



# Leading intimate healthcare

Roadshow presentation

9M 2017/18

Coloplast A/S - Ostomy Care / Contenance Care / Wound & Skin Care / Urology Care

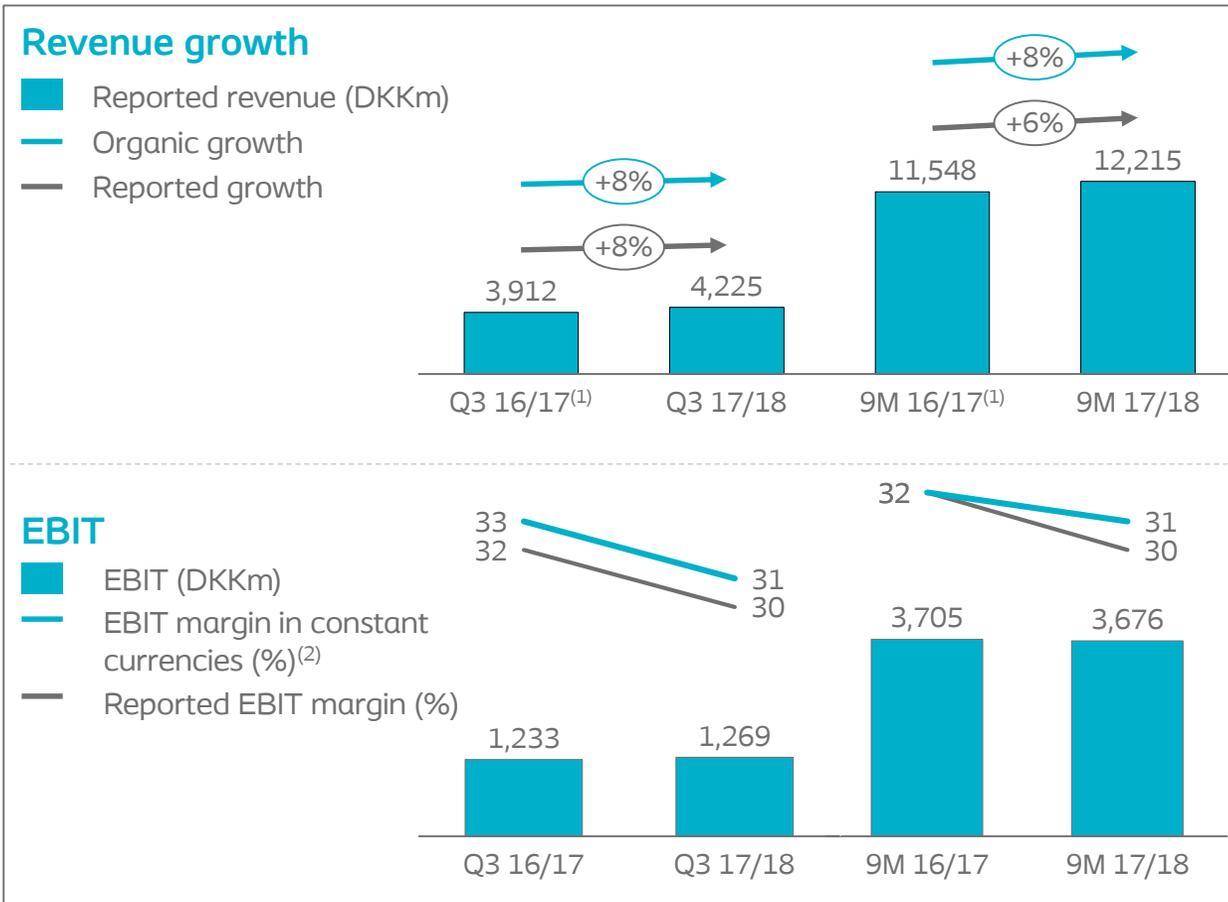


# Forward-looking statements

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.

# In Q3 Coloplast delivered 8% organic growth for the fifth consecutive quarter



## Q3 Highlights

- Q3 organic growth of 8% (8% reported growth in DKK<sup>(1)</sup>)
- Negative FX impact from USD/DKK and ARS/DKK. Acquisitions contributed 1% to growth
- Strong momentum in Chronic Care driven by new products and double digit growth in the US
- Wound Care organic growth improved to 12% in Q3 driven by Europe and China
- Restructuring costs of DKK 21m in Q3 (DKK 29m YTD) related to reduction of production employees in DK
  - Completion of plan (GOP3) to reduce from 700 to 400 people
  - Initiation of plan (GOP4) to reduce by 200 people in 17/18-18/19
- Q3 EBIT margin of 31% in constant FX rates and 30% in DKK
- Updated financial guidance for 2017/18:
  - Organic revenue growth of ~8% vs. previously 7-8% and ~6% reported growth in DKK, assuming:
    - Limited impact from patent expiry vs. previously DKK -50m
    - Negative up to DKK 100m from Greek price reform
  - Unchanged EBIT margin of 31-32% in constant exchange rates and ~31% in DKK

(1) In Q3 2016/17 Coloplast identified the incorrect management of a 2009 agreement with the U.S. Veterans Affairs. The matter relates to Continence Care products and was treated as a one-off adjustment of DKK -90m recognized directly in the Q3 revenue. The matter did not affect the organic growth rate for the reporting period.

(2) EBIT margin in constant currencies in Q3 2016/17 and 9M 2016/17 is adjusted for the one-off of DKK -90m from Veterans Affairs to make margins comparable.

# 8% organic growth in 9M driven by strong performance across business areas

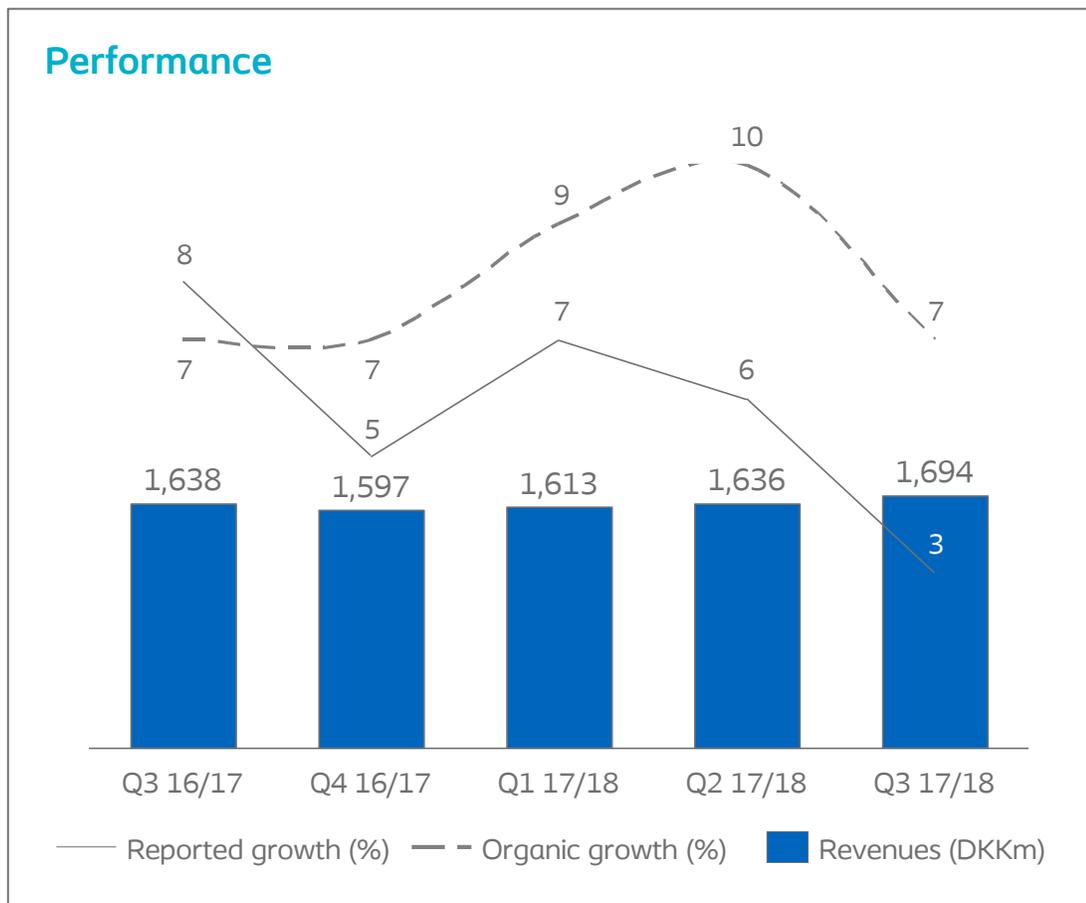
## 9M 17/18 revenue by business area

Business area	Reported revenue DKKm	Organic growth	Share of organic growth
Ostomy Care	4,943	9%	46%
Continenence Care	4,406	9%	38%
Urology Care	1,308	10%	11%
Wound & Skin Care	1,558	3%	5%
<b>Coloplast Group</b>	<b>12,215</b>	<b>8%</b>	<b>100%</b>

## 9M 17/18 revenue by geography

Geographic area	Reported revenue DKKm	Organic growth	Share of organic growth
European markets	7,411	5%	38%
Other developed markets	2,772	12%	33%
Emerging markets	2,032	14%	29%
<b>Coloplast Group</b>	<b>12,215</b>	<b>8%</b>	<b>100%</b>

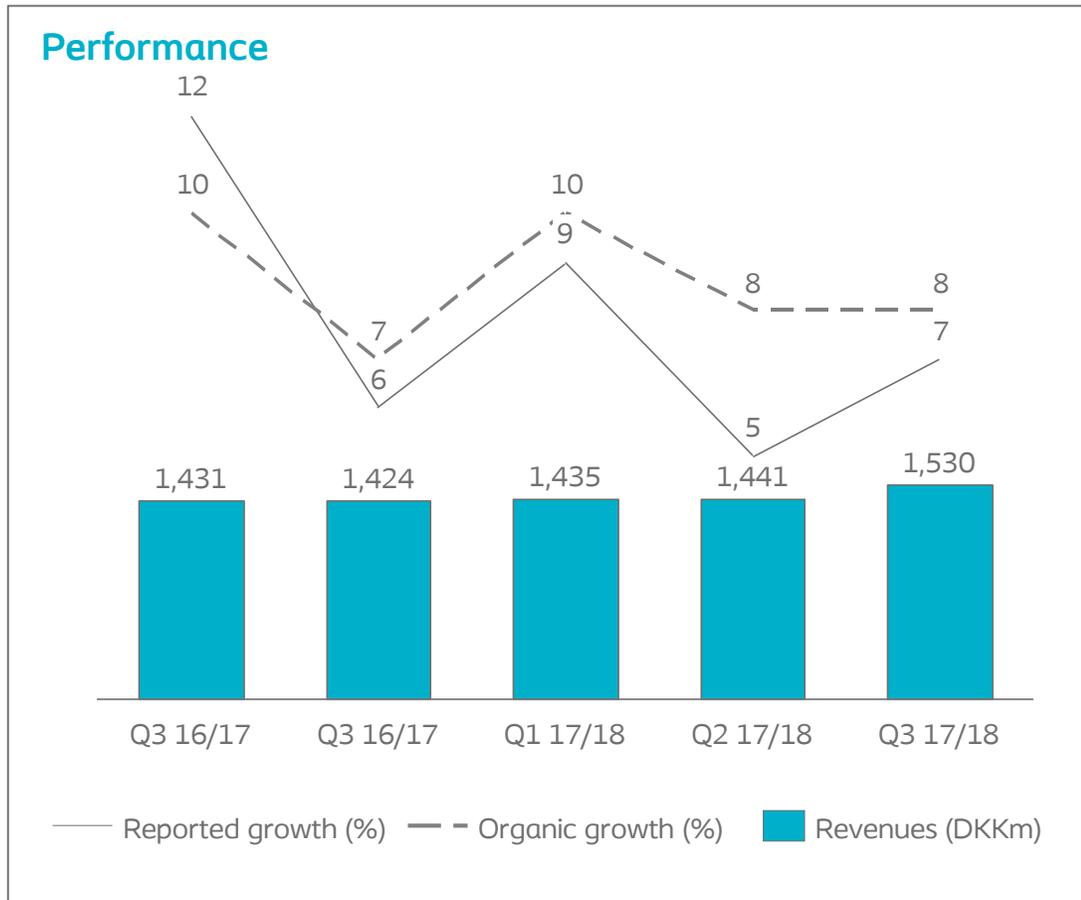
# Ostomy Care grew 7% organically in Q3 driven by SenSura<sup>®</sup> Mio range and Brava<sup>®</sup> accessories



## Comments

- 9M organic growth of 9% (reported growth 5%). Q3 2017/18 organic growth of 7% (3% reported growth)
- Acquired growth was 1% in Q3 and 9M resulting from acquisitions in the distribution channel
- Growth in Q3 driven by China, UK and the US
- Growth in Q3 negatively impacted by timing of tenders in Emerging Markets as well as price reductions in Greece as a consequence of the price reform implemented October 2017
- Strong growth in **SenSura<sup>®</sup> Mio** portfolio in Q3 driven by the UK, Germany and the US, especially driven by **SenSura<sup>®</sup> Mio Convex**
  - **SenSura<sup>®</sup> Mio Concave** is now launched in 9 countries with continued positive feedback
- The **SenSura<sup>®</sup>** and **Assura/Alterna<sup>®</sup>** portfolio continued the positive growth contribution in Q3 driven by Emerging markets
- Q3 growth in **Brava<sup>®</sup>** accessories driven by the US and China

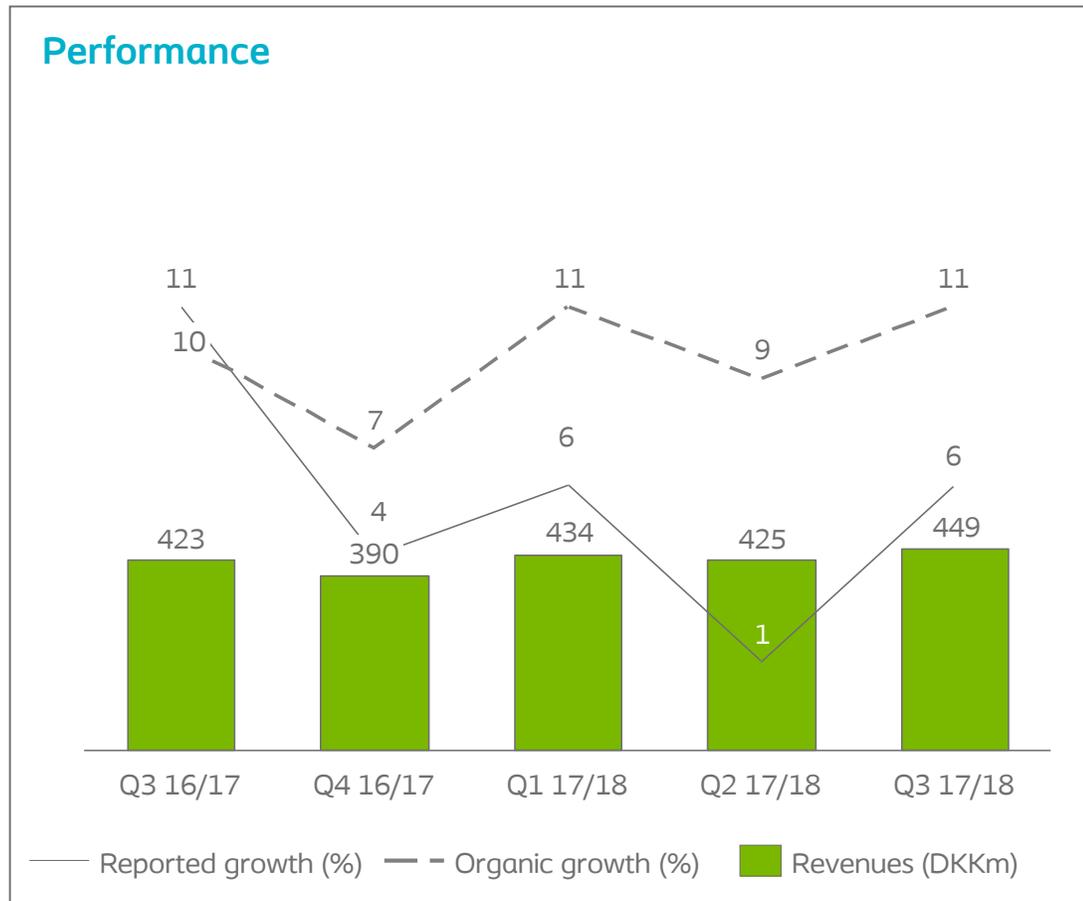
# Continance Care grew 8% in Q3 driven by SpeediCath® intermittent catheters and Peristeen®



## Comments

- 9M 2017/18 organic growth of 9% (7% reported growth). Q3 2017/18 organic growth of 8% (7% reported growth)
- Acquired growth was 2% in 9M resulting from acquisitions in the distribution channel. Acquired growth in Q3 was 3%
- Growth continues to be driven by **SpeediCath®** intermittent catheters and **Peristeen®**
- Q3 growth in **SpeediCath®** compact catheters driven by the US, France and the UK
- Q3 growth in **SpeediCath®** standard catheters driven by the US and Emerging markets
  - Impact of the patent expiry of **SpeediCath®** standard catheters remained limited in Q3
- Q3 growth in **SpeediCath® Flex** catheters driven by Europe and the US
  - Launch of **SpeediCath® Flex Coudé Pro** in May has been well received

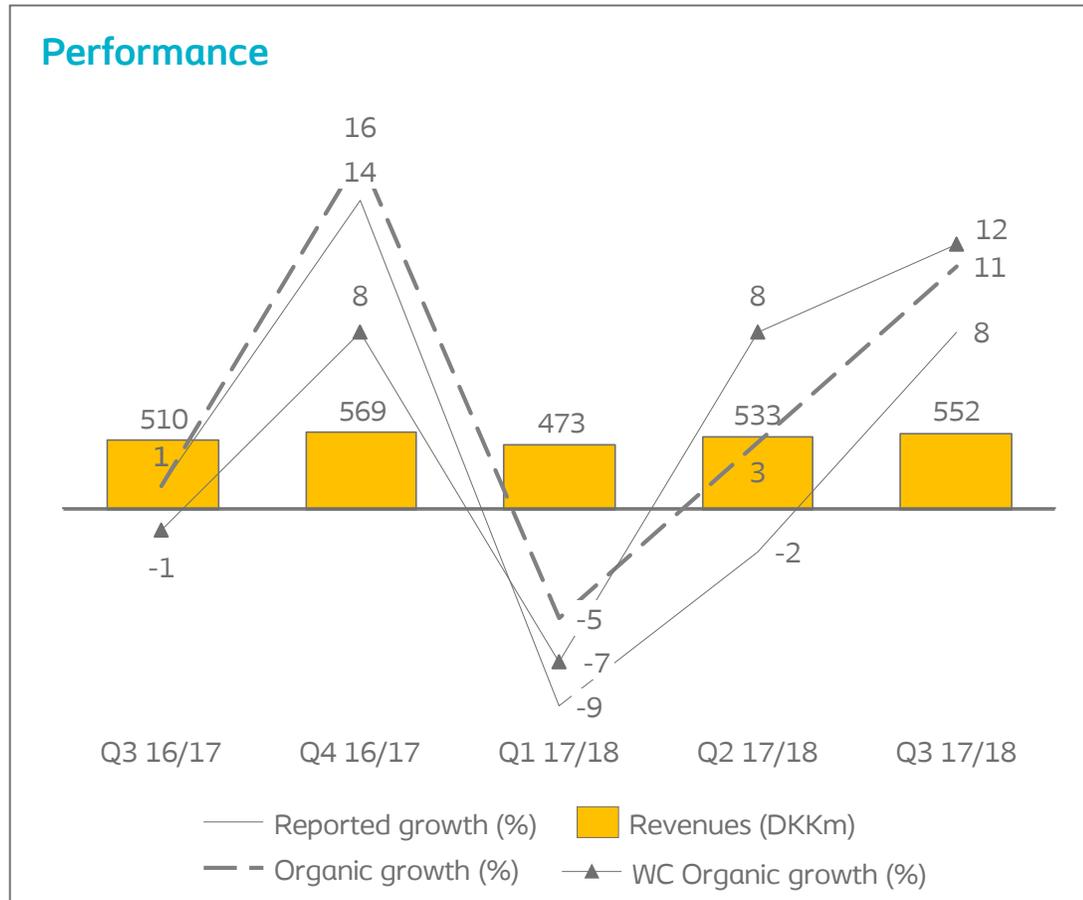
# Urology Care grew 11% in Q3 primarily driven by US sales of Titan<sup>®</sup> penile implants



## Comments

- 9M 2017/18 organic growth of 10% (5% reported growth). Q3 2017/18 organic growth of 11% (6% reported growth)
- Q3 growth mainly driven by the US, but also France and Emerging markets
  - US growth driven by the increased sales and marketing investments in 2016/17 and 2017/18
- Continued strong growth in sales of **Titan<sup>®</sup>** penile implants in the US in Q3
- Continued satisfactory growth in sales of **Altis<sup>®</sup>** slings in the US
- In Q3 sales of disposable surgical products, including endourology, were driven by France and Italy

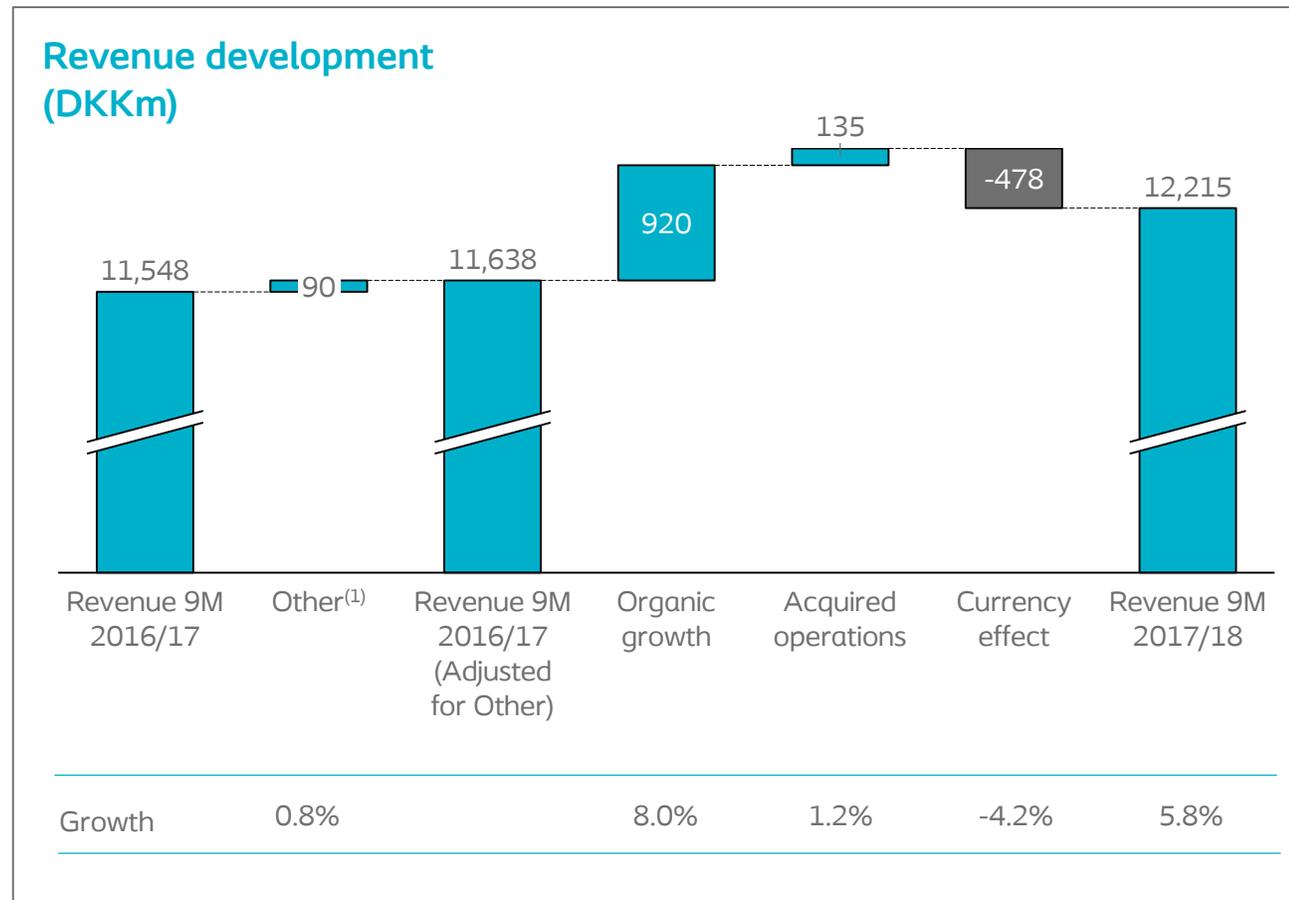
# Continued improvement in Wound Care in Q3 driven by Europe and China



## Comments

- 9M 2017/18 organic growth of 3% (negative 1% reported growth). Q3 2017/18 organic growth of 11% for Wound & Skin care (8% reported growth)
- Q3 2017/18 organic growth of 12% for Wound Care in isolation
  - Q3 growth driven by good momentum across Europe and in China
  - Q3 growth was positively impacted by easy comparison period in Greece caused by inventory reductions in Q3 2016/17 following the reimbursement reform in 2016. Greece continued to be negatively impacted by the price reform implemented in October 2017
- Satisfactory sales growth in **Biatain® Silicone** driven by Europe and the **Biatain® Silicone Sizes & Shapes** portfolio
- Q3 growth in Skin Care was negative due to intensifying competition in the US
- As expected, growth in Q3 was positively impacted by the rebound in sales from contract manufacturing of Compeed

# 9M 17/18 reported revenue driven by strong organic growth but significantly impacted by FX

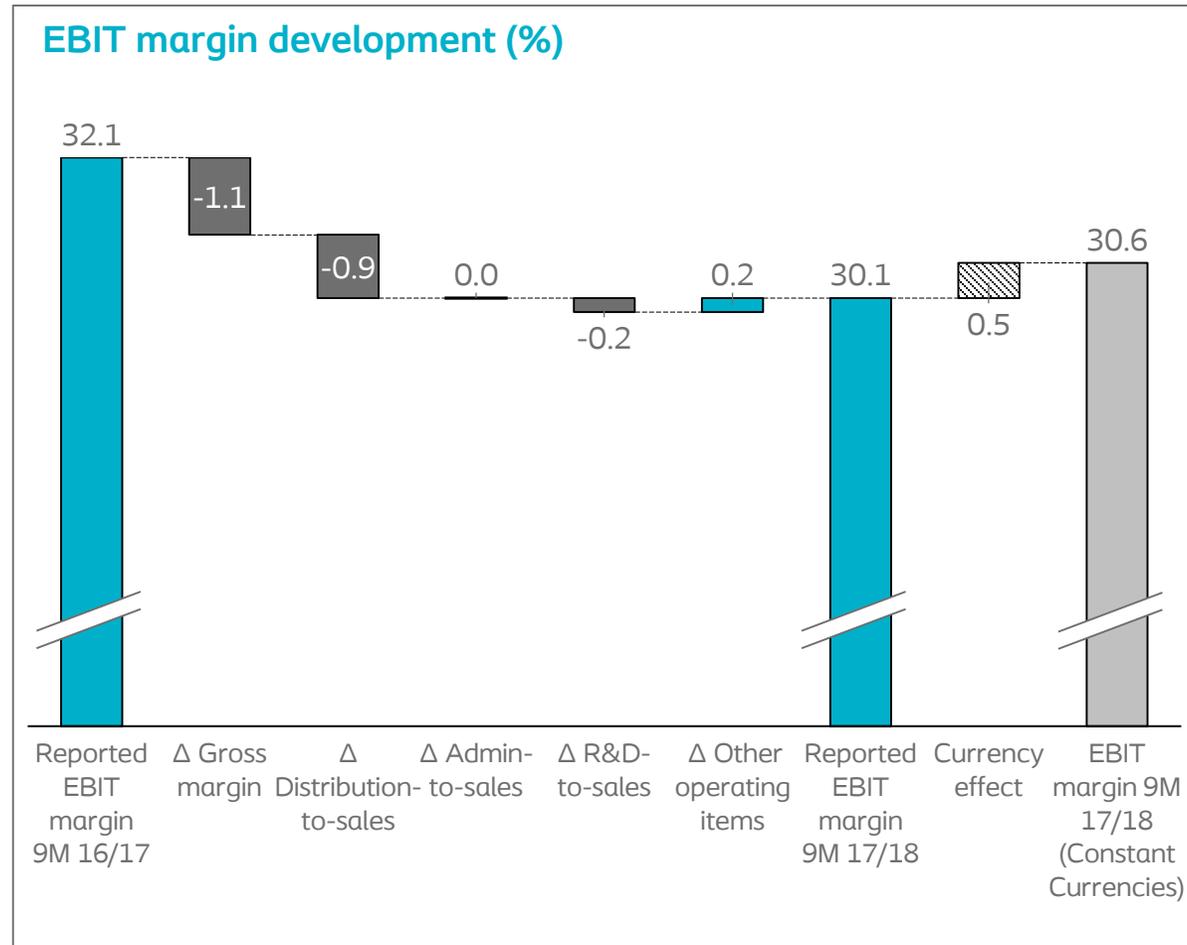


1) Estimated DKK 90m one-off revenue adjustment related to incorrect management of a contract with U.S. Veterans Affairs in Q3 2016/17.

## Comments

- 9M 2017/18 reported revenue increased by DKK 667m or 6% compared to 9M 2016/17
- The majority of growth was driven by organic growth contributing DKK 920m or 8% to reported revenue
  - Organic growth in 9M positively impacted by the comparison period with DKK ~70m from inventory reductions by distributors in US Chronic Care in Q1 2016/17
- Revenue from acquisitions contributed DKK 135m or 1%, resulting from the acquisitions of distribution companies Comfort Medical in Q1 2016, Lilial and IncoCare in Q2 2018
- Foreign exchange rates had a significant negative impact of DKK 478m or -4% on reported revenue primarily due to the depreciation of the USD, ARS, GBP, BRL, JPY and CNY against the Danish kroner

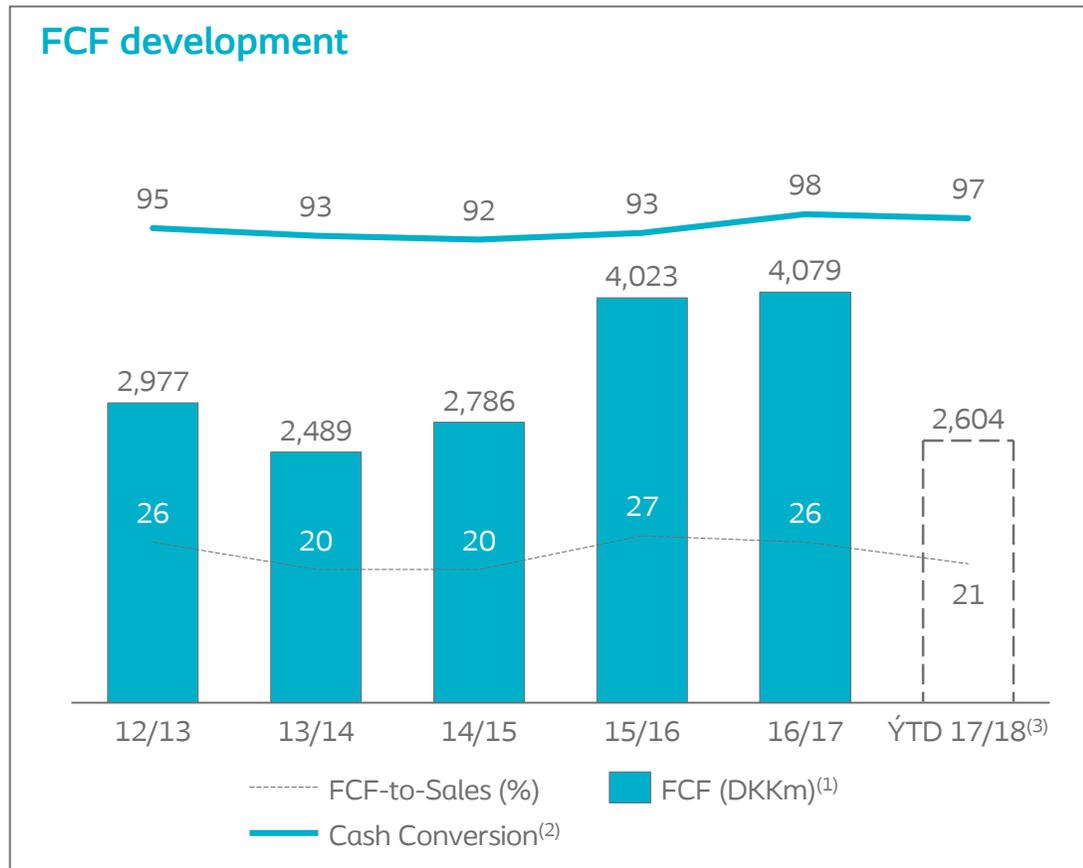
# 9M EBIT margin dilution due to increased commercial investments across business areas and regions



## Comments

- EBIT fell 1% to DKK 3,676m with a reported margin of 30% (31% in constant currencies) compared to 32% last year
- Gross margin of 67% compared to 68% same period last year
  - Continued efficiency gains and positive impact from relocation of manufacturing
  - Negatively impacted by product mix, depreciation and DKK 29m in restructuring costs related to reduction of production employees in DK
    - Completion of plan (GOP3) to reduce from 700 to 400 people
    - Initiation of plan (GOP4) to reduce by 200 people in 17/18-18/19
  - Negative impact of 60 basis points from FX rates on the gross margin
- Distribution-to-sales of 29% (28% in 9M 2016/17)
  - Increase driven by investments in sales and marketing initiatives across business areas and regions
- Admin-to-sales of 4% on par with last year
- R&D costs increased 10% compared to 9M last year due to increased activity
- Other operating income/expenses of DKK 35m vs. DKK 15m last year due to a non-recurring income in Q1 from a settlement related to Urology Care patent rights

# Adjusted for Mesh settlements and acquisitions, FCF was 3% higher than 9M last year



## Comments

- Free cash flow in 9M was positive DKK 1,988m compared to DKK 322m in 9M 2016/17
  - Reported EBITDA 11m DKK lower than same period last year
  - NWC-to-sales of 24% compared to 25% in the beginning of the fiscal year
  - CAPEX-to-sales of 4% compared to 4% in 9M 2016/17, the increase is due to investments in the expansion of Nyírbátor and the acquisition of land in Costa Rica in Q3 for the establishment of new manufacturing
- FCF ex. Mesh impact and acquisitions was DKK 2,604m, 3% or DKK 77m higher compared to DKK 2,527m in 9M last year mainly due to improved working capital management

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

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

# Upgraded organic growth guidance for FY 2017/18

	Guidance 2017/18	Guidance 2017/18 (DKK)*	Key assumptions
<b>Sales growth</b>	~8% from 7-8% (organic)	Unchanged at ~6%	<ul style="list-style-type: none"> <li>Limited impact from patent expiry</li> <li>Up to 1% negative price pressure of which up to DKK 100m from price reform in Greece</li> <li>DKK guidance includes growth from Comfort Medical in Q1 and Lilial and IncoCare in Q2-Q4</li> </ul>
<b>EBIT margin</b>	Unchanged at 31-32% (constant exchange rates)	Unchanged at ~31%	<ul style="list-style-type: none"> <li>Impact from Greece</li> <li>Incremental investments of up to 2% of revenue</li> <li>DKK 45m from reduction in DK production employees and GOP4</li> <li>Includes Comfort Medical, Lilial and IncoCare</li> </ul>
<b>CAPEX (DKKm)</b>		~700	<ul style="list-style-type: none"> <li>Factory expansion in Nyírbátor</li> <li>New machines for new and existing products</li> <li>Land acquired for new factory in Costa Rica</li> </ul>
<b>Tax rate</b>		~23%	

\*DKK guidance is based on spot rates as of August 2 2018



# Coloplast Capital Market Day 2018

18 September 2018 in Copenhagen – SAVE THE DATE!

The purpose of the event is to provide institutional investors and financial analysts with the opportunity to get an update on the business and insights into key strategic themes. Please contact [dkasso@coloplast.com](mailto:dkasso@coloplast.com) to register.

# *SpeediCath<sup>®</sup> Flex Coudé Pro*



## Leading intimate healthcare

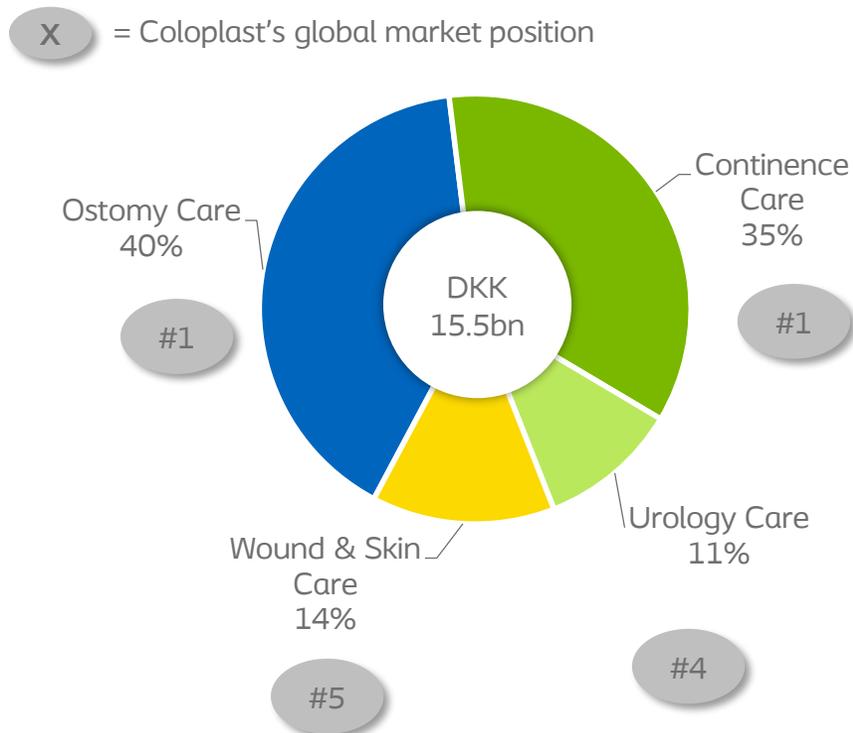
Introduction to Coloplast

Coloplast A/S - Ostomy Care / Continence Care / Wound & Skin Care / Urology Care

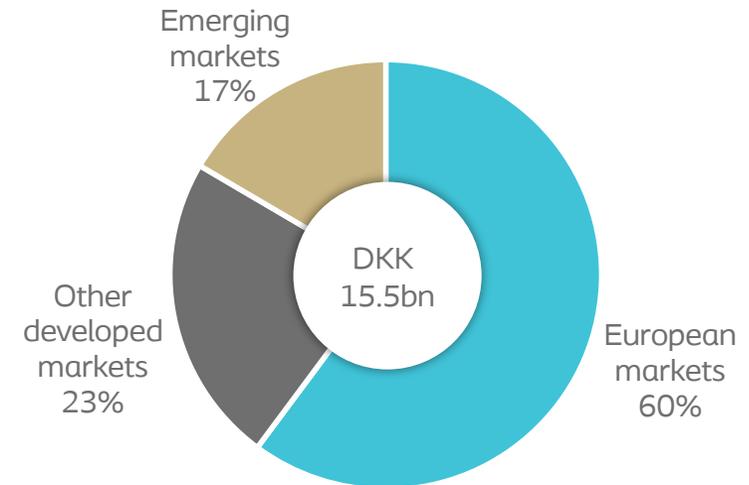


# Coloplast has four business areas all with global sales presence

## Group revenue 2016/17 by segment



## Group revenue 2016/17 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<sup>®</sup> Mio**  
Ostomy bag



### Continance Care

People in need of bladder or bowel management

**SpeediCath<sup>®</sup>**  
Flexible male  
urinary catheter



### Urology Care

People with dysfunctional urinary and reproductive systems

**Titan<sup>®</sup> OTR**  
Penile implant



### Wound Care

People with difficult-to-heal wounds

**Biatain<sup>®</sup> Silicone**  
Foam wound dressing



# Intimate healthcare is characterized by stable industry trends

## Drivers



## Limiters



Coloplast addressable market growth is 4-5%

# Coloplast has strong market positions in Europe and great commercial potential outside Europe

■ Europe  
■ Developed  
■ Emerging

	Ostomy	Continenence	Urology	Wound Care
<b>Addressable market</b> Size in DKK Growth in %				
<b>Coloplast regional market shares</b>	40 - 50% 15 - 25% 35 - 45%	45 - 55% 20 - 30% 20 - 30%	10 - 20% 5 - 15% 5 - 10%	5 - 15% 0 - 10% 10 - 20%
<b>Coloplast total market share</b>	35-40%	~40%	~15%	7-9%
<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>

# Coloplast's LEAD20 strategy will drive revenue and earnings growth across 4 major themes

1

Superior products & innovation

2

Unique user focused market approach

3

Unparalleled efficiency

4

Strong leadership development



# Long-term guidance for the LEAD20 strategy period aimed at accelerating growth and long-term value creation

**Revenue growth**  
annual organic

**7–9%**

**EBIT margin**  
constant currencies

**>30%**

# Growth acceleration to be driven through two key pillars and GOP4 will continue to drive unparalleled efficiency



## Two pillars to drive growth

- I. Accelerated organic investments
  - I. Invest up to 2% of topline p.a. in new incremental investment cases
  - II. Emerging markets, US, selected countries in Europe
- II. Active pursuit of inorganic opportunities to strengthen our service offering towards consumers

## Unparalleled efficiency

- I. Global Operations Plan 4 to improve EBIT margin by 150bp with full effect from 2020/21<sup>1</sup>

1) Based on EBIT FY2016/17

# For 17/18 we are committing up to 2% of revenue in incremental commercial investments



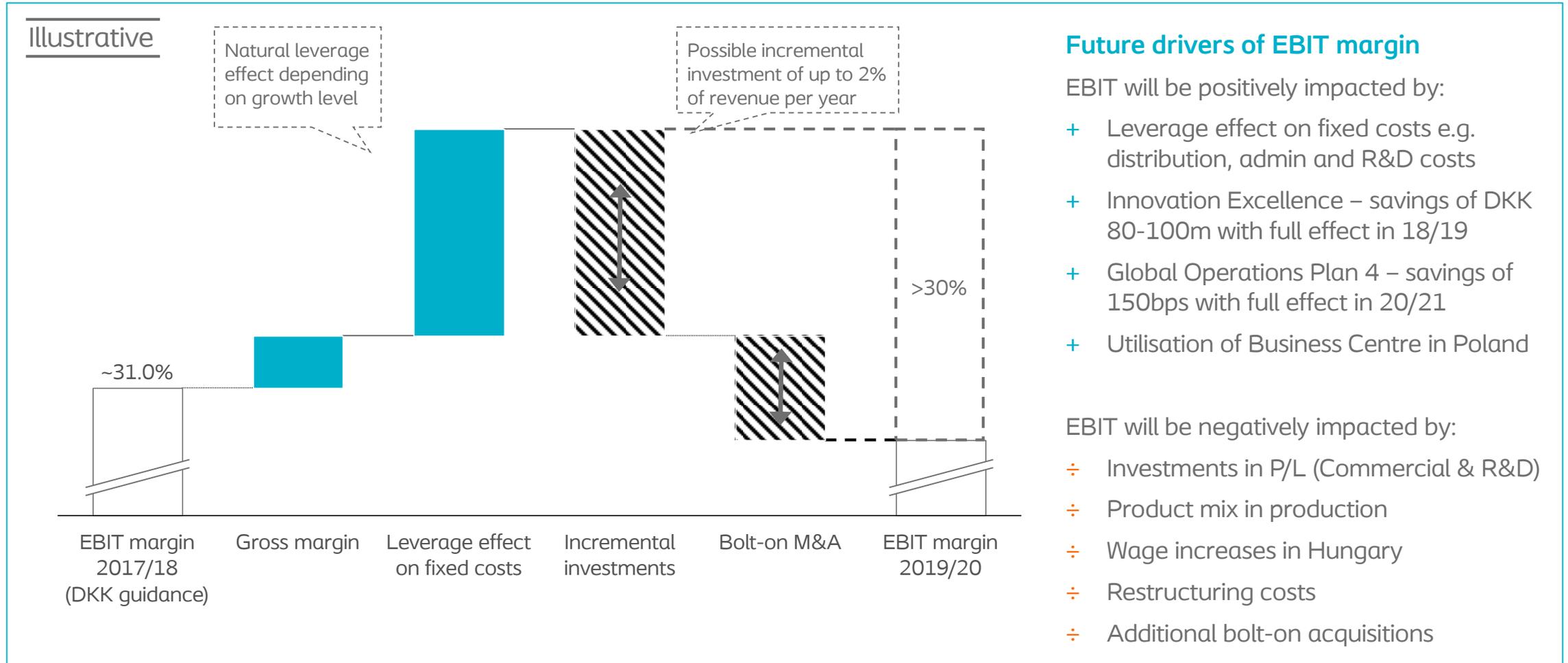
Innovation  
R&D 3-4% of sales



Consumer



# EBIT margin development is a function of scalability, cost discipline, investments and M&A



# Global Operation Plan 4 aims to support LEAD20 through continued unparalleled efficiency and financial discipline



## GOP4 Highlights

- Deliver 150 basis points in EBIT margin improvements with full effect from 2020/21<sup>1</sup>
  - Driven primarily by continued cost efficiency, procurement savings and reduction of production employees in Denmark by 200 by end 2018/19
- Next new volume factories will be located in Costa Rica
- GOP4 will require expansion of the organisation in Hungary and building an organisation in Costa Rica
- GOP4 will further strengthen ramp-up capabilities in low-cost countries and consolidate pilot production in Mørdrup, Denmark
  - Aim to close factory in Thisted, Denmark by the end of 2018/19
  - GOP4 will require restructuring costs of DKK ~50m split over 2017/18 and 2018/19
- Before 2020/21 the savings that are realised can be reinvested and are therefore included in the long-term minimum 30% fixed currency EBIT margin guidance

1) Based on EBIT FY2016/17

# We have launched innovative products across business areas and invested heavily in Consumer activities

Continance Care



Ostomy Care



Consumer Care



Wound Care



Urology Care



Consumer focus



# We have 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 as their greatest challenge in life<sup>1</sup>

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



2.7

UTIs per user on average every year<sup>1</sup>

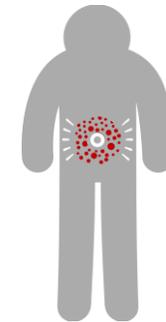
1) Source: Coloplast IC user survey, January 2016 (n=2,942), (Data-on-file) VV-0122794

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



93%

worry about leakage<sup>2</sup>



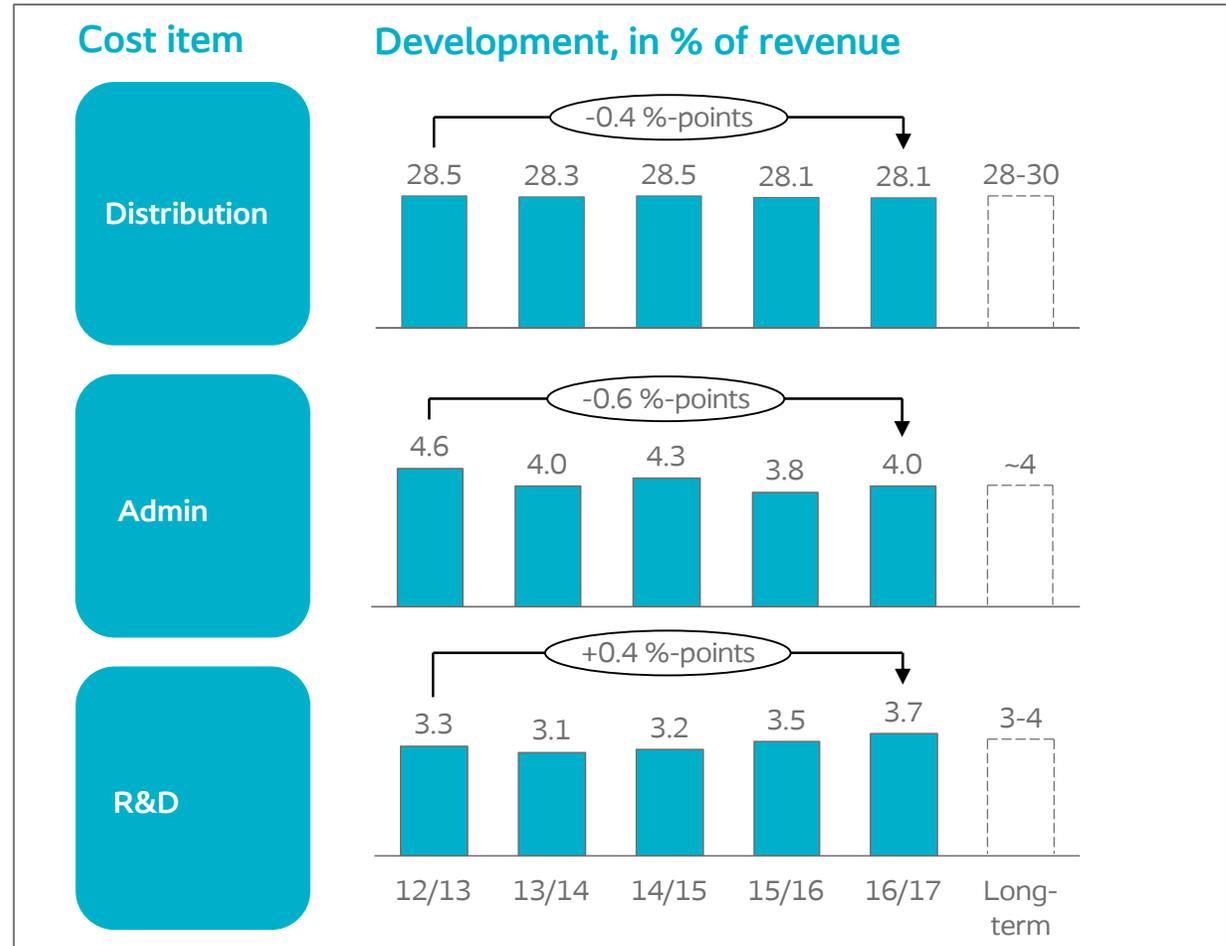
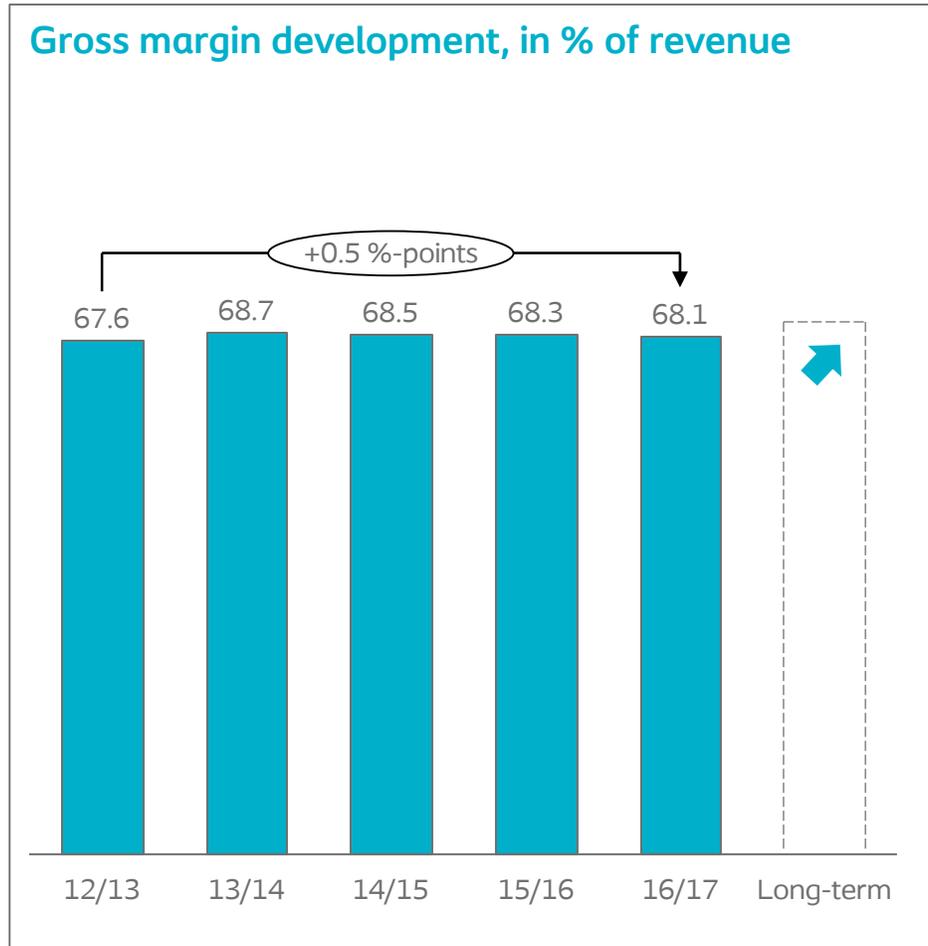
30%

of users experience skin irritation at least weekly<sup>3</sup>

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

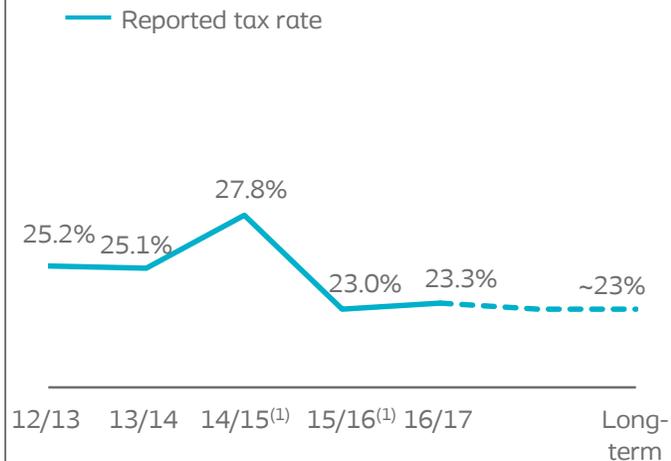
3) Source: OC Usage Pattern Study 2015, (Data-on-file) VV-0147638

# Profitability uplift to be driven by scalability and efficiency improvements



# We will continue to deliver strong and attractive free cash flows ...

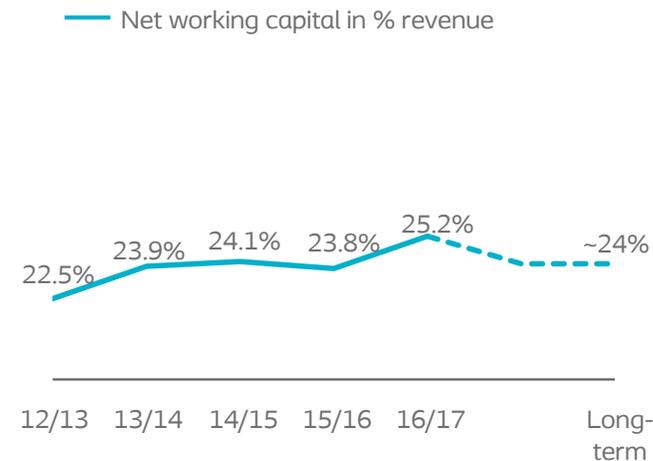
## Taxation



- DK statutory corporate tax rate lowered to 22% in 2016
- Coloplast tax rate expected to be ~23% going forward

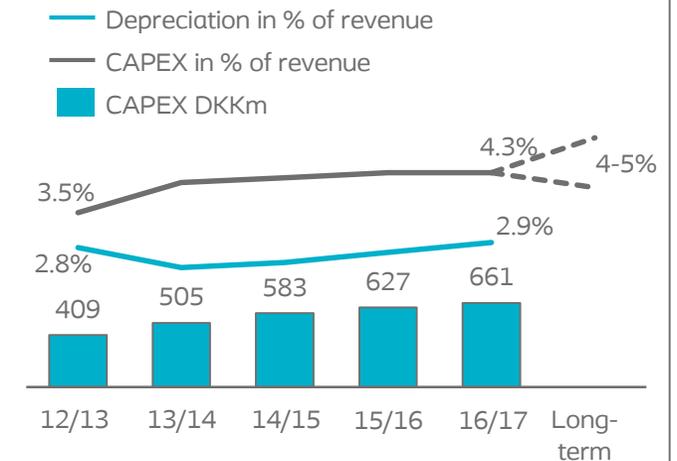
1) Impacted by provision for Mesh litigation  
2) Gross investments in PPE

## Net working capital



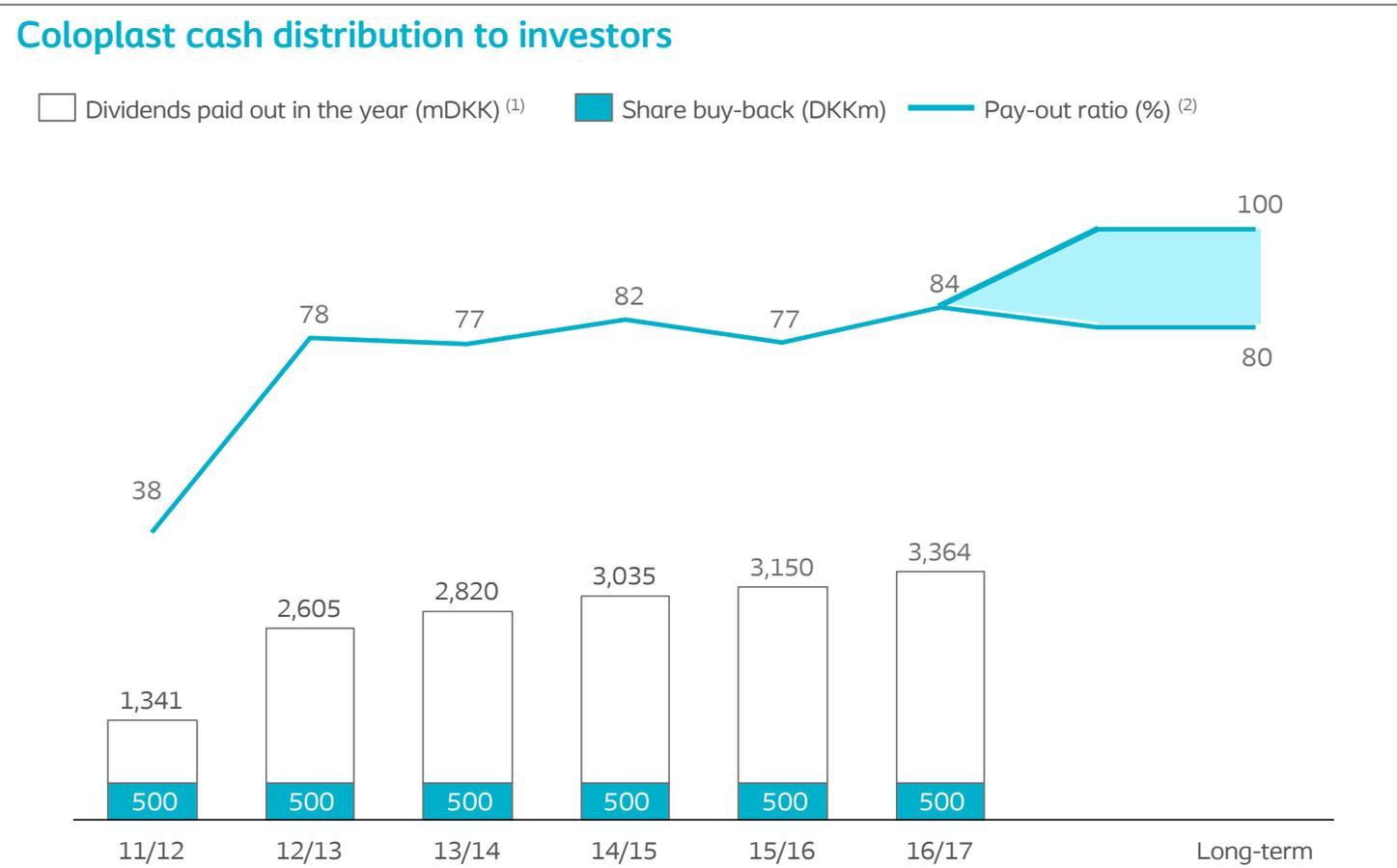
- Net working capital expected to be stable at ~24% of revenue
- Improve debtor policy in Emerging markets
- Maintaining stable inventory levels going forward

## CAPEX<sup>(2)</sup>



- Continued investment in machines and capacity expansion
- Widen factory footprint – factory extensions and greenfield investments
  - Factory extension opened in Hungary in Q3 2017/18
  - Next volume factory to be built in Costa Rica
    - Est. CAPEX of DKK ~300m

# ...and continue to provide attractive cash returns despite large investments in commercial and expansion activities



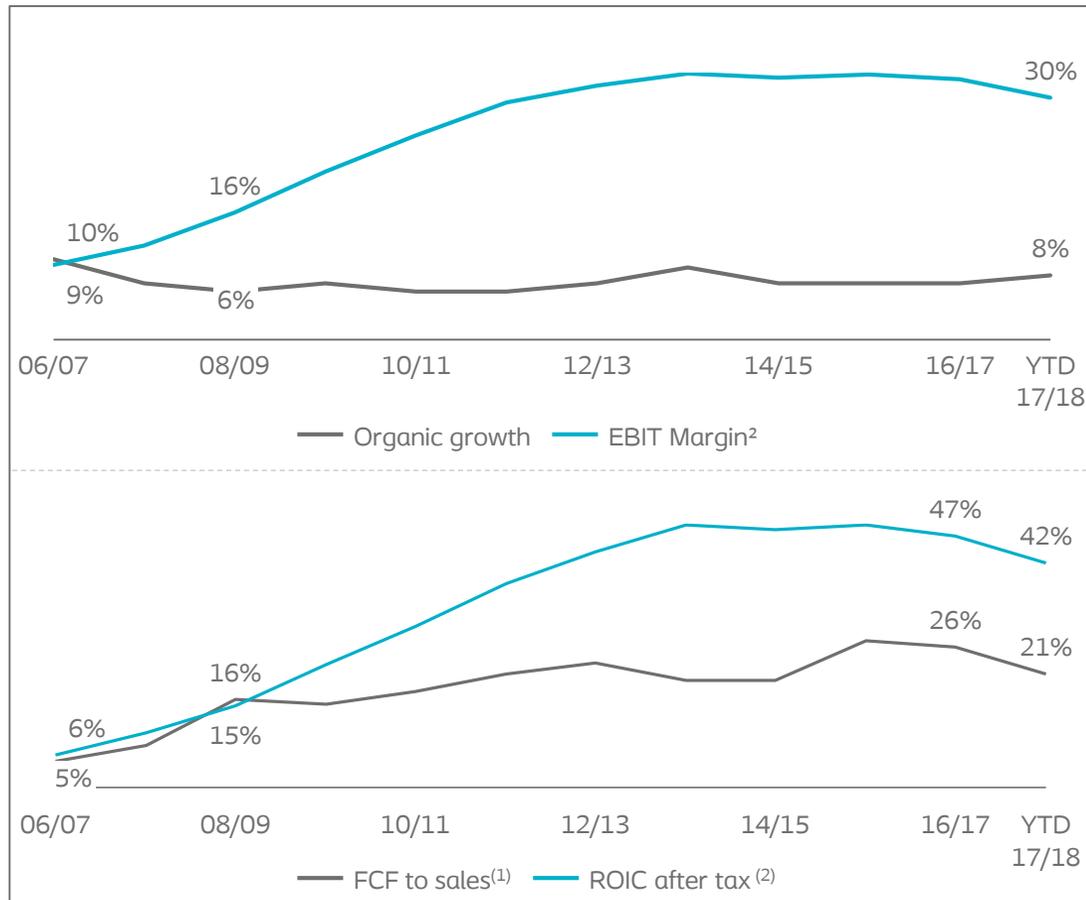
### Comments

- 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 15.0 per share for 2016/17
- H1 2017/18 interim dividend of DKK 5.0 per share for a total interim dividend of DKK 1,060m
- DKK 1bn share buy-back program to be completed before 2018/19 fiscal year end
  - First part of the share buy-back program of DKK 500m initiated in Q2 and completed in Q3

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 2013/14, 2014/15 and 2015/16 is before special items related to Mesh litigation

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

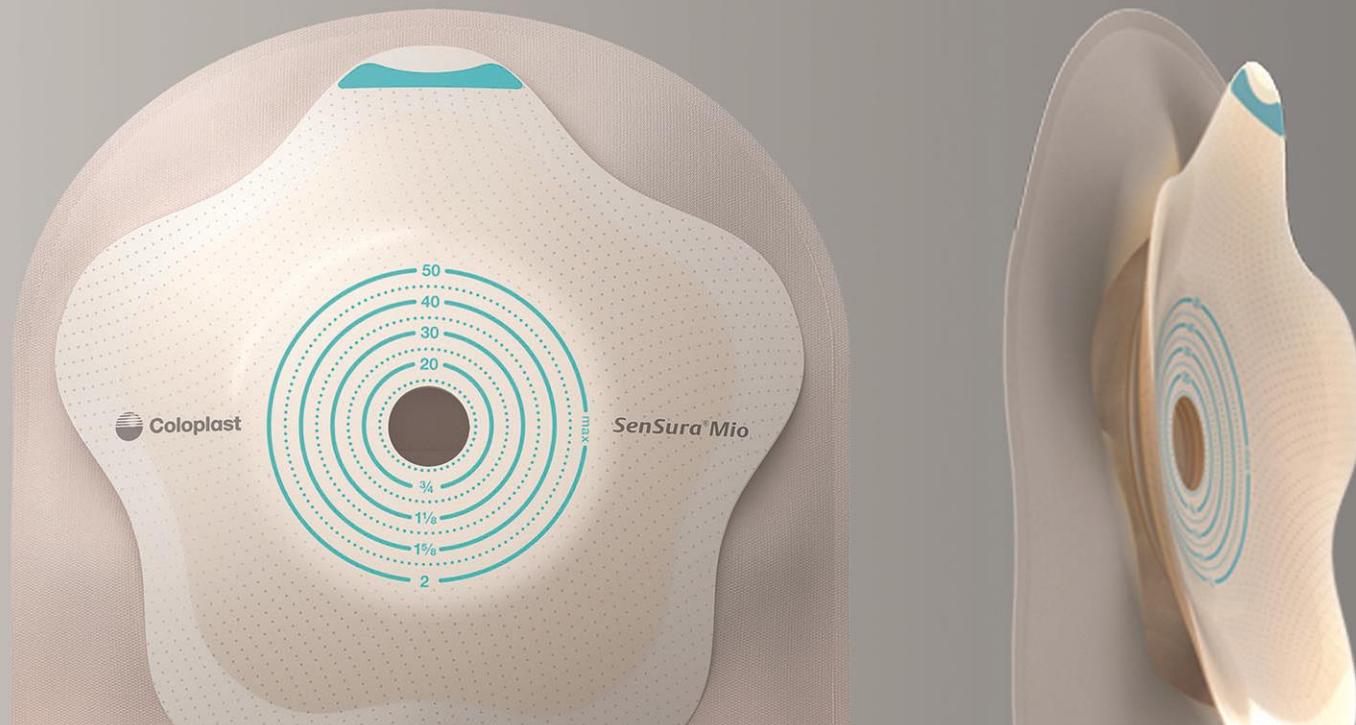


## Comments

- Stable market trends in our Chronic Care business
- Strong 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 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 Q2 2013/14 includes DKK 1bn net provision. Special items Q4 2014/15 includes DKK 3bn provision. Special items Q4 2015/16 includes DKK 0.75bn provision.



# Leading intimate healthcare

Appendices

*SenSura Mio*

Coloplast A/S - Ostomy Care / Continence Care / Wound & Skin Care / Urology Care



# The Coloplast share (COLO'B-KO)

Coloplast share listed on [Nasdaq Copenhagen](#) since 1983

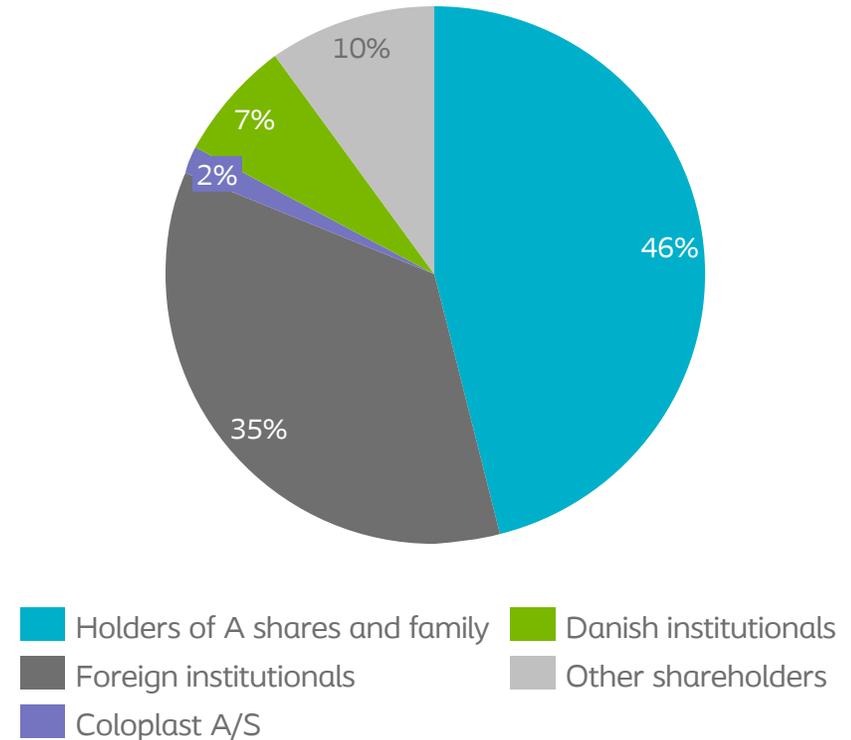
~**146 billion DKK** (~23 billion USD) **market cap** @ ~675 DKK per share (incl. A shares)

Two share classes:

- 18m **A shares** carry 10 votes (family)
- 198m **B shares** carry 1 vote (freely traded)
- **Free float approx.** 54% (B shares)

Note: Share capital ownership as per June 2018

## Share Capital Ownership

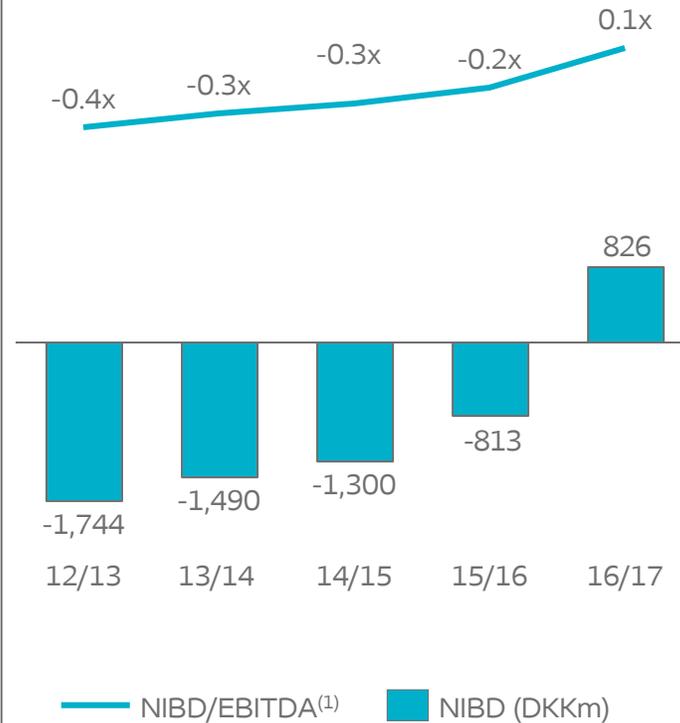


# Capital structure

## Comments

- Overall policy is that excess liquidity is returned to shareholders through a combination of dividends and share buy-backs
- Interest bearing debt will be raised in connection with a major acquisition or to support dividends
- Share buy-backs of DKK 500m per year expected
- Bi-annual dividends
- Coloplast has entered into loan facilities to fund Mesh litigation settlements and the acquisition of Comfort Medical
- Interest-bearing net debt of DKK 2,311m at 30 June 2018

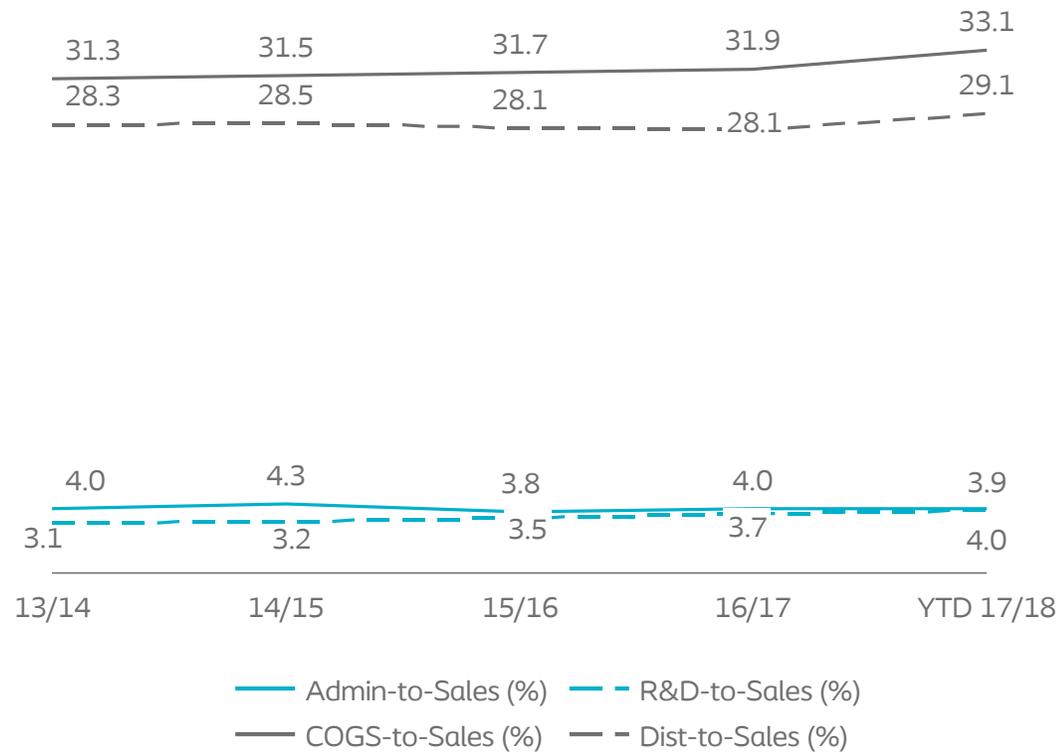
## Performance



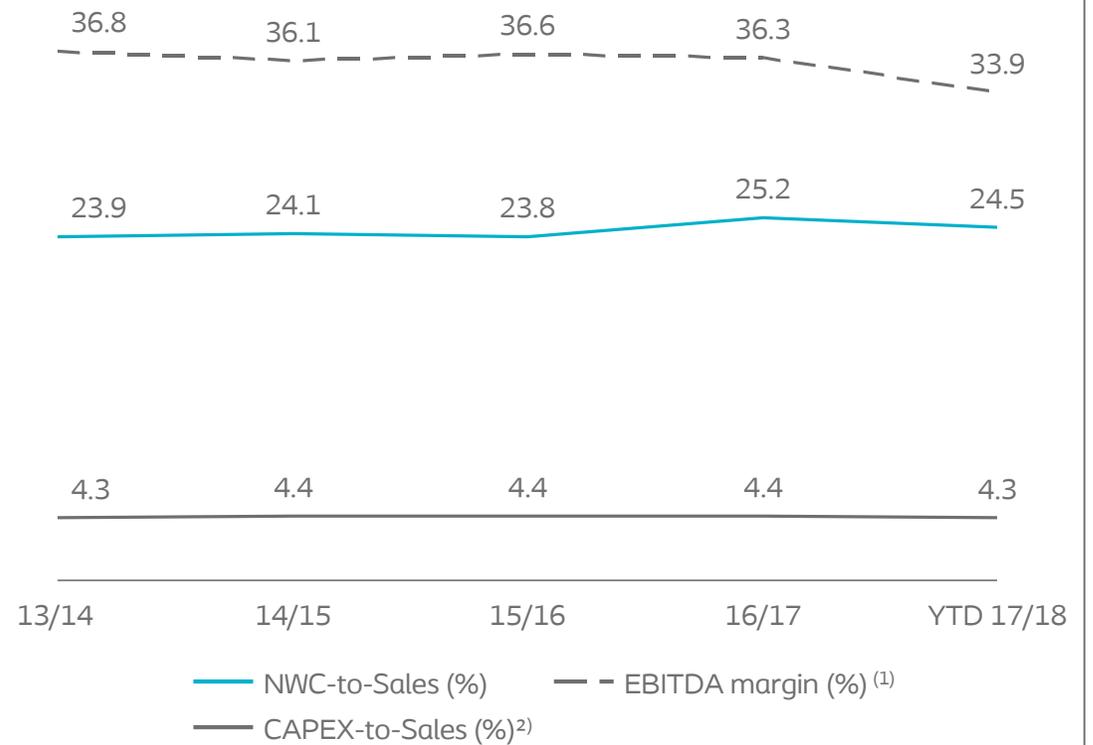
1) Before special items. Special items Q2 2013/14 includes DKK 1bn net provision. Special items Q4 2014/15 includes DKK 3bn provision. Special items Q4 2015/16 includes 0.75bn provision.

# Key Value Ratios

## Profitability drivers



## Free Cash Flow drivers

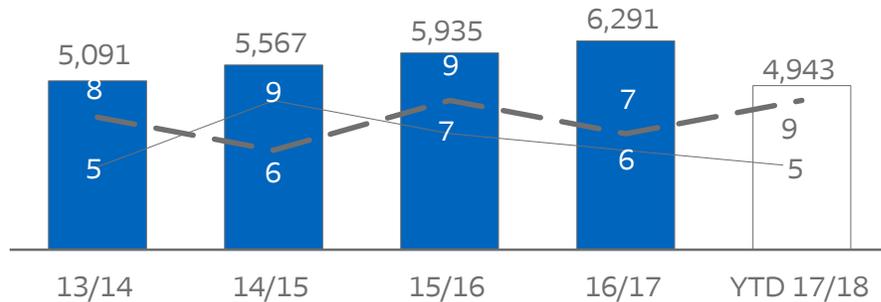


1) Before special items. Special items Q2 2013/14 includes DKK 1bn net provision. Special items Q4 2014/15 includes DKK 3bn provision. Special items Q4 2015/16 includes 0.75bn provision

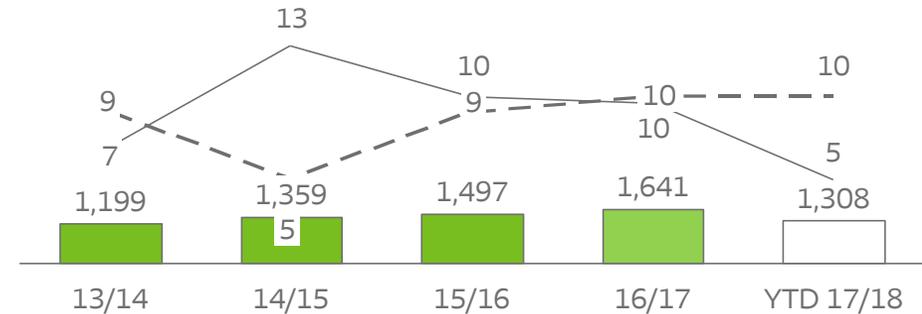
2) Gross CAPEX including investment in intangible assets

# Coloplast revenue development by business area

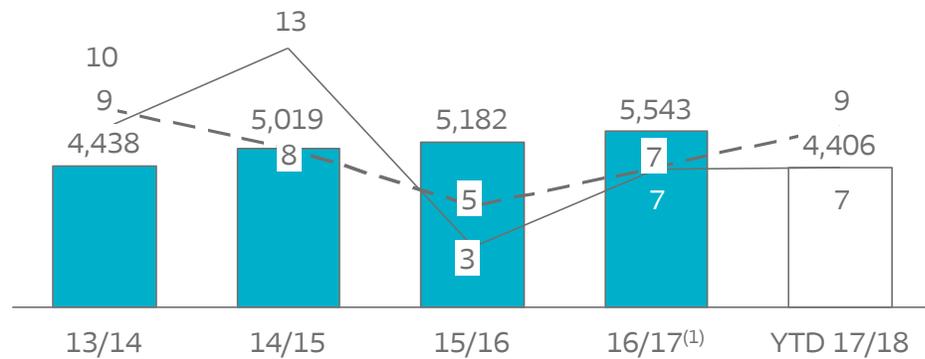
## Ostomy Care



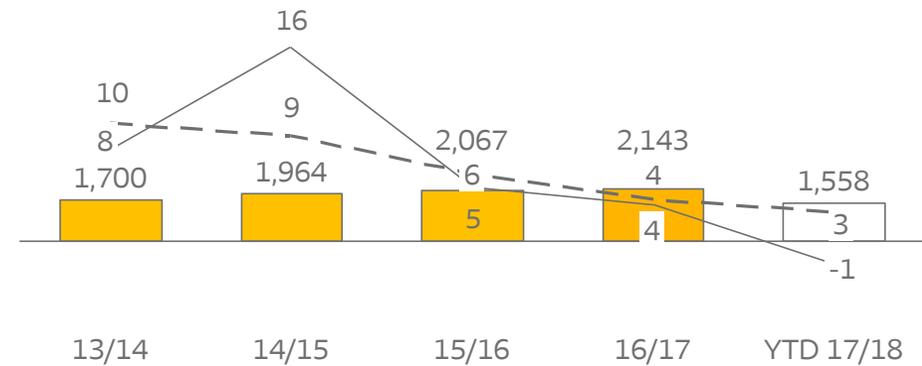
## Urology Care



## Continence Care



## Wound & Skin Care



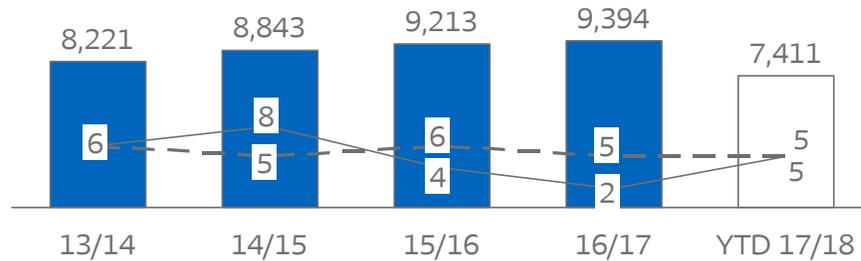
Revenue (DKKm)
 — Reported growth (%)
 - - - - - Organic growth (%)

1) Excluding one-off revenue adjustment related to incorrect management of a contract with U.S Veterans Affairs  
 Coloplast A/S - Ostomy Care / Continence Care / Wound & Skin Care / Urology Care

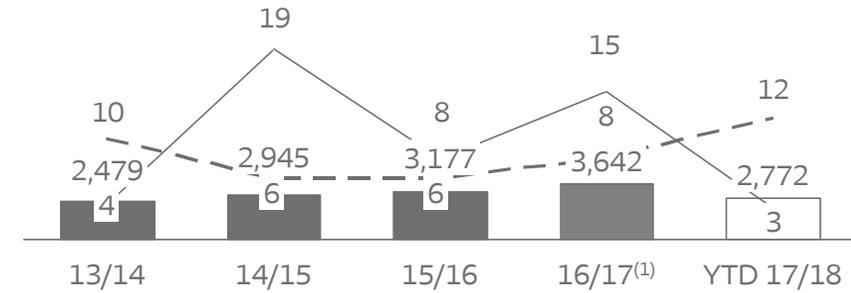


# Coloplast revenue development by geography and total

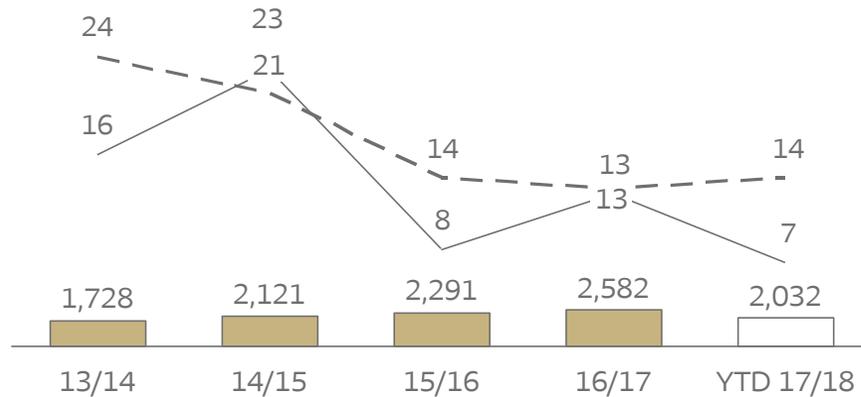
## Europe



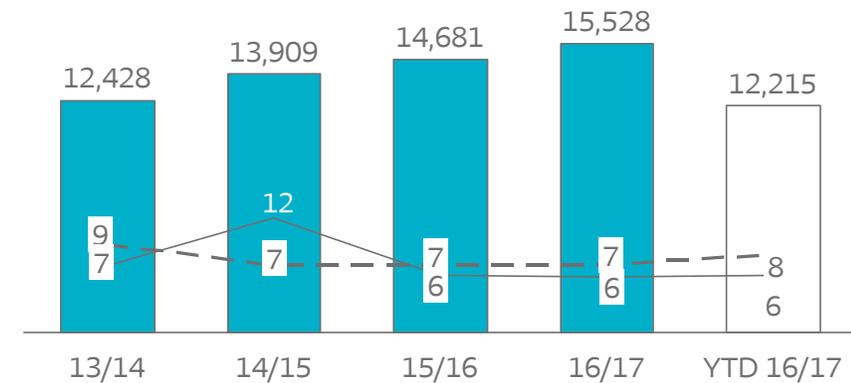
## Other Developed Markets



## Emerging Markets



## Coloplast group

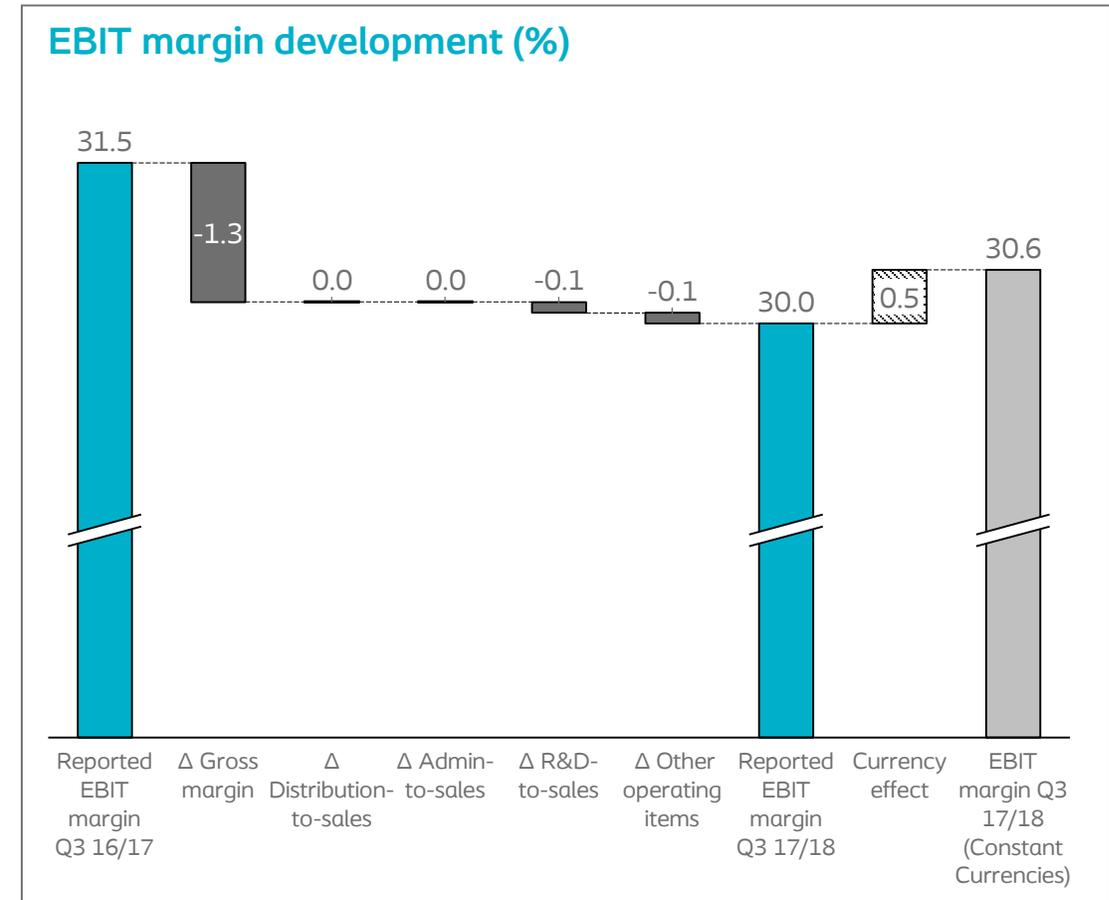
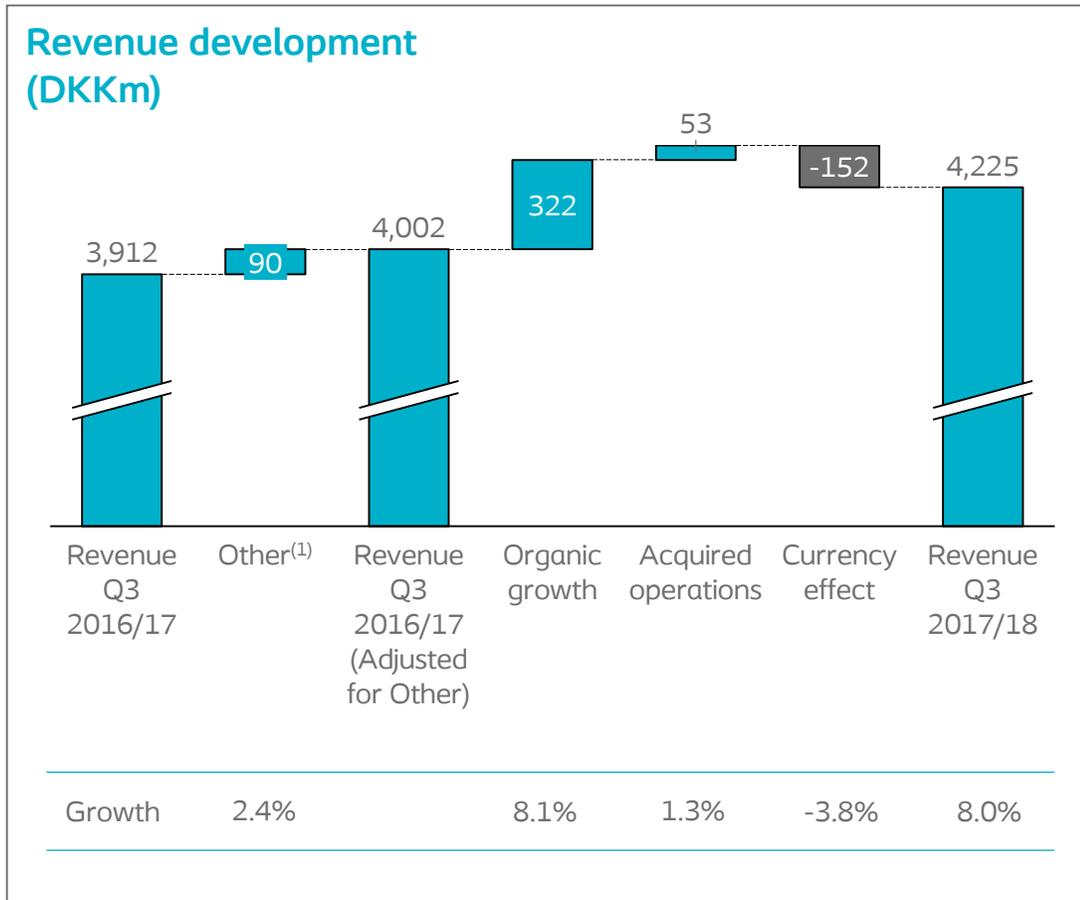


□ Revenue (DKKm)    — Reported growth (%)    - - - - Organic growth (%)

1) Excluding one-off revenue adjustment related to incorrect management of a contract with U.S Veterans Affairs  
Coloplast A/S - Ostomy Care / Continence Care / Wound & Skin Care / Urology Care

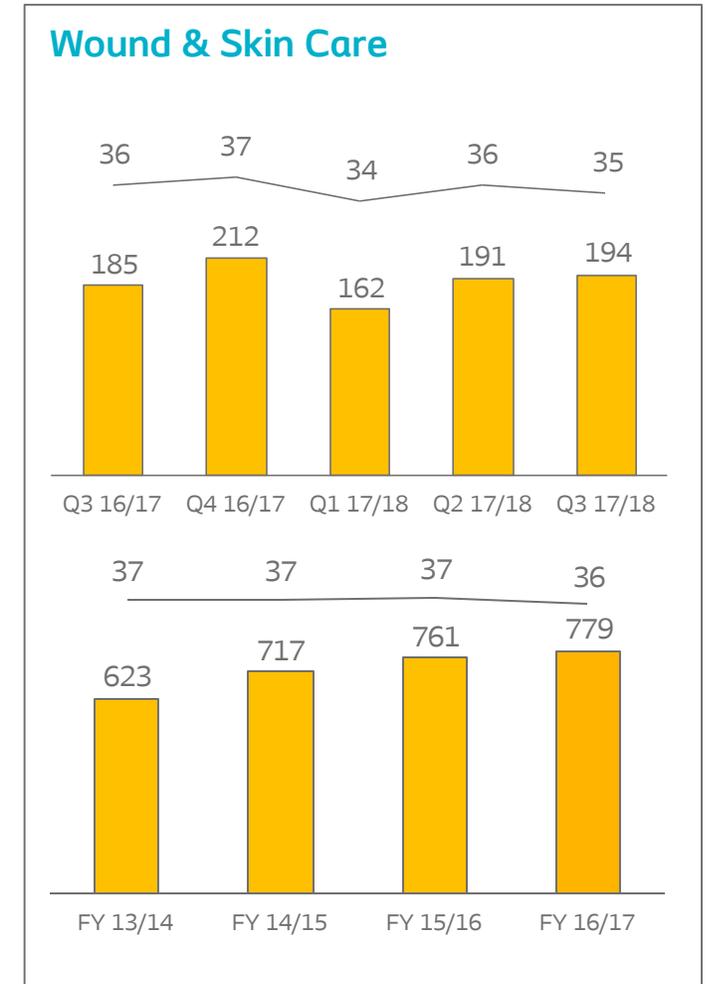
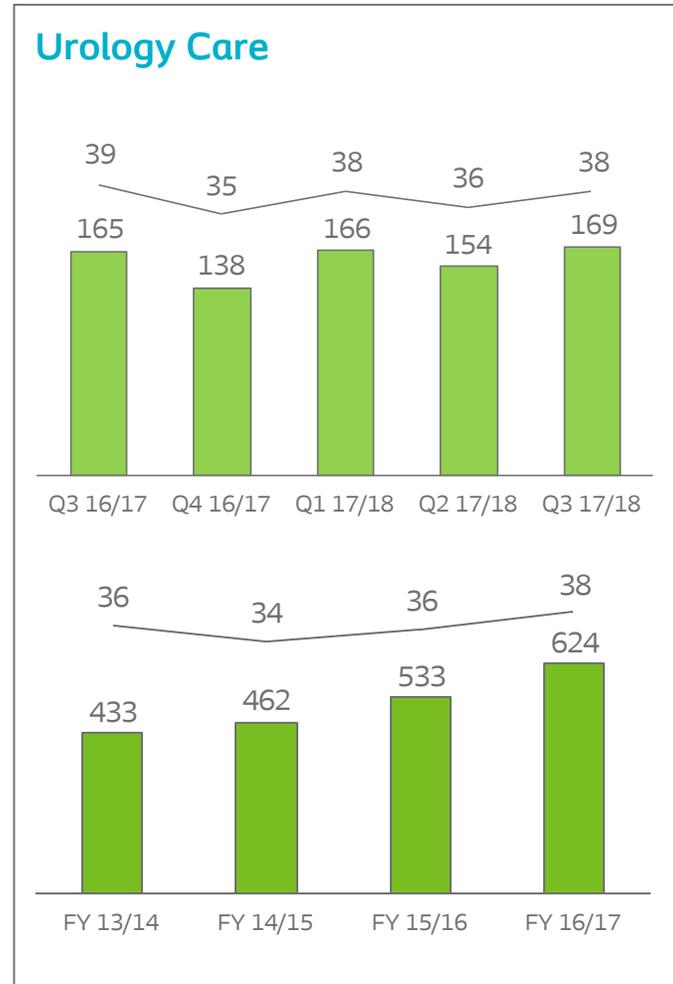
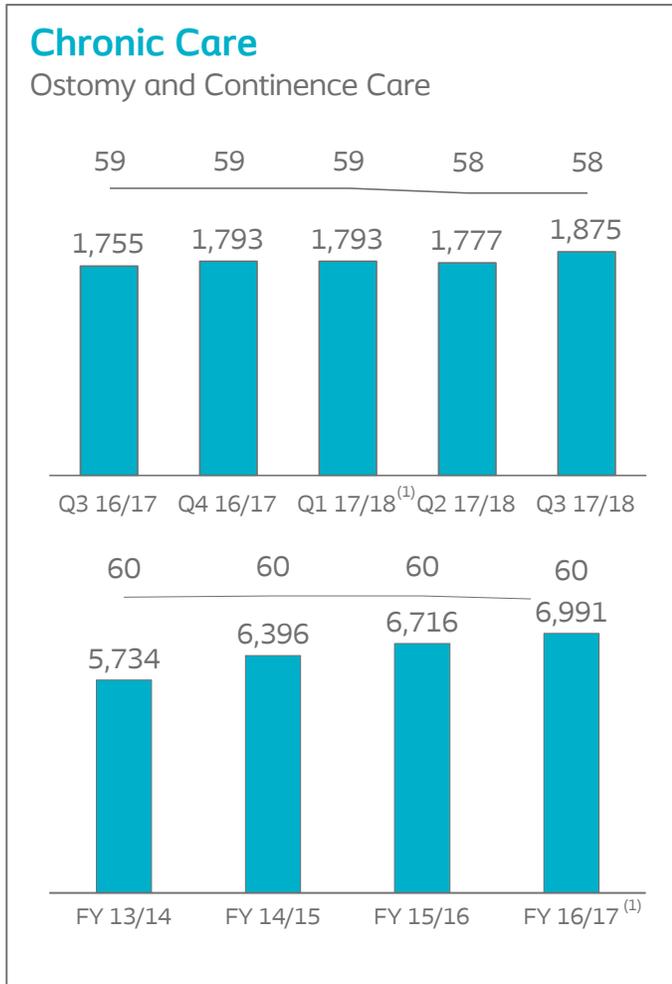


# Coloplast Q3 revenue and EBIT development



1) Estimated DKK 90m one-off revenue adjustment related to incorrect management of a contract with U.S. Veterans Affairs in Q3 2016/17.

# Segment operating profit

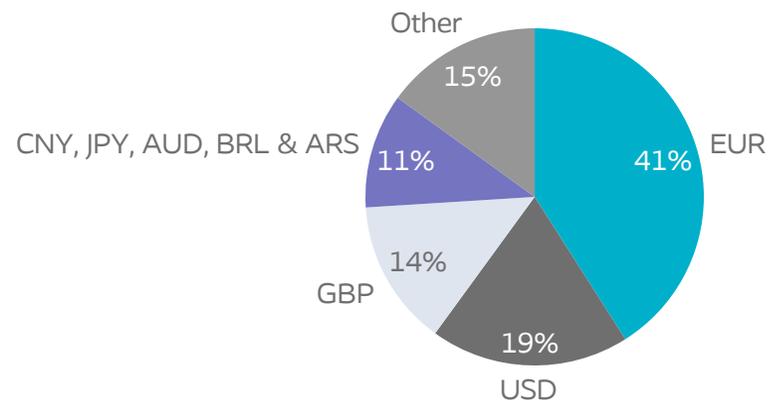


Note: Excludes shared/non-allocated costs

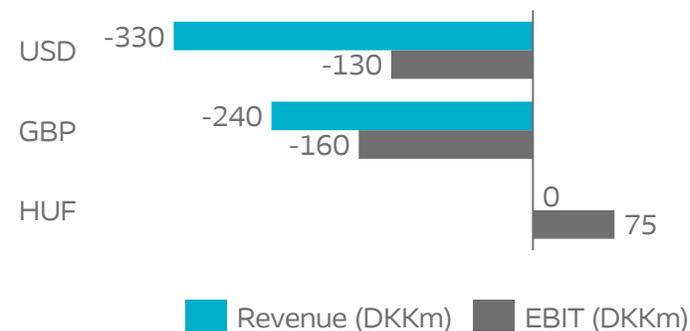
1) Includes DKK 90m one-off revenue adjustment related to incorrect management of a contract with U.S. Veterans Affairs

# Exchange rate exposure FY 2017/18 and hedging policy

## Revenue FX exposure 2017/18<sup>(1)</sup>



## 12 months exposure from 10% initial exchange rate drop<sup>(1)</sup>



## Financial guidance for 2017/18

DKK	Avg. FX rate 2016/17 <sup>(1)</sup>	Spot rate, 2 August 2018	Estimated avg. FX rate 2017/18 <sup>(2)</sup>	Change in est. avg. FX rates vs. 2016/17	Avg. exchange rate for 9M 2016/17	Avg. exchange rate for 9M 2017/18	Change in avg. FX rates for 9M vs. 9M last year
USD	674	641	627	-7%	688	622	-10%
GBP	853	838	842	-1%	862	844	-2%
HUF	2.41	2.32	2.37	-2%	2.40	2.38	-1%
Other selected currencies:							
CNY	99	94	96	-3%	100	96	-4%
JPY	6.06	5.74	5.67	-7%	6.18	5.64	-9%
AUD	513	472	477	-7%	518	479	-8%
BRL	211	171	182	-14%	214	185	-13%
ARS	42	23	29	-30%	44	31	-29%

## Hedging Policy

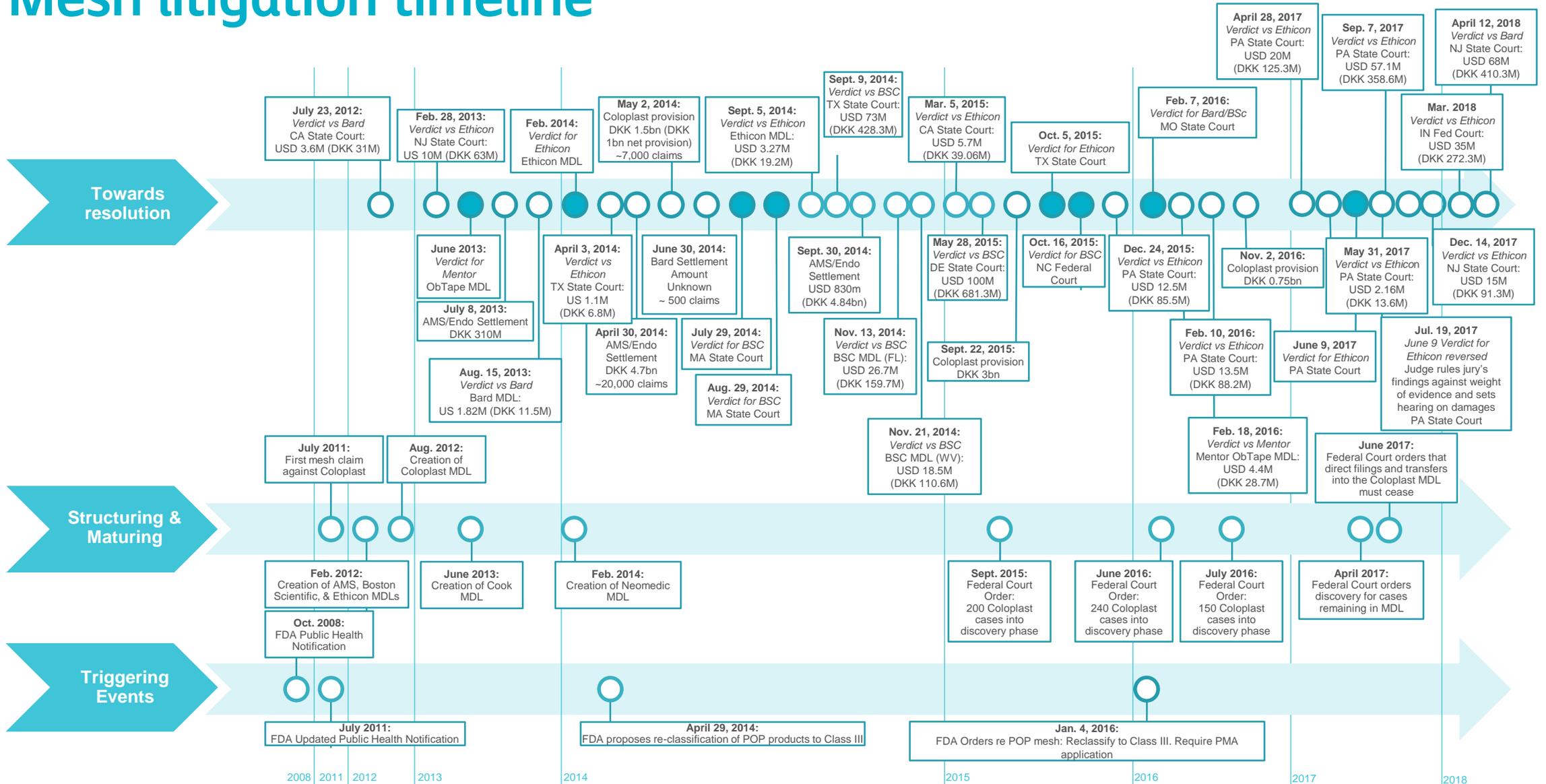
To achieve the objective of a stable income statement we hedge:

- Key currencies e.g., USD, GBP, HUF using forward contracts and options. Not EUR.
- On average 10-12 months
- Selected balance sheet items in foreign currency and part of the expected rolling 12-month cash flows
- Taking risk. vs. cost of hedging into consideration

1) Average exchange rate from 1 October 2016 to 30 September 2017 as applied in the annual report 2016/17.

2) Estimated average exchange rate is calculated as the average exchange rate year to date combined with the spot rates at 2 August 2018.

# Mesh litigation timeline



# US Mesh litigation – Overview of current financial impact

## P&L

	13/14	14/15	15/16	16/17
EBIT (before special items)	4,147	4,535	4,846	5,024
Special items	-1,000	-3,000	- 750	0
EBIT	3,147	1,535	4,096	5,024
EBIT % (before special items)	33	33	33	32
EBIT %	25	11	28	32

- A total of DKK 5,250m (DKK 4,750 net of insurance coverage) has been provisioned and is considered sufficient
- Currently more than 95% of known cases against Coloplast have been settled

## Balance

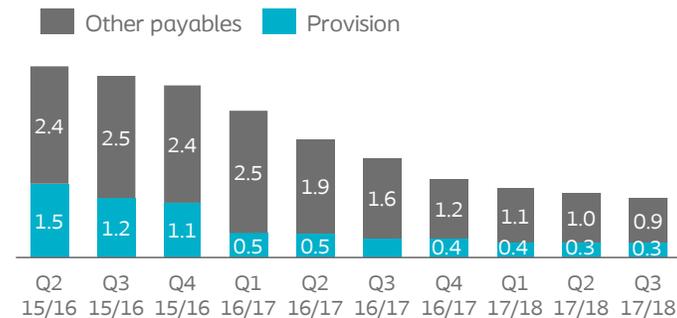
### Assets

#### Restricted cash, DKKbn



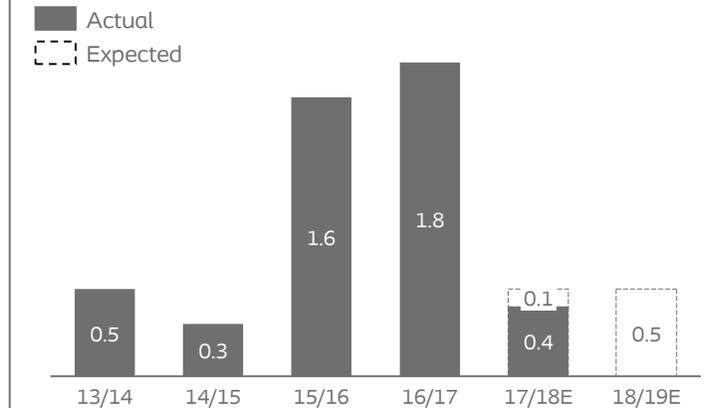
### Liabilities

#### Total liability, DKKbn



## Cash flow

### Actual/Expected cash flow, DKKbn



- Settlements expected to be finalised within the next 1-2 years
- Insurance coverage of DKK 500m received in 2013/14 and 2014/15
- DKK 1,500m loan facility (2 yrs)

# LEAD20 – an update on our direction towards 2020

## Superior products and innovation



**SenSura® Mio Concave**  
To be launched in 2018 & 2019



**SenSura® Mio Hospital Assortment**  
Launched in 2017



**SenSura® Mio Convex**  
Launched in 2015  
Relaunched in 2017



**SpeediCath® Flex**  
Launched in 2016



**Brava® Protective Seal**  
Launched in 2016



**Biatain® Silicone Sizes & shapes**  
Launched in 2016



**Comfeel® Plus**  
Relaunched in 2016

4% R&D to sales in 16/17

## Unique user-focused market approach



+ 500,000 enrolments



Live in +20 markets

+ 1 million users in our Coloplast database



## Unparalleled efficiency

### Innovation Excellence

Production ramp-up directly from Hungary/China:



SenSura® Mio Hospital assortment



SenSura® Mio Convex



SpeediCath® Flex

### Reduction of production employees in Denmark:

#### GOP3

- 300 FTEs in 2015/16, 2016/17 and 2017/18
- DKK 80-100m saving by 2017/18

#### GOP4

- 200 FTEs in 2017/18 and 2018/19
- DKK 50m in restructuring costs in 2017/18 and 2018/19
- 150 basis point EBIT margin improvement by 2020/21

# We will continue to push for efficiency gains across Global Operations and Business Support

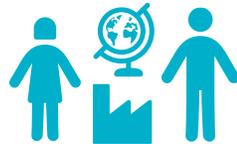
## Global Operations Plan 4



1. Risk reduction & stability in supply



2. Automation & operating efficiency



3. Best country location & network optimisation

## Business support

- Efficiency improvement in the subsidiaries, HQ and business support centre
- Subsidiaries to focus on commercial priorities
- Add new tasks performed by our Business Centre on an ongoing basis



# Health reform landscape

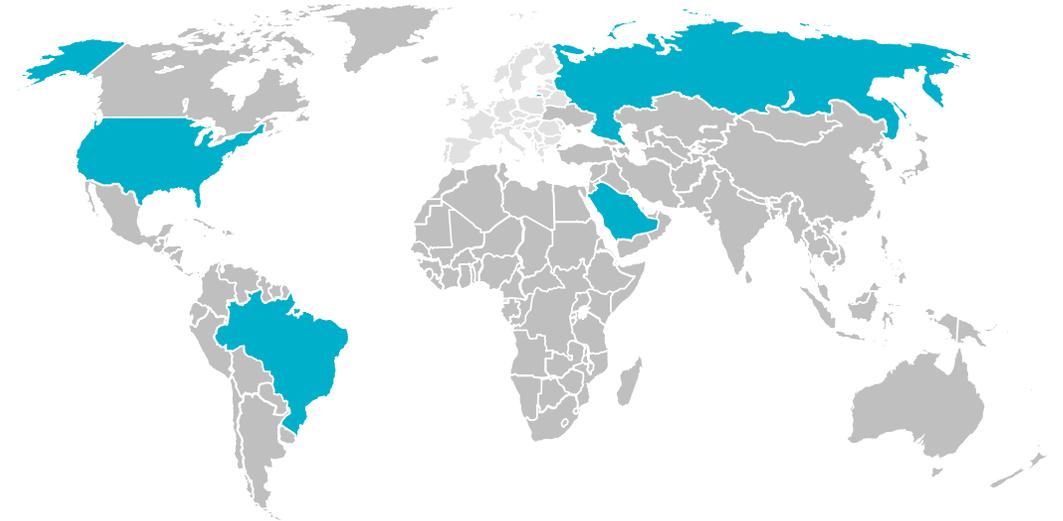
## Europe

- **France:** Reimbursement pressure on WC. Reimbursement review of OC and CC
- **Greece:** Reimbursement pressure on all BAs
- **Germany:** Reimbursement pressure on OC and CC
- **Netherlands:** Reimbursement pressure on OC and CC
- **UK:** Efficiency savings under NHS reform
- **Italy:** Regional tenders and pricing challenges



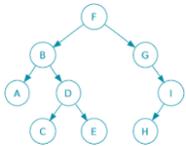
## Rest of World

- **U.S.:** Healthcare reform implementation ongoing
- **Brazil:** Macroeconomic and political challenges
- **Russia:** Macroeconomic and political challenges
- **Saudi Arabia:** Macroeconomic and political challenges



# CARE helps us increase retention and improve product compliance for in excess of 500,000 enrolled consumers

## We co-develop CARE content with local clinicians



Clinically validated content and call protocol



Self-assessments to identify struggling users



Data shared with clinicians

## CARE is a personal and “high-touch” program



Advisors available on phone



Website with reliable advice and useful self assessment tools 24/7



News, tips and inspiration directly in email or mailbox



Free product and accessories samples

## Global program with shared infrastructure

1

- ERP

- CRM

- CMS



# With our DtC marketing program we reach into the community

We operate in numerous channels to expose our service and product offering...



...and with the reach we get several benefits

Expose innovative products



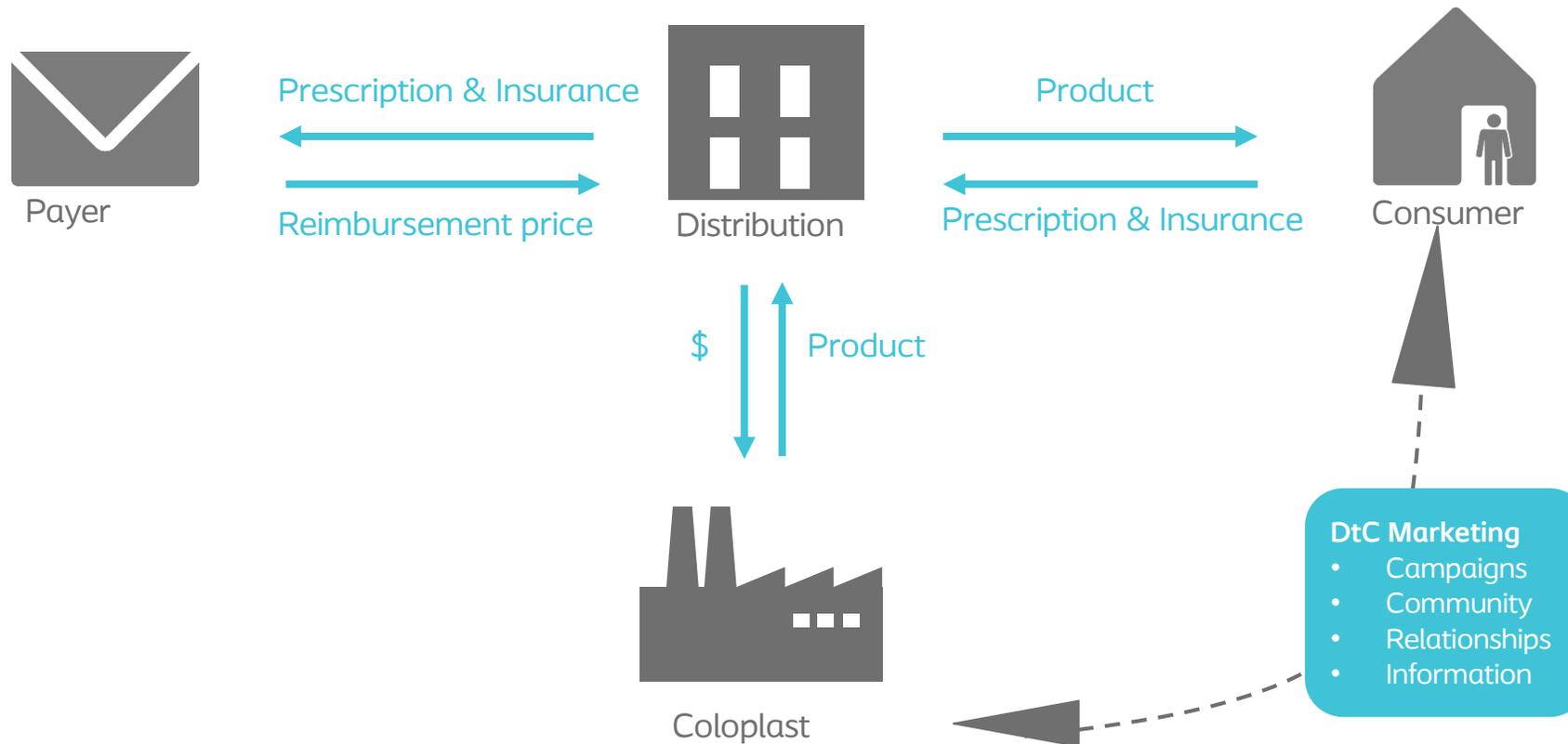
Ensure product accessibility



Ensure successful experience



# The generic model for distribution and reimbursement of our products



# In Wound Care we are progressing with our new ambition

1 Shape the standard



Endorsements



Publications

2 Build a strong product portfolio



reddot award 2017 winner



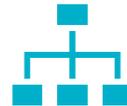
3 Accelerate in EU



Ramp-up



4 Strengthen position in the US



New structure



New management



New investment plan

5 Secure leading position in China



Revised targeting



Leverage position in top 100 cities

6 Selectively invest in EM



Ramping up in selected markets



# Introducing Ostomy Care

## Disease areas

- Colorectal cancer (est. 45%)
- Bladder cancer (est. 10%)
- Diverticulitis (est. 15%)
- Inflammatory bowel disease (est. 10%)
- Other (est. 20%)

## Customer groups

- Nurses, mainly stoma care nurses
- People with a stoma
- Wholesalers/distribution
- Hospital purchasers and GPOs
- Surgeons

## Call points

- Hospital & community nurses
- Hospital buyers
- Distributors
- Dealers
- Wholesalers
- Homecare companies

## Key products



**SenSura® Mio Concave**  
To be launched in 2018-2019



**SenSura® Mio Convex**  
Launched in 2015



**SenSura® Mio**  
Launched in 2014



**SenSura®**  
Launched in 2006-2008



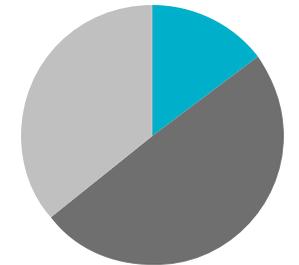
**Assura® new generation**  
Launched in 1998



**Alterna® original**  
Launched in 1991

## Distribution of revenues\*

- Urostomy
- Ileostomy
- Colostomy



\*Excluding baseplates and accessories

# Introducing Ostomy Care Accessories

## Market fundamentals

- Market size of DKK ~2bn
- Market growth of 6-8%
- Market share 25-30%
- Main competitors include: Hollister Adapt, ConvaTec, 3M Cavilon, Eakin

## Customer groups & call points

- Nurses, mainly stoma care nurses
- People with a stoma
- Wholesalers/distributors
- Hospital purchasers and GPOs
- Surgeons

## Market value by geography

- European markets
- Other developed markets
- Emerging markets



## Key products



### Brava® Protective Seal

- Designed for leakage and skin protection



### Brava® Elastic Tape

- Elastic so it follows the body and movements



### Brava® Lubricating Deodorant

- Neutralizing odour

*Brava® is a range of ostomy accessories designed to reduce leakage or care for skin, to make our end-users feel secure. Brava® was launched in April 2012 and the range includes 12 different products.*



### Brava® Skin Barrier

- Reducing skin problems without affecting adhesion



### Brava® Adhesive Remover

- Sting free and skin friendly

# Introducing Continence Care

## Disease areas

- Spinal Cord Injured, SCI
- Spina Bifida, SB
- Multiple Sclerosis, MS
- Benign prostatic hyperplasia, BPH & prostatectomy patients
- Elderly

## Customer groups

- Continenace or home care nurses
- Wholesalers/distributors
- Hospital purchasers and GPOs

## Main call points

- Rehabilitation centers
- Urology wards
- Distributors, dealers & wholesalers

## Key products



**SpeediCath® Flex**  
Intermittent catheter  
Launched in 2016



**SpeediCath® Compact Eve**  
Intermittent catheter  
Launched in 2014



**SpeediCath® Compact**  
Male intermittent catheter  
Launched in 2011



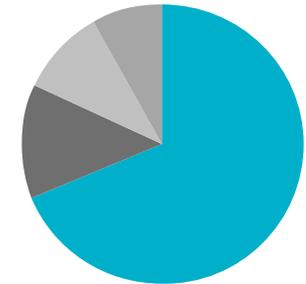
**Conveen® Optima**  
External catheter  
Launched in 05/06



**Conveen® Security+**  
Launched in 2013

## Distribution of revenues

- Intermittent catheters
- Urine bags
- Male ext. catheters
- Bowel management



# Introducing Bowel Management

## Disease areas

Faecal incontinence  
(management products only)

## Customer groups

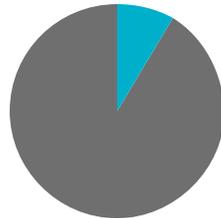
- Spinal Cord Injured, SCI
- Spina Bifida, SB
- Multiple Sclerosis, MS

## Call points

- Rehab centers
- Pediatric clinics
- Urology wards

## Distribution of revenues

- Peristeen® Anal Irrigation
- Anal plug



## Market dynamics

- + Growing awareness
- + Huge underpenetrated and unserved population
- + New devices addressing the many unmet needs
- ÷ Still taboo area and non-focus for professionals (doctors)
- ÷ Very little patient awareness
- ÷ Training required (nurses, patients)
- ÷ Lack of reimbursement



**Peristeen® Anal Irrigation**  
Launched in 2003  
Updated in 2011



**Anal plug**  
Launched in 1995

# Introducing Urology Care

## Treatment (surgical) of urological disorders

### Disease areas

- Urinary incontinence
- Pelvic organ prolapse
- Erectile dysfunction
- Enlarged prostate
- Kidney and urinary stones

### Customer groups

- Surgeons
- Purchasing departments and organizations
- End customers

### Call points

- Urologists
- Uro-gynaecologists
- Gynaecologists
- Purchasing departments and organizations

### Key products



**Titan® OTR penile implant**  
Launched in 2008  
Men's health – Surgical Urology



**Altis® single incision sling**  
Launched in 2012  
Women's health – Surgical Urology



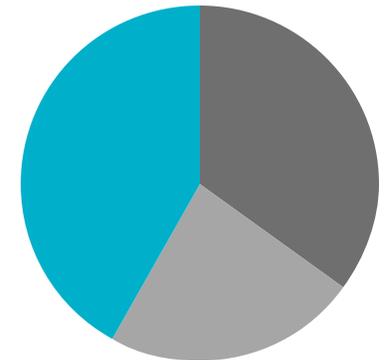
**Isiris® cystoscope**  
Launched in 2015  
Single use devices



**JJ stents**  
Launched in 1998  
Single use devices

### Distribution of revenues

- Men's health
- Women's health
- Single use devices



# Introducing Wound Care

## Disease areas

### Chronic wounds

- Leg ulcers
- Diabetic foot ulcers
- Pressure ulcers

## Customer groups & call points

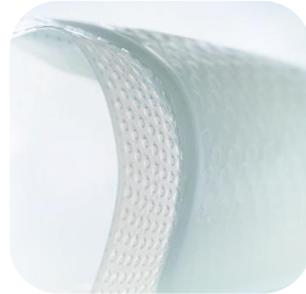
### Hospitals

- Wound care committees
- Specialist nurses/doctors
- (Purchasers)

### Community

- Specialist nurses/doctors
- General practitioners
- District/general nurses
- Large nursing homes

## Key products



**Biatain® Silicone**  
Foam dressing with silicone adhesive  
Launched in 2013



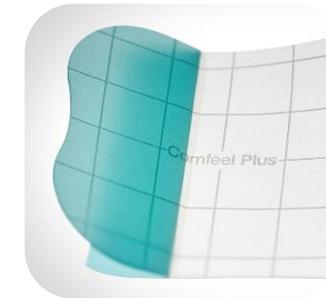
**Biatain® Silicone Sizes & Shapes**  
New range of different sizes  
Launched in 2016



**Biatain® Ag**  
Antimicrobial foam dressing  
Launched in 2002

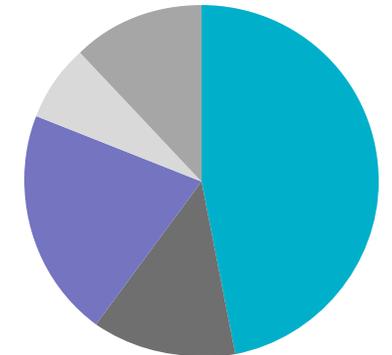


**Biatain®**  
High exudate mgt. foam dressing  
Launched in 1998



**Comfeel® Plus**  
Hydrocolloid dressing  
Relaunched in 2016

## Distribution of revenues (WSC)



# Introducing Skin Care

## Disease areas

- Moisture associated skin damage
- Incontinence
- Skin folds & obesity
- Prevention of skin impairments

## Customer groups & call points

### Hospitals

- Clinical Specialists
- Supply Chain
- Value Analysis Committee

### Community

- Wound Clinics
- Long Term Care
- Home Health Agencies
- Distribution

## Key products



**Sween®**  
Broad line of skin care products  
Designed to increase consistency  
of care



**Critic-Aid® Clear / AF**  
Skin Protectant  
Suitable for neonate to  
geriatric patients



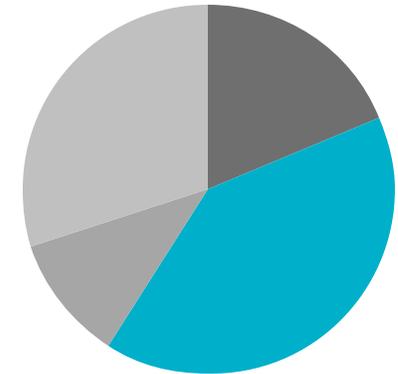
**EasiCleanse Bath®**  
Disposable Bathing Wipes  
Improves Patient Experience



**InterDry® Ag**  
Textile with antimicrobial silver  
complex  
Unique solution for skin on skin  
issues

## Product mix

- Protectants & Antifungals
- Cleansing/Bathing
- Moisturizers
- Textile



# Product market for US Skin Care



## Market drivers/limiters

- + Aging and obese population
- + CMS Value Based Purchasing
- + Increased focus on prevention
- + Increased importance of utilization management
- ÷ Consolidation of Providers
- ÷ Increased competition from both Channel and Manufacturers

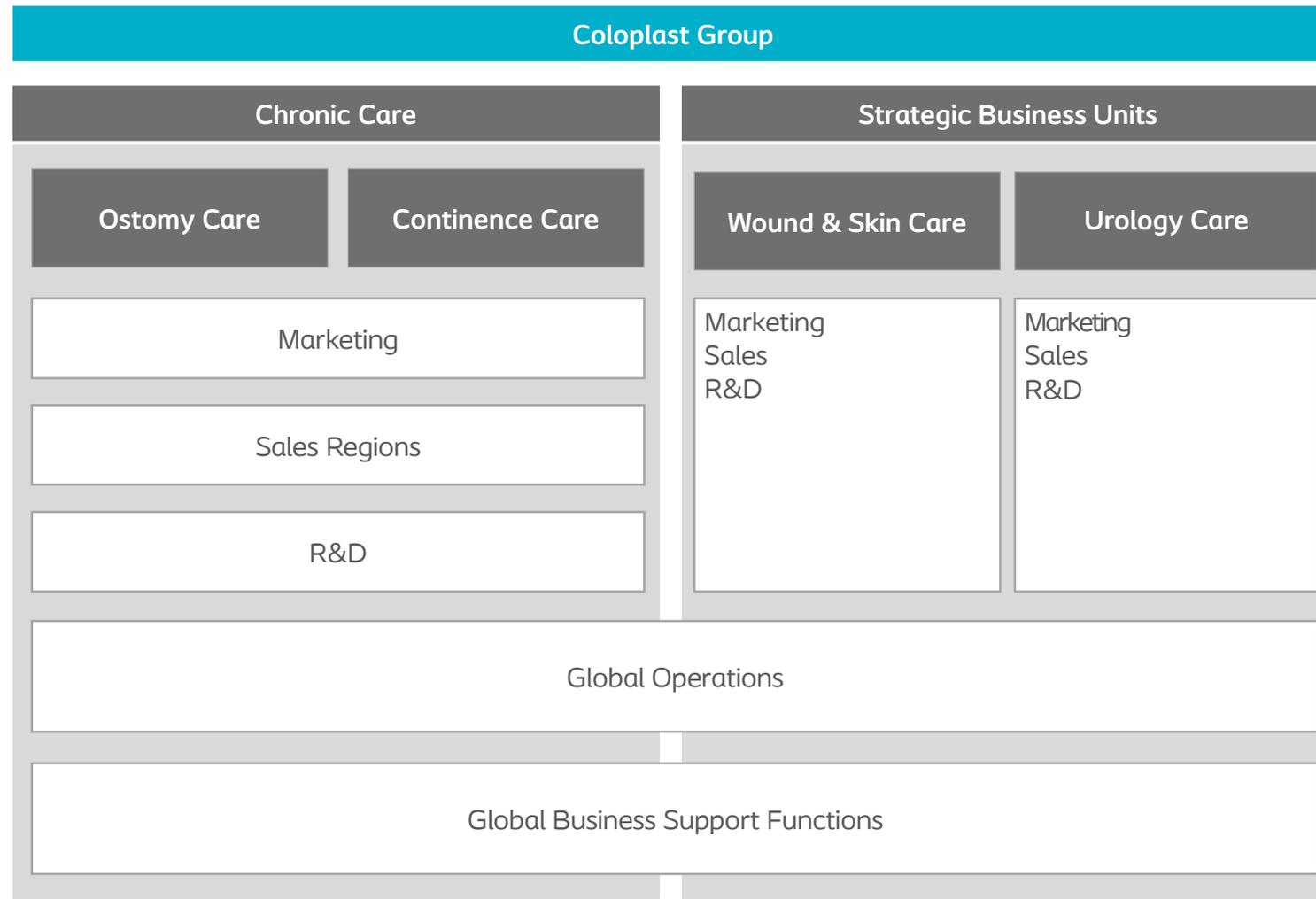
## Market trends

- Increasing size and vertical integration of health systems
- Increasing importance of prevention
- Increasing importance of utilization management
- Increasing scale and vertical integration of market leaders

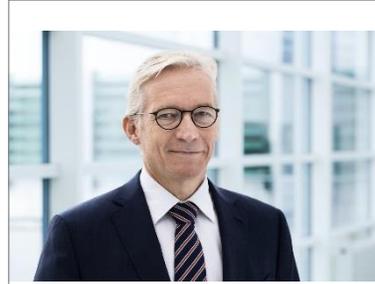
## US Skin Care at a glance

- US market size estimated at DKK 5-6bn with 4-5% growth
- Market share: 7-9%
- Main competitors include:
  - Medline Industries
  - Sage Products
  - ConvaTec

# The Coloplast organisation



# Coloplast Executive Management



**Lars Rasmussen**

President, CEO

- Born 1959
- With Coloplast since 1988



**Anders Lonning-Skovgaard**

EVP, CFO

- Born 1972
- With Coloplast since 2006



**Allan Rasmussen**

EVP, Global Operations

- Born 1967
- With Coloplast since 1992



**Kristian Villumsen**

EVP Chronic Care

- Born 1970
- With Coloplast since 2008

# Corporate responsibility – Member of UN Global Compact since 2002 and recognized externally



MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM 



**FTSE4Good**



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# Income statement

DKKm	9M 2016/17	9M 2017/18	Change
Revenue	11,548	12,215	6%
Gross profit	7,854	8,171	4%
SG&A costs	-3,728	-4,049	9%
R&D costs	-436	-481	10%
Other operating income/expenses	15	35	nm
<b>Operating profit (EBIT)</b>	<b>3,705</b>	<b>3,676</b>	<b>-1%</b>
Net financial items	-85	-31	-64%
Tax	-833	-839	1%
<b>Net profit</b>	<b>2,787</b>	<b>2,806</b>	<b>1%</b>
<b>Key ratios</b>			
Gross margin	68%	67%	
EBIT margin	32%	30%	
Earnings per share (EPS), diluted	13.13	13.21	1%

# Balance sheet

DKKm	30 Jun 2017	30 Jun 2018	Change
<b>Balance, total</b>	<b>12,247</b>	<b>12,667</b>	<b>3%</b>
<b>Assets</b>			
<b>Non-current assets</b>	<b>5,729</b>	<b>6,173</b>	<b>8%</b>
<b>Current assets</b>	<b>6,518</b>	<b>6,494</b>	<b>0%</b>
<i>of which:</i>			
Inventories	1,742	1,679	-4%
Trade receivables	2,845	2,970	4%
Restricted cash	769	694	-10%
Marketable securities, cash, and cash equivalents	627	761	21%
<b>Equity and liabilities</b>			
<b>Total equity</b>	<b>4,958</b>	<b>5,202</b>	<b>5%</b>
<b>Non-current liabilities</b>	<b>453</b>	<b>665</b>	<b>47%</b>
<b>Current liabilities</b>	<b>6,836</b>	<b>6,800</b>	<b>-1%</b>
<i>of which:</i>			
Trade payables	527	659	25%
<b>Key ratios</b>			
Equity ratio	40%	41%	
Invested capital	8,174	8,809	8%
Return on average invested capital before tax (ROIC) <sup>1)</sup>	59%	54%	
Return on average invested capital after tax (ROIC) <sup>1)</sup>	45%	42%	
Net asset value per share, DKK	23	25	9%

<sup>1)</sup> This item is before Special items. After Special items, ROIC before tax is 58% (2016/17: 72%), and ROIC after tax is 45% (2016/17: 55%)

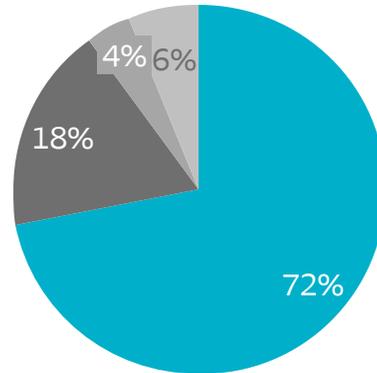
# Cash flow

DKKm	9M 2016/17	9M 2017/18	Change
EBITDA	4,156	4,145	0%
Change in working capital	-1,537	-495	-68%
Net interest payments	17	33	94%
Paid tax	-326	-835	nm
Other	-642	-61	-90%
<b>Cash flow from operations</b>	<b>1,668</b>	<b>2,787</b>	<b>94%</b>
CAPEX <sup>1)</sup>	-423	-521	23%
PPE divested	45	11	-76%
Acquisition	-1,144	-293	-74%
Securities	176	4	-98%
<b>Cash flow from investments</b>	<b>-1,346</b>	<b>-799</b>	<b>-41%</b>
<b>Free cash flow</b>	<b>322</b>	<b>1,988</b>	<b>nm</b>
Dividends	-2,864	-3,288	15%
Net investment in treasury shares and exercise of share options	-7	-187	nm
Drawdown on credit facilities	2,148	1,234	-43%
<b>Net cash flow for the year</b>	<b>-401</b>	<b>-253</b>	<b>-37%</b>

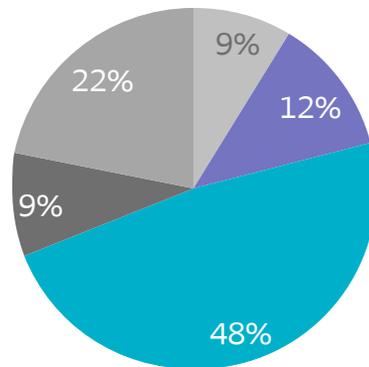
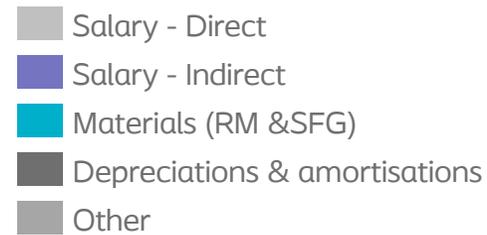
1) Gross CAPEX including investment in intangible assets

# Manufacturing setup

## Production by country (Volume)<sup>1</sup>



## COGS by cost type<sup>2</sup>



3) Thisted to be closed by end of 2018/19

1) Produced quantity of finished goods  
 2) FY 2016/17 Cost of goods sold, DKK 4,957m

# Production sites

## Denmark

### Mørdrup



- Adhesives production
- Wound care products
- Ostomy care products
- Continence care products
- Pilot development work Adhesives, Continence care and Wound care
- Number of employees in production: ~250

### Thisted



- Machine development & commissioning
- Ostomy care products
- Pilot development work Ostomy care
- Number of employees in production: ~150

## France

### Sarlat



- Disposable surgical urology products
- Number of employees in production: ~150

## US

### Minneapolis



- Urology care products
- Number of employees in production: ~100

### Mankato



- Skin care products
- Ostomy care accessories
- Number of employees in production: ~100

# Production sites

## Hungary

### Tatabánya



- Ostomy care products
- Adhesives
- Continence care products
- Urology care products
- Number of employees in production: ~1,600

### Tatabánya PDC



- Postponement & packaging
- Cross docking
- Warehousing
- Distribution & shipping
- Number of employees: ~450

### Nyírbátor



- Catheter care products
- Continence care products
- Wound care products (incl. Compeed)
- Number of employees in production: ~2,200

## China

### Zhuhai



- Continence care products
- Ostomy care products
- Machine building
- Number of employees in production: ~1,000

## Costa Rica

### Cartago



- Land purchased in 2018
- Factory operational in 2020
- Global manufacturing facility

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## 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