Sustainable growth leadership

Coloplast Earnings Conference Call FY 2019/20

3 November 2020

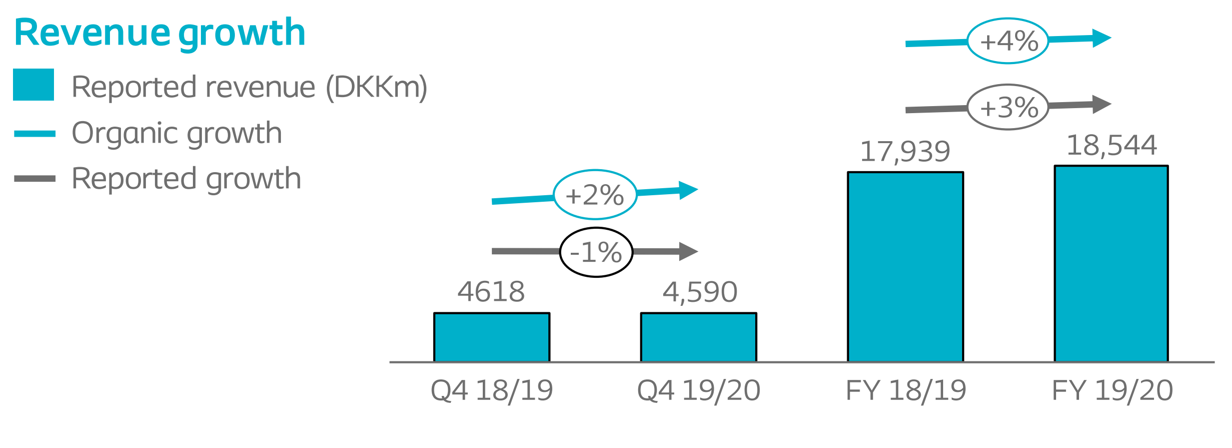
Making life easier

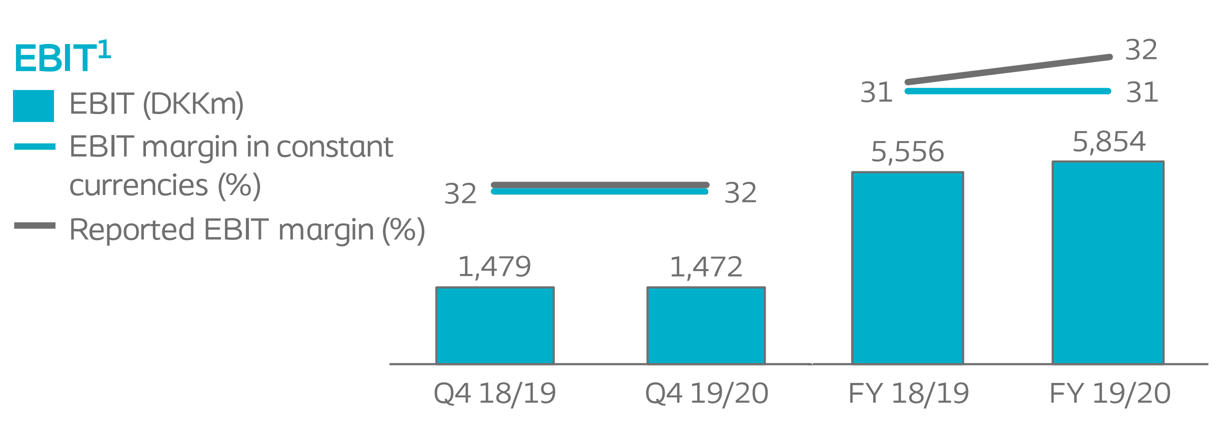
Forward-looking statements

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.

Back to organic growth in Q4. Solid results for FY 2019/20 despite challenging year due to COVID-19 pandemic





(1) Special items refers to 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. In Q4 2018/19 special items of DKK 400m included.
(2) Excluding the impact from IFRS 16, ROIC after tax before special items would have been 48% - on par with last year.

2019/20 Highlights

- Organic growth of 4% and 3% reported growth in DKK
- FY organic growth negatively impacted by COVID-19, particularly the cancellation of elective procedures in Interventional Urology, WC in China and UK Chronic Care
- Chronic Care business in the US and Emerging markets delivered largely stable underlying growth throughout the year
  - Q4 was negatively impacted by flat growth in several countries in Europe due to limited growth in new patients, in particular in the UK Chronic business. Weak quarter in EM due to baseline.
- EBIT before special items grew 5% to DKK 5,854m, corresponding to an EBIT margin of 32% against 31% last year. This reflects strong cost control but also sustained investments in growth opportunities and innovation.
- ROIC after tax before special items[1] of 46%[2]
- Year-end dividend of DKK 13.0 per share proposed bringing total dividend for the year to DKK 18.0 per share
- New "Strive25" strategy presented in September with unchanged long-term financial guidance of 7-9% organic growth p.a and >30% EBIT margin
- Financial guidance for 2020/21:
  - Organic revenue growth of 7-8% and 4-5% reported growth in DKK
  - Reported EBIT margin of 31-32% in DKK
  - Capex of around DKK 1.1bn, effective tax rate of around 23%

Coloplast acquires Nine Continents Medical Inc, an early stage company in the large over-active bladder segment

Over-active bladder market

- Over-active bladder (OAB) is a condition that causes a frequent and sudden urge to urinate
- +80 million people globally suffer from OAB symptoms
- ~40% of the OAB patient population seek treatment and of those about 3 million patients globally are candidates for 3rd line therapies
- 3rd line therapies include Botox, Percutaneous Tibial Nerve Stimulation (PTNS), and Sacral Nerve Stimulation (SNS)
- Today, the market for 3rd line therapies is approx. USD 1bn in size growing mid-single digits
- ITNS (Implantable Tibial Nerve Stimulator) is an innovative 3rd therapy that provides neurostimulation for the treatment of OAB but is not in the market yet
- ITNS builds on the clinically proven mode of action of PTNS

Company and product description

- Nine Continents Medical Inc is an early stage company pioneering an implantable tibial nerve stimulation treatment for over-active bladder
- The device is an implantable tibial nerve stimulator (ITNS), a miniaturized, self-powered unit placed in the lower leg under local anesthesia during a short, minimally invasive procedure
- The device automatically stimulates the tibial nerve, with no patient activation or recharging or recurring doctor visits
- Coloplast expects to begin pivotal studies in 2021, with the ambition to obtain pre-market approval for a Class III device in the US and EU market approvals in the 2024-2025 timeframe

NINE CONTINENTS MEDICAL

Transaction

- The acquisition price consists of a USD 145 million upfront cash payment and an additional contingent future milestone payment
- The acquisition is debt financed using existing credit facilities and has no impact on Coloplast's dividend policy or long-term financial guidance

Source: Coloplast, clinical publications, industry reports

All business areas adversely impacted by COVID-19 in 2019/20 in particular Interventional Urology

FY 19/20 revenue by business area

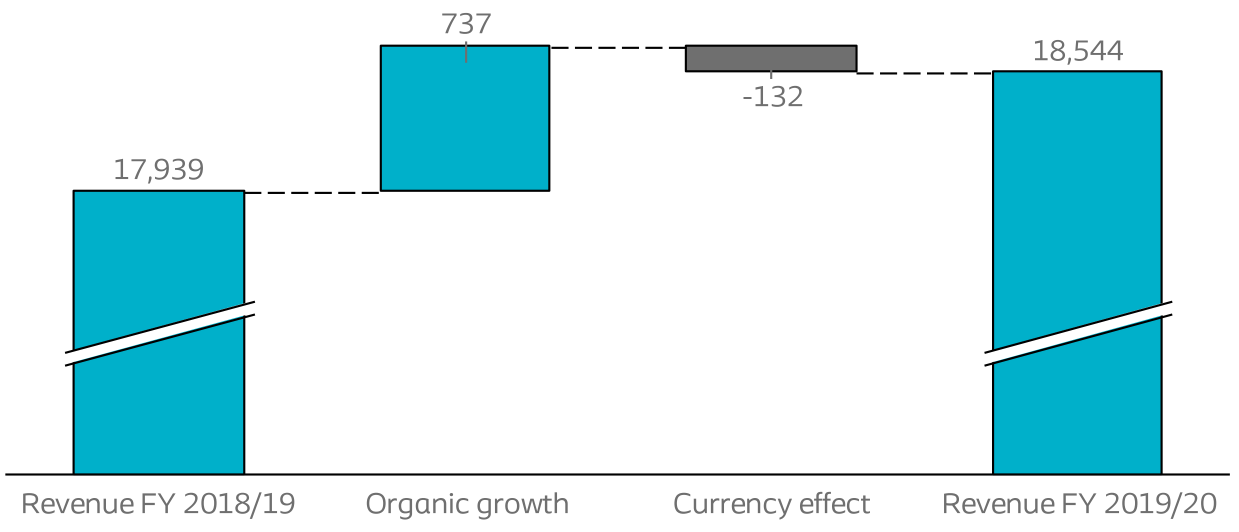
Business area	Reported revenue DKKm	Organic growth
Ostomy Care	7,538	6%
Continence Care	6,819	6%
Interventional Urology	1,835	-7%
Wound & Skin Care	2,352	1%
Coloplast Group	**18,544**	**4%**

FY 19/20 revenue by geography

Geographic area	Reported revenue DKKm	Organic growth	Share of organic growth
European markets	10,820	2%	31%
Other developed markets	4,644	5%	33%
Emerging markets	3,080	8%	36%
Coloplast Group	**18,544**	**4%**	**100%**

FY 2019/20 revenue growth adversely impacted by COVID-19 and depreciation of emerging market currencies

Revenue development (DKKm)



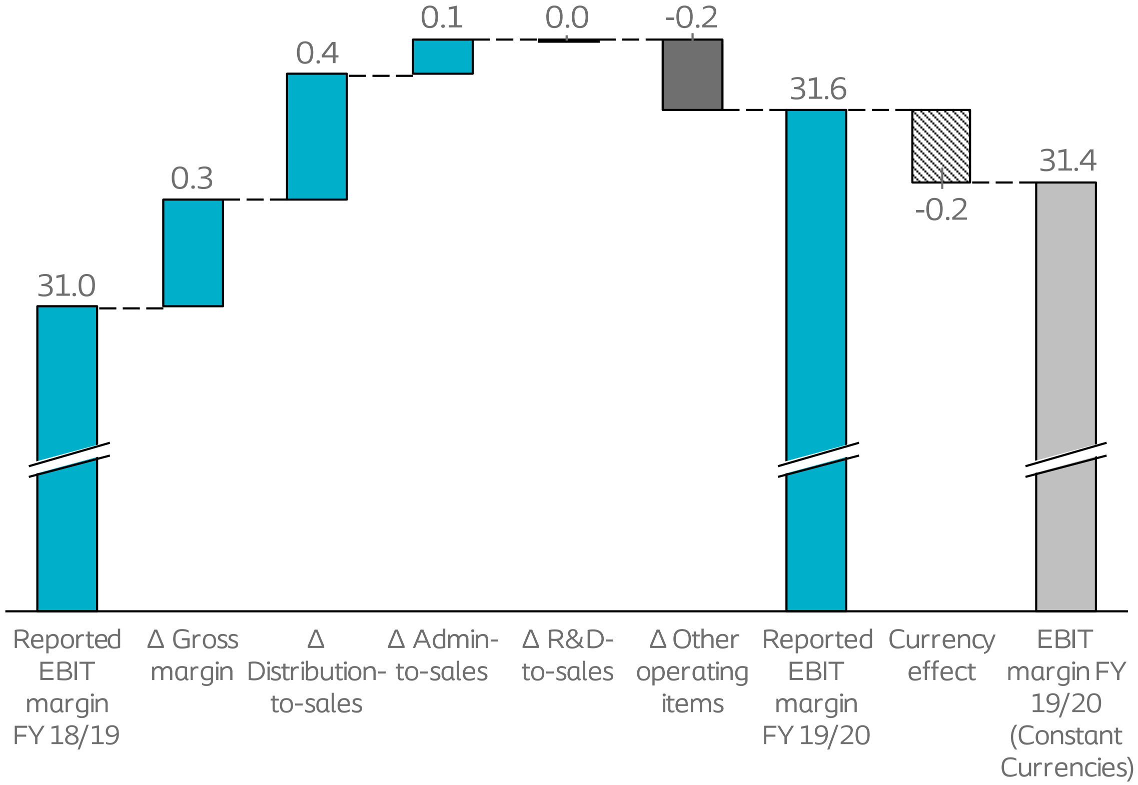
Growth	4.1%	-0.7%	3.4%	

Comments

- FY 2019/20 reported revenue increased by DKK 605m or 3% compared to FY 2018/19
- The majority of growth was driven by organic growth contributing DKK 737m or 4% to reported revenue
- Negative drivers related to the COVID-19 pandemic
  - ÷ Negative impact from Interventional Urology
  - ÷ Negative impact from Wound Care in China
  - ÷ Negative impact from lower growth in new patients in Chronic Care in Europe, particularly in the UK
- Foreign exchange rates had a negative impact of DKK 132m or -1% on reported revenue primarily due to the depreciation of the ARS and BRL against DKK partly offset by a positive development in USD and GBP against DKK in the beginning of the fiscal year

EBIT margin of 32% in 2019/20 driven by prudent cost management and lower travel & marketing spend

EBIT margin development (%)

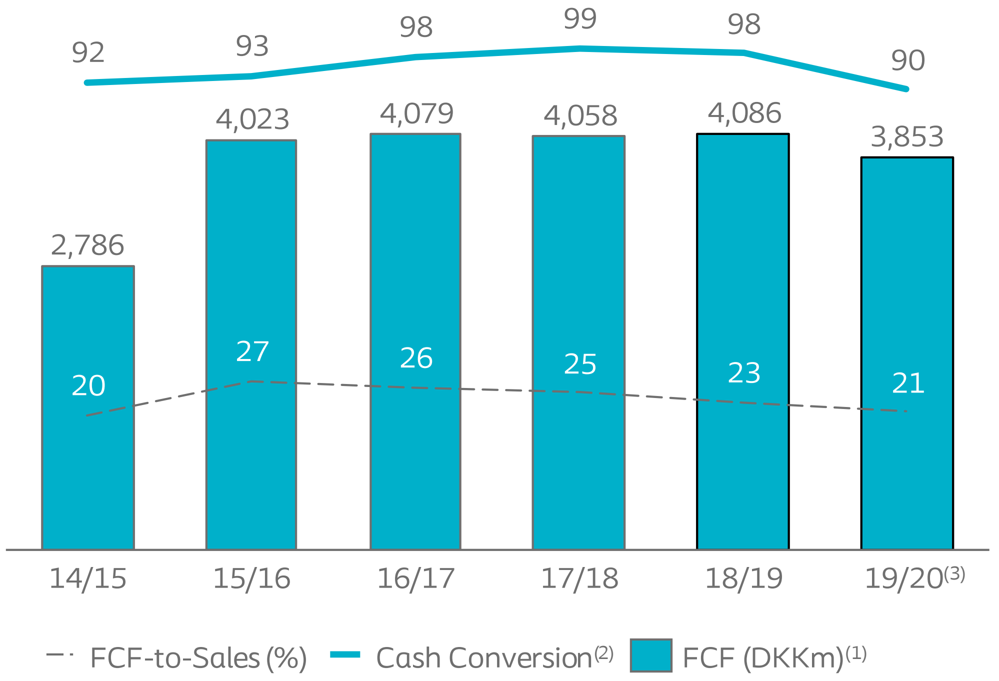


Comments

- FY 19/20 gross margin of 68% in DKK on par with last year
  - Positive impact from GOP4 and the closure of the Thisted factory in June 2019
  - Negative impact from product mix due to decline in sales in Interventional Urology in H2, salary inflation and labour shortages in Hungary and extraordinary costs due to COVID-19
  - No restructuring costs vs. DKK 43m in restructuring costs in FY 18/19 related to reduction of production employees in DK
  - Positive impact of 30 bps from FX on gross margin
- Distribution-to-sales of 29% vs. 29% last year
  - In absolute terms, distribution costs increased by only DKK 111m or 2% against last year due to reduced commercial activities and expenses during the COVID-19 outbreak
  - The increase reflects further Investments in sales and marketing activities across business areas including digital efforts
- R&D costs were on par with last year in absolute terms
- Other operating income amounted to DKK 29m, against DKK 58m last year due to a DKK 16m gain on the sale of former production facilities last year
- EBIT increased 5% to DKK 5,854m with a reported margin of 32%, 60bps higher than last year (positive impact of 20 bps from FX)

FCF driven by solid underlying development in earnings

FCF development



Comments

- Free cash flow in FY 2019/20 was DKK 3,858m, up 2% compared to DKK 3,766 in FY 2018/19 not adjusting for mesh payments
  - Adjusted for the positive impact of DKK 197m related to the reclassification of lease payments following the adoption of IFRS 16, the free cash flow was down 3%
- Operating cash flow was up 9% to DKK 4,759m compared to DKK 4,357m last year including the abovementioned DKK 197m positive IFRS 16 adjustment. Apart from the adjustment, the positive development was mainly due to an increase in operating profit (EBIT)
  - Reported EBIT DKK 298m higher than in FY 2018/19
  - NWC-to-sales of 23%, slightly lower than last year of 24%. Inventories increased by DKK 294m due to increased inventory of strategic products. Trade receivables decreased by DKK 219m due to focus on payment terms in particular in Emerging Markets
- CAPEX-to-sales of 5% vs. 4% in 2018/19. The increase was mainly linked to investments in automation, IT and the new factory in Costa Rica

1) FCF in 2014/15, 2015/16 and 2018/19 adjusted for Mesh payments. FCF in 2016/17 and 2017/18 adjusted for Mesh payments and acquisitions. Adjustment for Mesh payments includes DKK 500m insurance coverage in 2014/15.
2) Cash Conversion calculated as FCF ex. Mesh payments, interest payments, tax payments, M&A and marketable securities relative to EBIT before special items.
3) Cash Conversion is trailing twelve months
4) FCF-to-Sales YTD 2018/19: 12%

Financial guidance for FY 2020/21

	Guidance 2020/21	Guidance 2020/21 (DKK)*	Key assumptions
Sales growth	7-8% (organic)	4-5%	• Phasing of growth expected to be back-end loaded with low single- digit growth in H1 and double-digit growth in H2 • Interventional Urology positively impacted by comparison period in 2019/20 • Uncertainty around growth in new patients across Chronic Care in the UK and other markets particularly in Europe • Uncertainty on resumption of hospital activity in Wound & Skin Care • No current knowledge of significant health care reforms
EBIT margin		31-32%	• Leverage effect on fixed costs e.g. distribution, admin and R&D costs • Global Operations Plan 4 (savings of 50bps) and GOP5 partly offset by negative impact from wage inflation and labour shortages in Hungary and transfer costs related to transfer of machines to Costa Rica • Incremental investments of up to 2% of revenue in Interventional Urology Asia, digital initiatives and sustainability investments • Prudent approach to costs and lower travel & marketing spend due to COVID-19 situation
CAPEX (DKKm)		~1.1bn	• Investments in automation initiatives at volume sites in Hungary in China as part of GOP5 • Establishment of new volume site in Costa Rica • Investments in new machines for existing and new products • IT and Sustainability investments
Tax rate		~23%	

*DKK guidance is based on spot rates as of November 2nd 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