care treatment                            |

## Summary

- Strong Wound care portfolio in a fragmented and competitive market place with high potential
- Skin care portfolio provides unique opportunity to exploit Hospital Acquired Conditions policy change



# Chronic Care Portfolio – Overall Summary

