# Group Strategy Update

Coloplast Meet the Management London 2017

**Lars Rasmussen, President & CEO**

Coloplast Group – Ostomy Care / Continence Care / Wound & Skin Care / Urology Care

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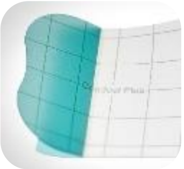
# Last year we launched our new strategy LEAD20 and significant progress has already been made…

## Superior products and innovation








## Unique user-focused market approach

Coloplast® Care + 500,000 enrolments

Live in +20 markets

+ 1 million users in our Coloplast database

Comfort Medical

## Unparalleled efficiency

**Innovation Excellence**
Direct ramp up at volume sites



SenSura® Mio Hospital assortment

SenSura® Mio Convex

SpeediCath® Flex

Reduction of production employees in Denmark

- From 700 to 400 FTEs by 2017/18
- DKK 80-100m saving by 2017/18

# … and we continue to gain market share across our business areas

## Market share development

Percentage point increase from 15/16 to YTD 16/17

| | | | | |
|---|---|---|---|---|
| | +1% | +1% | +0% | +1% |
| Market share | 35-40% | ~40% | 7-9% | 10-15% |
| Market position | #1 | #1 | #5 | #4 |

Source: Coloplast

# Today we will focus on two of the four themes

# We have a continuous focus on increasing our proximity to consumers, clinicians and payors …

## In the past we have focused on products with educational services

Product + Patient Support

Coloplast® Care

Order handling (Consumers)

Billing (Payors)

## In key markets, for example the US we are expanding our service offering towards hospital and users

Product

Coloplast® Care

Patient Support

Coloplast OneSolution

+

Order handling (Consumers)

Billing (Payors)

Comfort Medical

# … which generates an attractive value proposition for consumers, clinicians, payors and Coloplast

Charter Care Delivered

SIEWA Coloplast Homecare

Comfort Medical

1. It's an opportunity to secure patients access to our superior products…

2. … and deliver better service to payors, clinicians and users through data and insights…

3. … while participating in a larger value pool

# We have now initiated a very ambitious Clinical Performance Program to tackle the biggest issues users face

### *What really matters to people using catheters?*

**45 %***

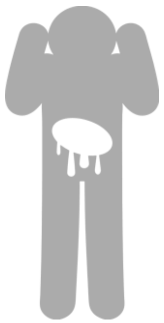
of users describe UTIs are their greatest challenge in life[1]

* People answering 'not being able to walk: 22%', 'not be able to travel: 9% '

**2.7**

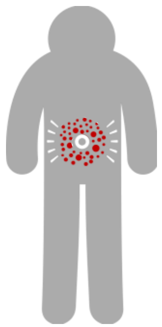
UTIs per user on average every year[1]

### *What really matters to people living with a stoma?*



**93 %**

worry about leakage[2]



**30 %**

of users experience skin irritation at least weekly[3]

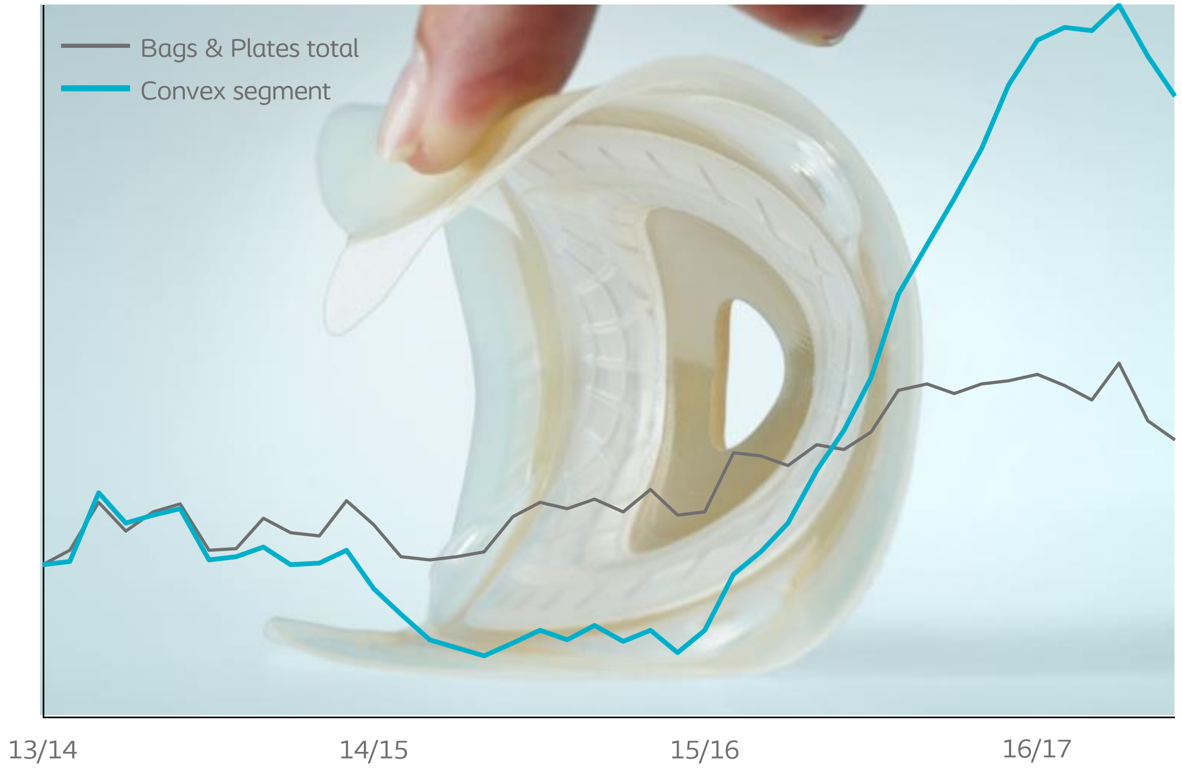
1) Source: Coloplast IC user survey, January 2016 (n=2,942), (Data-on-file) VV-0122794

2) Source: Ostomy Life Study 2016, ECET Coloplast Pre-Event (n=4,235), (Data-on-file) VV-0191619
3) Source: OC Usage Pattern Study 2015, (Data-on-file) VV-0147638

# SenSura® Mio Convex has demonstrated the impact of improved clinical performance

**Revenue growth, MAT**

2013/14 Index 100




**12%** reduction in leakage area UNDER the baseplate [1]**

**23%** increase in baseplates WITHOUT any type of leakage [1]**

NEVER DOCUMENTED BEFORE IN RANDOMISED CONTROLLED CLINICAL TRIALS

[1] Raising the bar: New flexible convex ostomy appliance — a randomised controlled trial. Walker, et al. 2016. Official Journal of The World Council of Enterostomal Therapists. 36(1): 6 -11.
** Compared to SenSura® Convex Light

# During 2018 we will launch our next generation coating technology

## SpeediCath® Standard BBT

**Bacteria Barrier** Technology™


**>50%** Reduction of bacteria adhering to the catheter [2]**

- Today there are no bacteria repellent intermittent catheters on the market
- The safety and comfort from current SpeediCath, but with the added advantage of new Bacteria Barrier Technology
- To be launched in 2018

[2] Tested according to ISO 22196 (2011) with modifications.
** Compared to current SpeediCath Standard

# Payors are an essential stakeholder to address, as they control product accessibility & price through reimbursement

**> 90% of Coloplast revenue is not funded directly by consumers but by 3rd party Payors…**

**Payers regulate:**

- Reimbursement level *(product price)*
- Product access *(product choice)*
- Limitations *(volume caps, user segments)*

**… Addressing payers calls for a separate value proposition as they evaluate our products differently than consumers and nurses**

High

Payor willingness to pay

None

*(Relevant) Clinical outcome (i.e. less infections & severe events)*

*Level of evidence*

*(Total) Cost impact*

Future

*Quality of life*

*Easy to use*

*Product design*

Past



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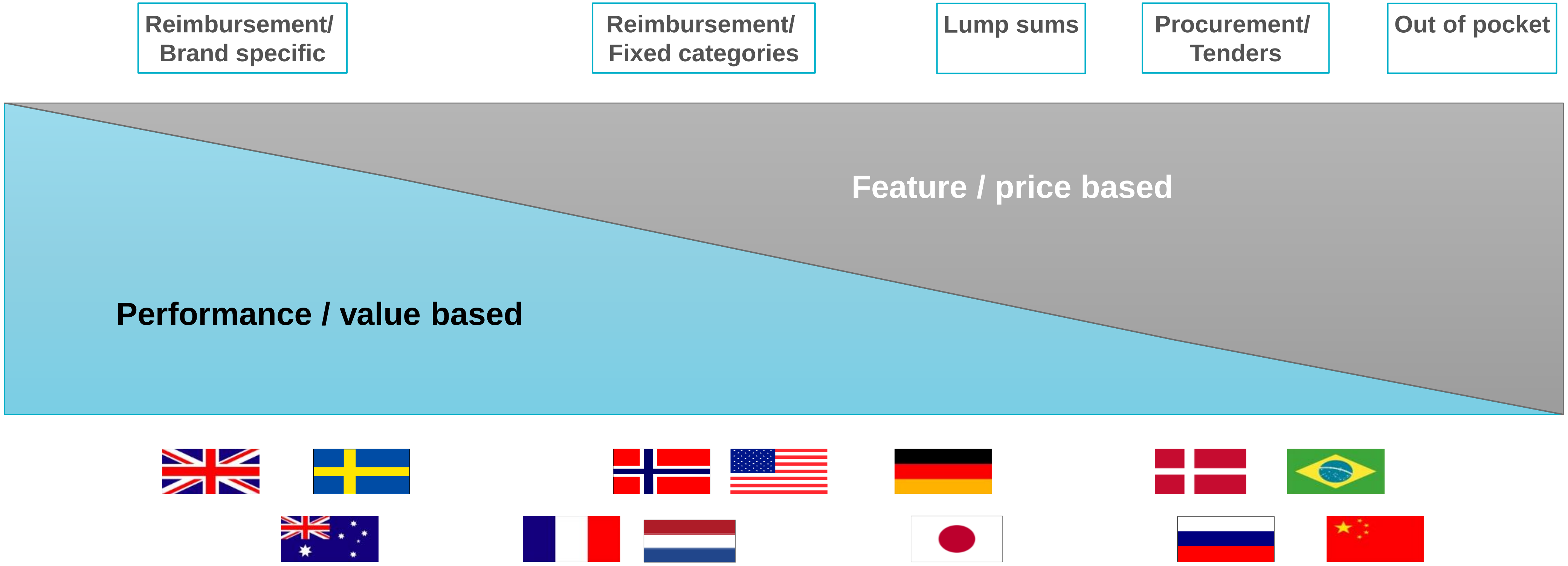
# The majority of CP revenue comes from reimbursement markets that link premiums/categories to outcome



# We have recently achieved premiums linked to outcome and this is the aim of our clinical performance programme

## Examples of outcome based premiums

**SpeediCath Compact premium**
*Increased Quality of Life (QoL)*

**SenSura Mio Convex premium**
*Reduced leakage & increased QoL*

**Hydrophilic coated category**
*Reduced UTIs & cost effective*

## Shift in pricing/reimbursement focus

**Speed to market**
*Line extensions within categories*

+

**Premium reimbursement**
*Launch into new/premium categories*

# Delivering on the new clinical ambition will require increased investments and continued strengthening of our organization

## Organizational implications of new clinical ambition

| | |
|---|---|
| **Products** | - Additional focus on project risk handling |
| **Evidence** | - Clinical evidence will result in longer lead time |
| **Organization** | - Local market access resources to ensure capabilities to leverage clinical product superiority<br>- Market by market product launches<br>- Sales force training to enable new sales capabilities |

# We continue to invest in attractive business cases to deliver our 7-9% revenue growth ambition

## Key strategic initiatives

Innovation

Wound care

Coloplast® Care

Consumer

## Commercial investments in pockets of growth


New investments in Emerging Markets

## 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