



# Leading Intimate Healthcare

Lars Einar Hansen, Senior Vice President

Ostomy Care  
Urology & Continence Care  
Wound & Skin Care

24 June 2013  
J.P. MORGAN EUROPEAN HEALTHCARE CONFERENCE  
Page 1



# 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.

# Agenda

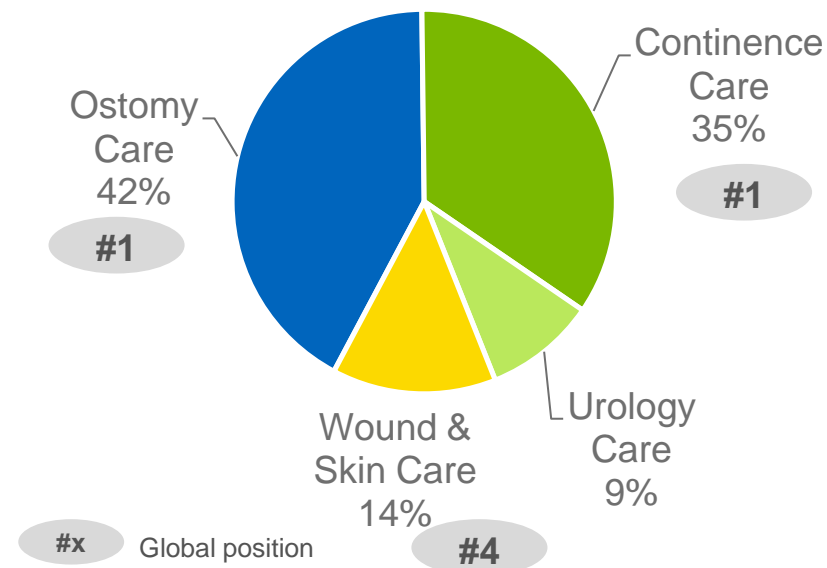
- Introduction to Coloplast
- Accelerating our global growth
- Margin expansion potential
- Q&A



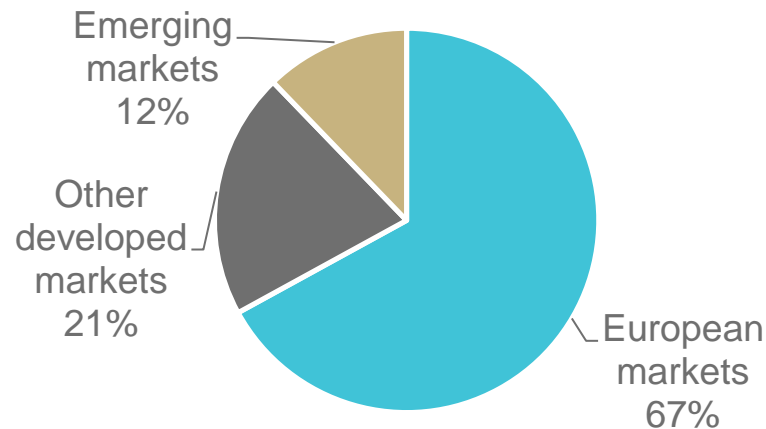
# Coloplast is a leading medtech company

## Group revenue FY 2011/12 by segment





Full Year 2011/12 sales: DKK11.0bn



## Group revenue FY 2011/12 by geography



# Specialising in intimate healthcare needs

		<b>Who are our typical users</b>	<b>How do we help them?</b>
<b>Chronic Care</b>	<b>Ostomy Care</b>	People who have had their intestine redirected to an opening in the abdominal wall	<b>SenSura® Mio</b> Ostomy bag 
	<b>Continence Care</b>	People in need of bladder or bowel management	<b>SpeediCath®</b> Compact male urinary catheter 
<b>Non-Chronic Care</b>	<b>Urology Care</b>	People with dysfunctional urinary and reproductive systems	<b>Titan®</b> Penile implant 
	<b>Wound Care</b>	People with difficult-to-heal wounds	<b>Biatain® Silicone</b> Foam wound dressing 

# Stable intimate healthcare trends

## Demographics

Growing elderly population increases customer base for Coloplast products

## Emerging markets

Expanding healthcare coverage for populations in emerging markets increases addressable market

## Surgical and medical trends

Surgical and medical trends are towards earlier detection and cure, eventually reducing addressable market

## Healthcare reforms

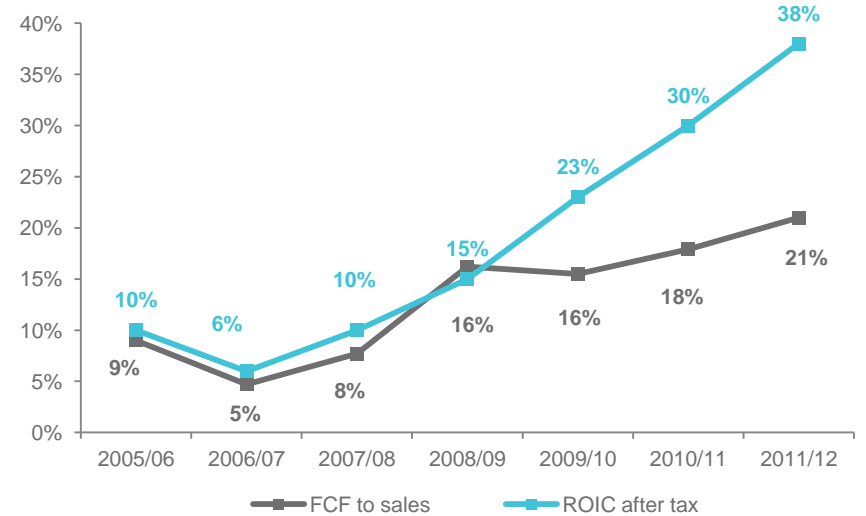
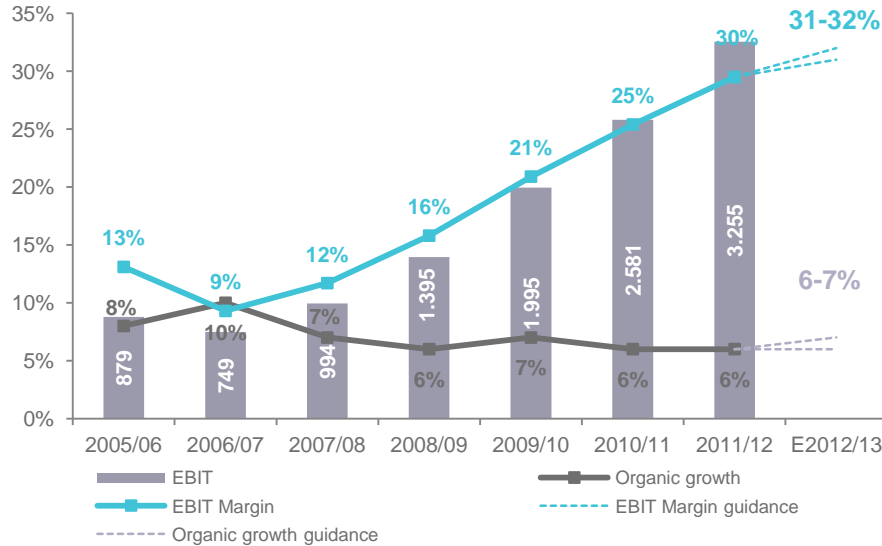
Economic restraints push for reimbursement reforms, introduction of tenders, and lower treatment cost

# Agenda

- Introduction to Coloplast
- Accelerating our global growth
- Margin expansion potential
- Q&A



# Since 2008 we have had a strong focus on profitability which has driven significant value creation





# In March 2012 we updated our strategy with the aim of increasing revenue growth

Value creation will come from increased growth based on a strong new product pipeline combined with continued cost discipline and operational excellence in manufacturing



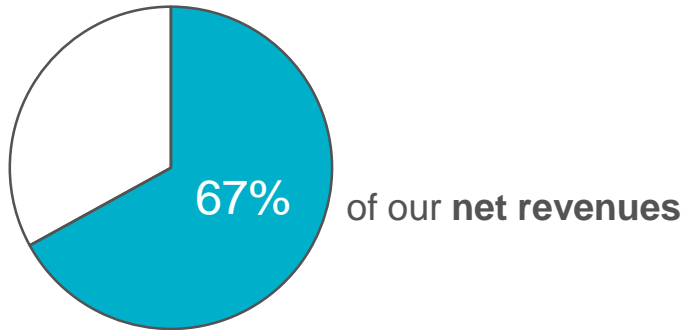
- Continued growth in the core developed markets in **Europe**
- Increased growth in the **developed markets outside Europe**
- Further expansion and growth in **Emerging Markets**
- Stabilization of the **European Wound Care** business
- Globalization of **Urology Care**
- A strong **new product** pipeline
- Continued **cost discipline** and **operational excellence** in manufacturing

# In **Europe** we are stepping up to the challenge and leveraging our market leader position

## Our situation

---

**40-50%** market share\*



\* Chronic Care market share

## Key priority

---

**Capture profitable growth based on high market share**

# Driven by a pipeline of new products with a clear commercial focus...



# ...and a new sales channel that gets us even closer to our customers

## Through Coloplast Care we...



Connect to end users and form lifetime bond



Advise with the right information at the right time

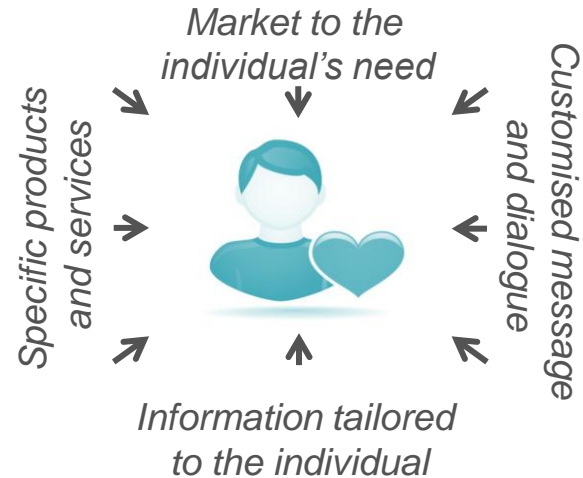


Respond with frequent phone calls, emotional support and monthly newsletters



Enable our end users by making their lives easier

## DtC\* is direct individualized marketing...

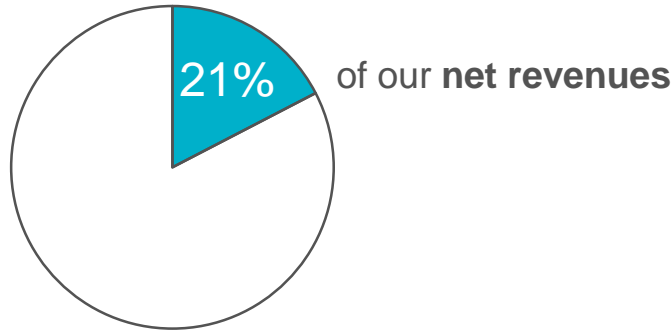


\*DtC is "Direct to Consumer"

# The developed markets outside Europe hold high potential for taking market shares

## Our situation

**20-30%** market share\*



\* Chronic Care market share

## Key priority

A light gray map of North America (USA and Canada) serves as a background for the text. The text 'Capture market share in developed markets' is written in large, bold, teal letters across the map.

**Capture  
market share  
in developed  
markets**

# Through investments in identified growth opportunities

	Ostomy Care	Continance Care
USA	<ul style="list-style-type: none"><li>• <b>Breakthrough</b> via NPE and end user retention</li></ul>	<ul style="list-style-type: none"><li>• <b>Defend and grow</b> through NPD capture and new product introductions</li></ul>
Canada	<ul style="list-style-type: none"><li>• Accelerate new patient discharge,</li><li>• improve retention and drive conversion</li></ul>	<ul style="list-style-type: none"><li>• <b>Accelerate</b> growth by leveraging strong market position</li></ul>
Australia	<ul style="list-style-type: none"><li>• Strong <b>focus on NPD</b> and <b>increase investments</b> in the market</li></ul>	<ul style="list-style-type: none"><li>• <b>Accelerate</b> growth in intermittent catheters</li></ul>
Japan	<ul style="list-style-type: none"><li>• <b>Leverage market leader position</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Understand and explore</b> large potential</li></ul>

# Out of the four markets US holds the highest potential

## “Back to Basics” - Strategic themes

Breakthrough in OC through NPD capture and end user retention

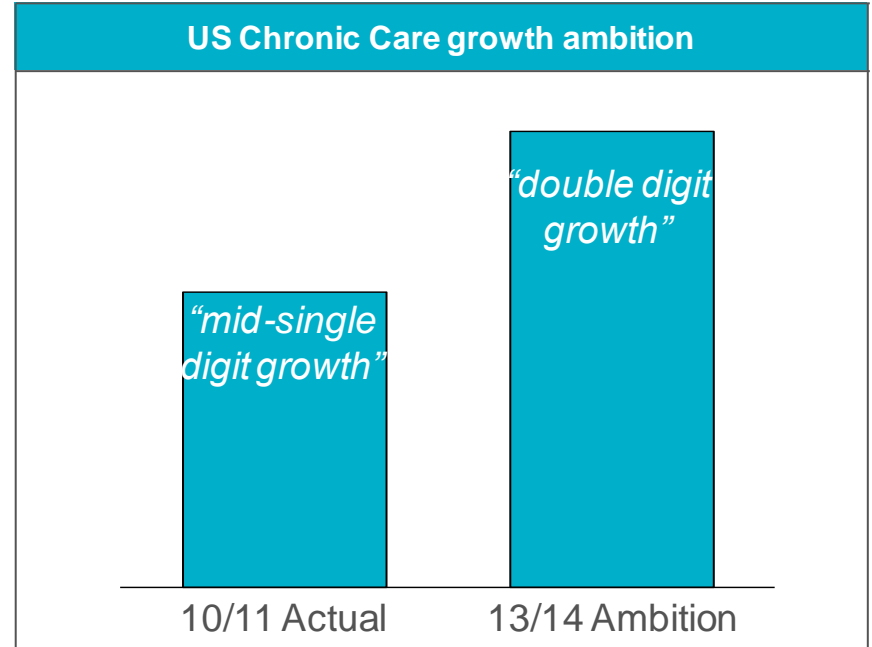
Defend and grow CC through NPD capture and new product introductions

Re-commit to Skin Care growth and stabilise Wound Care

Clearly link commercial push and pull efforts

Selectively invest to grow

## US Chronic Care growth ambition

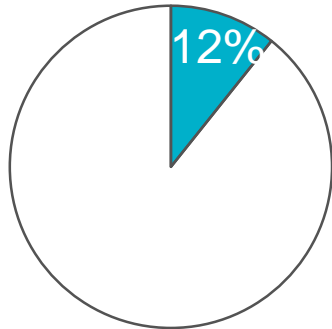


# Great potential to build markets and capture market shares in **Emerging Markets**

## Our situation

---

**25-35%** market share\*



of our net revenues

## Key priority

---



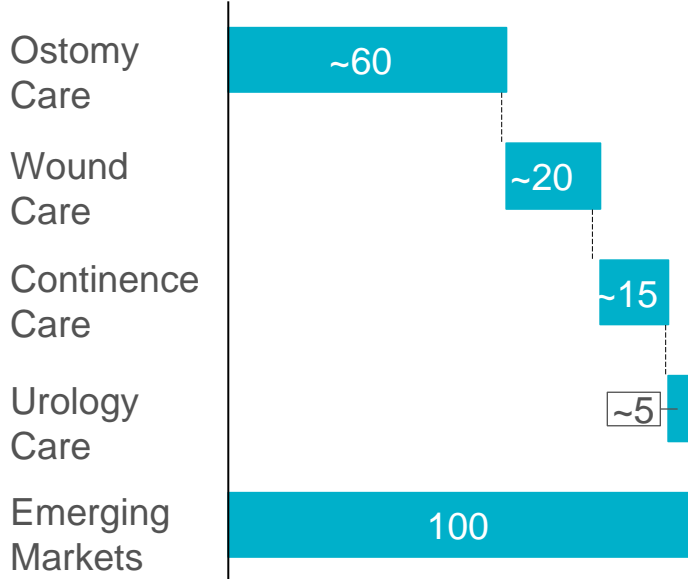
\* Chronic Care market share



# With Ostomy Care and Wound Care as the main growth drivers

## Emerging Markets breakdown per business area

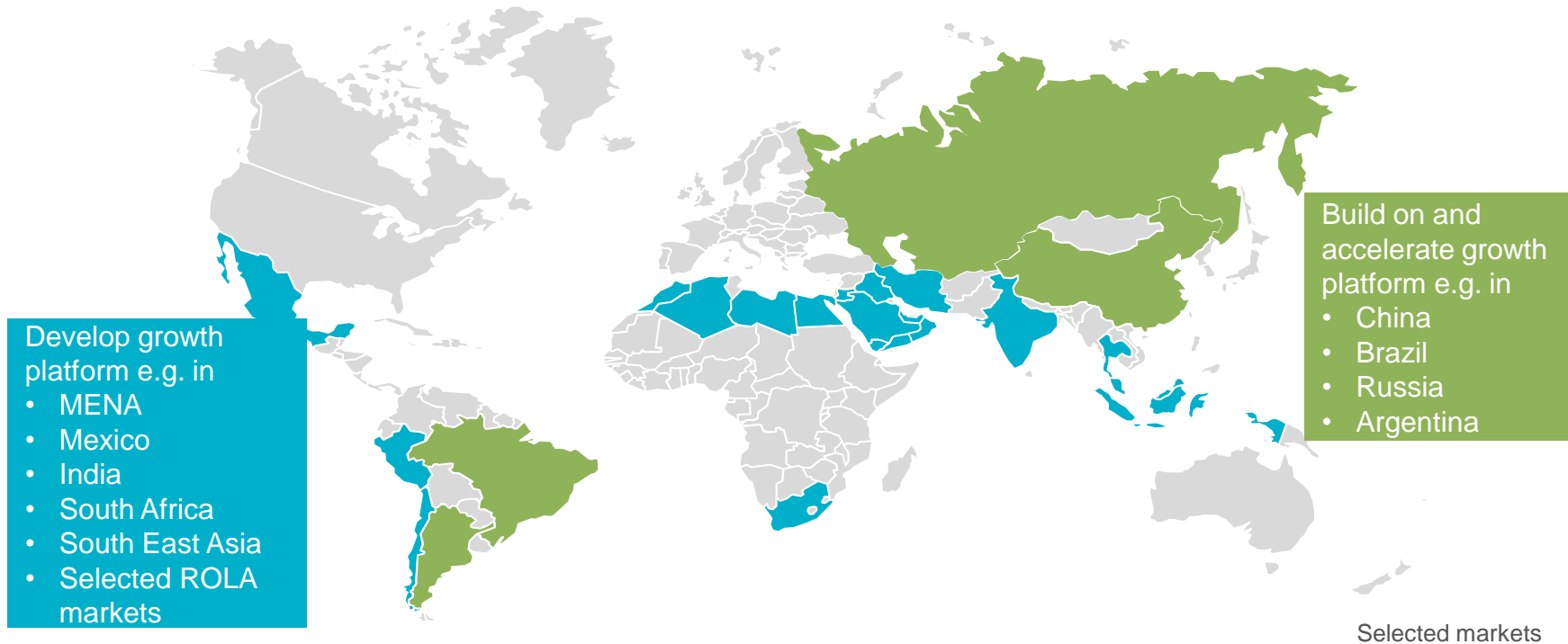
Percent of CP sales



## Comments

- Assura® line is the main brand but SenSura® is growing rapidly
- Mature products like Comfeel® account for majority of business while Biatain® is gaining traction
- EasiCath® and SpeediCath® are main brands
- Primarily disposable urology products

# Geographical expansion holds significant longer term potential

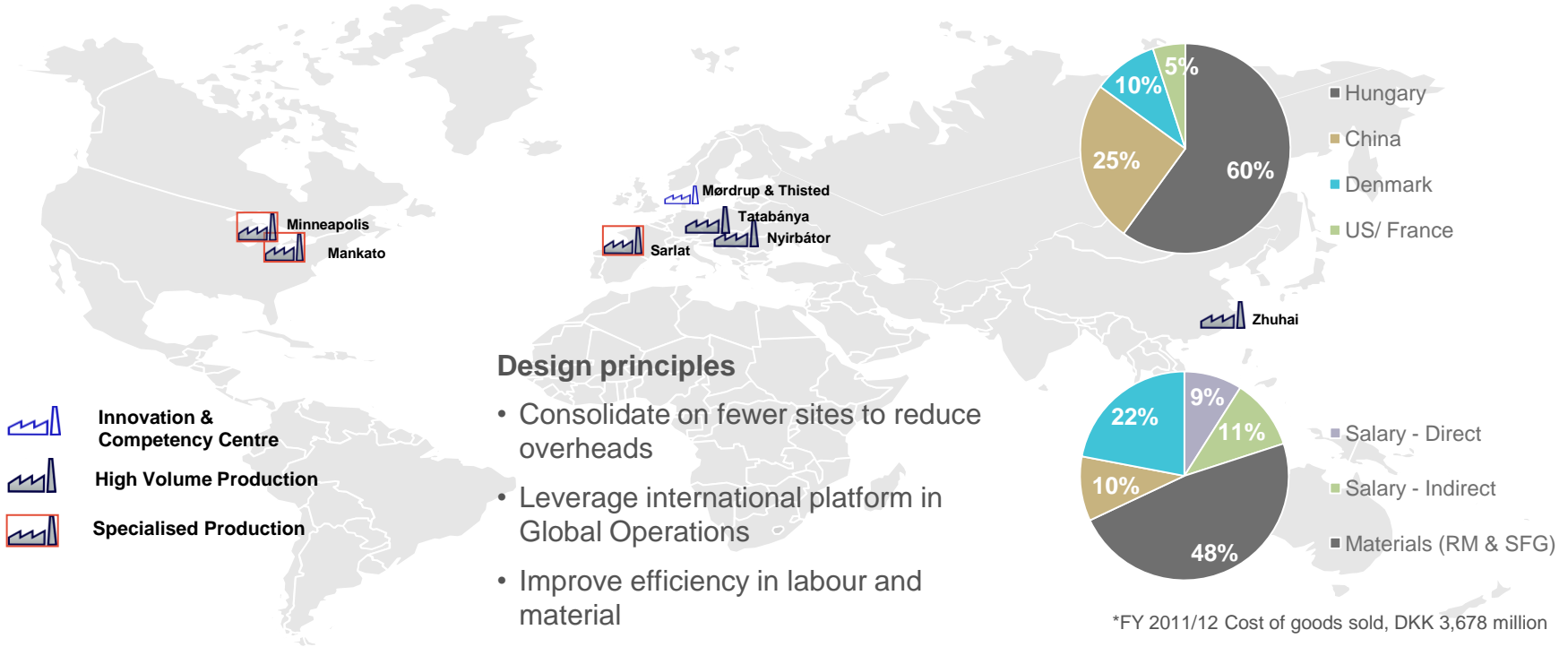


# Agenda

- Introduction to Coloplast
- Accelerating our global growth
- Margin expansion potential
- Q&A



# Transfer of production to low cost countries has created a very cost efficient production



## Design principles

- Consolidate on fewer sites to reduce overheads
- Leverage international platform in Global Operations
- Improve efficiency in labour and material

\*FY 2011/12 Cost of goods sold, DKK 3,678 million

# But we expect to do more with our current Global Operations plan

*Lean in volume production*

*Re-design for manufacturing*

*Global sourcing and supplier relations management*

*Focus on fixed costs and environment*

*Cost effective distribution*

*Design for manufacturing & fast ramp-up*

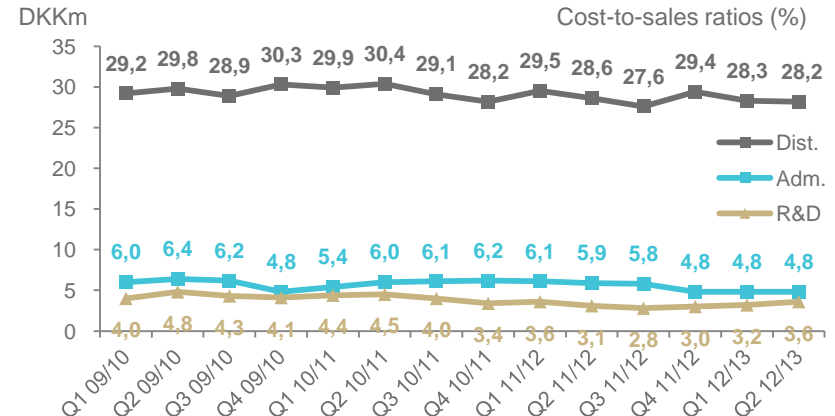
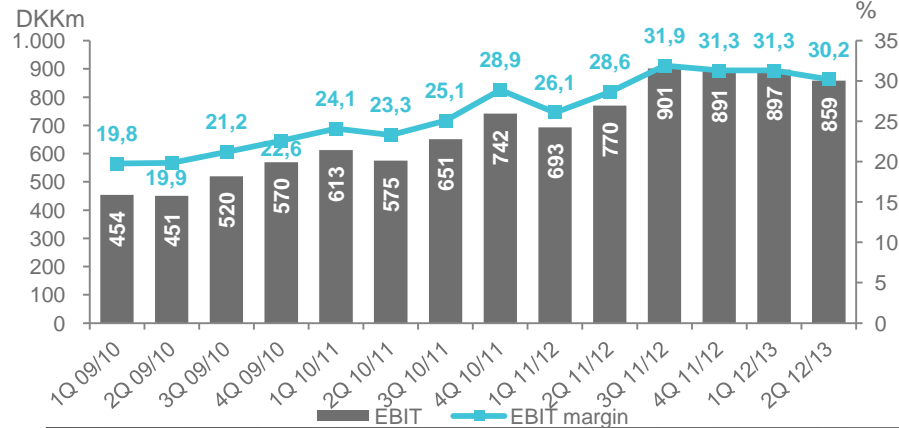
Will contribute 50 – 100 bps to gross margin annually with the current outlook on pricing, currencies and raw materials

# Operating leverage will generate funds for investments in growth

High value growth in Europe

Continued cost discipline

Generates funds for investments in growth and leaves potential for improving cost ratios



# We expect continued value creation driven by...



- Stable market trends in our Chronic Care business
- Increased focus on growing the business outside Europe
- Additional improvements in manufacturing
- European leverage will provide funds for further investments in sales
- Strong cash flow leaves potential for increasing cash returns

Offering a unique potential of stable growth, further margin expansion and increasing dividend yield