

Q3 20/21 Pre-close brief – June 2021

Prior to entering our close period on July 5, 2021, ahead of reporting our Q3 results on August 18, 2021 for the period ending June 30, 2021, we would like to bring the following highlights to your attention:

Product update

- Biatain Fiber, a gelling fiber dressing for the treatment of deep wounds, has been launched across 9 markets and has been well received.

US GPO update

- Coloplast has been awarded a three-year group purchasing agreement for ostomy products with Vizient Inc. beginning July 1, 2021 (~50% share of US acute ostomy market).
- Coloplast was also awarded a three-year group purchasing agreement for ostomy products with Premier Inc. beginning April 1, 2020 (~25% share of US acute ostomy market).

Nine Continents acquisition

- Coloplast has acquired Nine Continents Medical Inc, an early stage company in the large over-active bladder segment. The feasibility study has been completed and Coloplast expects to begin pivotal studies later 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.

Financial guidance for FY 20/21

(DKK guidance is based on spot rates as of May 5, 2021)

- We expect organic revenue growth of 7-8% at constant exchange rates and a reported growth in DKK of 4-5%.
 - Phasing of growth is expected to be back-end loaded, with double-digit growth in H2.
 - Key moving parts in H2 include positive impact from comparison periods in Interventional Urology, Wound & Skin Care, and Chronic Care in Europe and the UK.
 - Growth in new patients in Chronic Care, in particular in Europe, is expected to gradually recover during H2 20/21 as vaccination programs are rolled out and hospital activity normalizes. The normalization is expected to take place faster in Ostomy Care compared to Continence Care, due to the acute nature of the underlying patient conditions. In Continence Care, the recovery is expected to be slower in Europe and the US because of intermittent catheterization and bowel management treatment being deprioritized.
 - Growth in Ostomy Care in the US and Emerging markets is expected to be largely stable. In China, the business is largely back to normal.
 - The Interventional Urology business continues to recover driven by the resumption of hospital activity and elective procedures. Growth in Wound Care is expected to be stable driven by Europe and China.
 - Growth in Q3 20/21 will be positively impacted by an easier comparison period:
 - Interventional Urology was significantly impacted by cancellation of elective procedures in Q3 19/20 and growth was -40%.
 - Chronic Care in Europe was impacted by destocking in Q3 19/20 (the majority of the DKK 150m in stocking in Q2 reversed in Q3 last year).
 - Wound & Skin Care growth declined by -6% in Q3 19/20 due to COVID-19 impact in China and France, and Skin Care in the US.
 - The quarterly phasing of growth for 19/20 was Q1 7.7%, Q2 9.0%, Q3 -2.1%, Q4 2.3%.
 - In 20/21, the majority of tender deliveries in Russia took place in H1, similar to 19/20.
 - Currency impact: headwind expected from USD and Emerging market currencies.
- Up to 1%-point negative price pressure
 - No current knowledge of significant healthcare reforms

- We expect a reported EBIT margin before special items of 32-33%, and a reported EBIT margin after special items of 31-32%. The reported margin in DKK is positively impacted by the HUF, but this is largely offset by the depreciation of the USD, BRL and ARS against the DKK.
 - The EBIT margin guidance reflects additional incremental investments of up to 2% of revenue for innovation and sales and marketing initiatives (Interventional Urology, Asia, US Ostomy, digital and sustainability investments) and continued prudent cost management (lower travel and marketing spend due to COVID-19).
 - Phasing of cost development is expected to follow the topline development, with a higher level of spend in H2 20/21 as a result of an increased level of commercial activities.
 - A further provision of DKK 200m was booked in Q2 20/21 as special items related to the Mesh litigation due to increased legal cost. Coloplast has settled around 97% of the MDL cases. The Coloplast MDL was close in December 2020.
- Gross margin for 20/21 is expected to be in line with 19/20
 - Leverage effect on fixed costs e.g. distribution, admin and R&D costs (our rule of thumb is that the leverage effect kicks in at ~5% organic growth).
 - Gross margin in fixed currencies expected to be positively impacted by efficiency gains from Global Operations Plan 5, partly offset by negative impact from wage inflation and labor shortages in Hungary, as well as transfer costs related to the transfer of machines to Costa Rica and sustainability investments.
- CAPEX guidance for 20/21 is ~1,100m DKK
 - CAPEX includes investments in more capacity for existing and new products, second volume manufacturing site in Costa Rica (site expected to be ready in 2021/22), automation investments at volume sites in Hungary and China as part of GOP5 and IT costs.
- We expect our net financials to end the financial year 20/21 at around DKK 0m based on spot rates as of May 5, 2021.
- Effective tax rate of ~23% (Danish corporate tax rate 22%). We pay ~80% of our taxes in Denmark.

Foreign exchange rates

- In connection with our consensus survey we will send an updated spot rate overview based on spot rates at the end of June. Please also see our FX slide on page 46 in our latest roadshow presentation.

Currency	Average exchange rate for FY 2019/20	Spot rate, June 17 2021	Change in spot rates compared with the average exchange rate for FY 2019/20	Average exchange rate for FY 2020/21 YTD (October 1 2020 to June 17 2021)	Change in average exchange rates compared with average exchange rate for FY 2019/20
Key currencies:					
USD	667	622	-7%	619	-7%
GBP	850	869	2%	845	-1%
HUF	2.17	2.11	-3%	2.07	-5%
Other selected currencies:					
CNY	95	97	2%	95	0%
JPY	6.18	5.62	-9%	5.82	-6%
AUD	452	474	5%	469	4%
BRL	141	123	-12%	115	-19%
ARS	8.34 ⁽¹⁾	6.53	-22%	6.53 ⁽¹⁾	-22%

1) The hyperinflationary economy in Argentina entails that results denominated in Argentinian Peso must be adjusted for inflation and be translated at the exchange rate of the balance sheet day which was DKK 8.34 per ARS 100.00 at 30 September 2020 and DKK 6.53 per ARS 100.00 at 17 June 2021.

Please do not hesitate to reach out to Investor Relations if you have any questions.

Best regards

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Forward-looking statements

Any forward-looking statements included herein do not constitute a guarantee of future results and are subject to risk, uncertainty and assumptions, the consequence of which are difficult to predict. The forward-looking statements are based on our current expectations, estimates and assumptions and are provided on the basis of information available to us at the present time but actual results may differ significantly from any forward-looking statement.

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