Coloplast earnings conference call

H1 2021/22

Making life easier_

STRIVE25: SUSTAINABLE GROWTH LEADERSHIP

Coloplast

Forward-looking statements

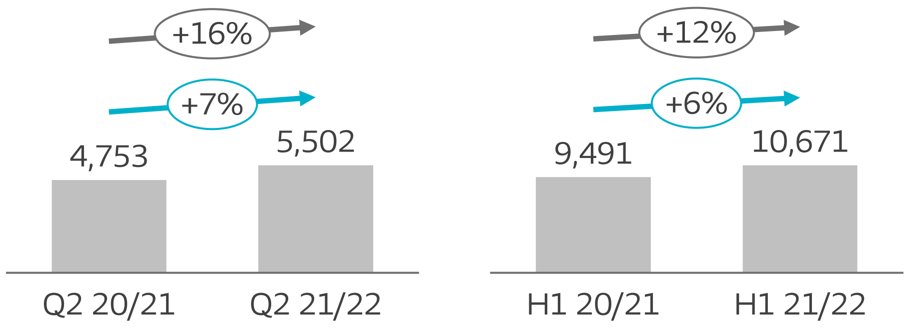
The forward-looking statements contained in this presentation, including forecasts of sales and earnings performance, are not guarantees of future results and are subject to risks, uncertainties and assumptions that are difficult to predict. The forward-looking statements are based on Coloplast's current 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.

Solid Q2 organic growth of 7% and 31% EBIT margin[1]. Atos Medical contributed 6%-p to reported growth, in line with expectations

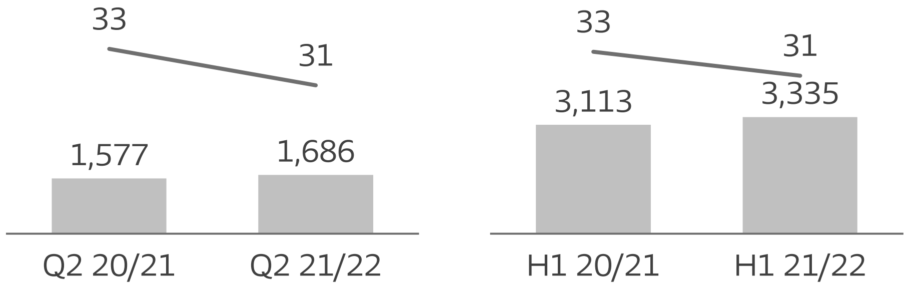
REVENUE GROWTH

Reported revenue (mDKK) — Organic growth — Reported growth



EBIT

EBIT (DKKm) — Reported EBIT margin[1]



Q2 2021/22 highlights

- Organic growth of 7% and reported growth in DKK of 16%. Atos Medical contributed 6%-points to reported growth, with a high-single digit underlying growth
- Organic growth by business area: Ostomy Care 7%, Continence Care 7%, Interventional Urology 9%, Wound & Skin Care 6%
- Key growth drivers in Q2 were Chronic Care in Europe and Emerging markets, excluding China which remains impacted by COVID-19
- EBIT before special items increased by 7%, to DKK 1,686 million, corresponding to a reported EBIT margin before special items of 31%, against 33% last year
- Further provision of DKK 300 million in Q2, related to the Mesh litigations. Around 99% of the MDL cases have now been settled
- ROIC after tax before special items of 25%, against 43% last year, impacted by the Atos Medical acquisition
- Half year interim dividend of DKK 5.00 per share

FY 2021/22 financial guidance

- Organic revenue growth guidance expected at 6-7% from previously around 7% at constant currencies, due to the impact of COVID-19 in China
- Reported growth in DKK before Atos Medical still expected around 9%. The contribution of Atos Medical to reported growth is still expected to be around 6%-points (8 months). In total, reported growth in DKK is still expected to be around 15%
- Reported EBIT margin before special items is still expected to be around 31%. Reported EBIT margin after special items is now expected at 28-29%, impacted by special items of around DKK 450m (DKK 300m in mesh provision and DKK 150m related to Atos)
- CAPEX still expected around DKK 1.3bn. Effective tax rate still expected around 23%

[1] Before special items of DKK in 300m and 200m related to Mesh in H1 21/22 and H1 20/21 respectively. Special items related to the Atos Medical acquisition of DKK 115m in H1 21/22.

Coloplast

Solid progress on the Strive25 strategy – Sustainable Growth Leadership

Growth

Atos Medical acquisition
- Adding a new chronic care business segment, Voice & Respiratory Care
- Expected to grow 8-10% organically, with an EBITDA margin in the mid-30s level during the Strive25 period
- Acquisition completed on 31 January 2022
- Integration progressing according to plan

US Chronic Care
- Solid progress made on executing on the GPO opportunity
- Key recent contract wins include AscenDrive, Allied Health Solutions and NYU Langone Health

Innovation

Chronic Care – Clinical Performance Programme
- New ostomy platform – the pivotal study to test the new skin protecting technology was concluded and the targeted end points were met; launch still expected in the second half of the Strive25 strategy period
- New catheter platform – clinical study progressing according to plan, launch expected in FY 2022/23

Chronic Care – launches into existing categories
- Launch of SpeediCath® Flex Set, expanding the flexible catheters portfolio with a set solution

Strive 25
SUSTAINABLE GROWTH LEADERSHIP

Sustainability

Improving products and packaging
- Continued improvement in production waste recycling, with 70% of production waste recycled in H1 2021/22, driven by a pilot project as part of continued scaling up of the recycling partnership established in Hungary

Reducing emissions
- Replaced use of natural gas for heating purposes at the Nyirbator site in Hungary with electric heating pumps
- As a result, scope 1 & 2 emissions decreased by 10% in H1 2021/22, compared to the same period last year.

Operational efficiency

Global Operations Plan 5
- The second volume site in Costa Rica is scheduled to open at the end of May 2022, and expected to be operational during Q3 2021/22
- The Automation programme is progressing according to plan

Q2 growth was driven by the Chronic Care business in Europe and Emerging Markets excluding China

Q2 2021/22 revenue by business area

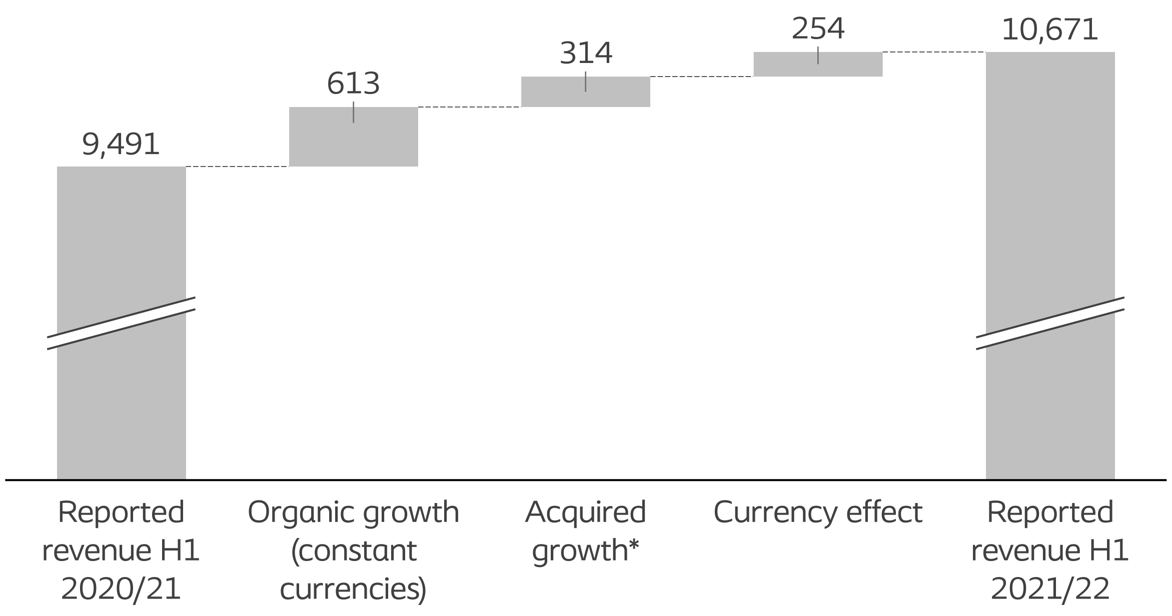
Business area	Reported revenue Q2 DKKm	Organic growth Q2	Share of organic growth
Ostomy Care	2,109	7%	41%
Continence Care	1,877	7%	35%
Interventional Urology	560	9%	13%
Wound & Skin Care	658	6%	11%
Voice & Respiratory Care	298	-	-
Coloplast Group	**5,502**	**7%**	**100%**

Q2 2021/22 revenue by geography

Geographic area	Reported revenue Q2 DKKm	Organic growth Q2	Share of organic growth
European markets	3,180	5%	44%
Other developed markets	1,325	4%	15%
Emerging markets	997	16%	41%
Coloplast Group	**5,502**	**7%**	**100%**

H1 reported growth was up 12%, with ~3%-points positive impact from the Atos acquisition and ~3%-points impact from currencies

H1 Revenue development (DKKm)



Growth	6.4%	3.3%	2.7%	12.4%

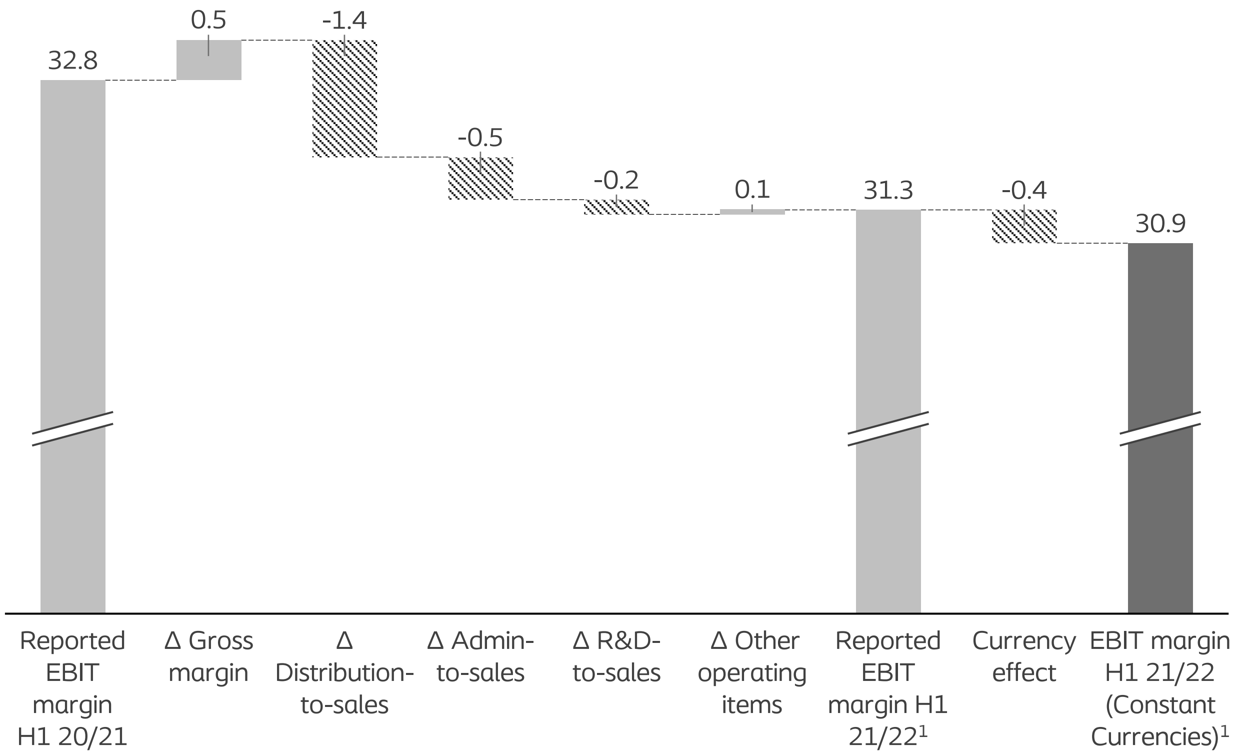
*Of which DKK 298m is from the Atos Medical acquisition

Highlights

- Reported revenue increased by DKK 1,180 million, or 12% vs. last year
- H1 organic growth was 6% or DKK 613 million, driven by:
  - Solid growth the Chronic Care business in Europe, driven by a normalised level of growth in new patients
  - Broad-based solid performance in Emerging markets ex. China, which remains impacted by COVID-19
  - Slower start in the US Chronic Care, impacted by lower growth in new patients in Continence Care, which returned to pre-COVID levels towards the end of Q2
  - Interventional Urology growth was broad-based, led by the US Men's and Women's Health
  - Solid growth in Wound & Skin Care, driven by Wound Care in Europe. Wound Care in isolation grew 9% in H1 2021/22
- Acquired revenue, mostly as a result of the Atos Medical acquisition, contributed DKK 314 million to reported revenue, and ~3%-points to reported growth. The underlying growth of Atos Medical was high-single digit, in line with expectations
- Foreign exchange rates had a positive impact of DKK 254 million or ~3%-points on reported revenue due to the appreciation of mainly GBP, USD and CNY against the DKK

Reported EBIT margin[1] of 31% in H1 reflecting increased level of commercial activity, partly offset by efficiency gains and FX

H1 EBIT margin development before special items (%)



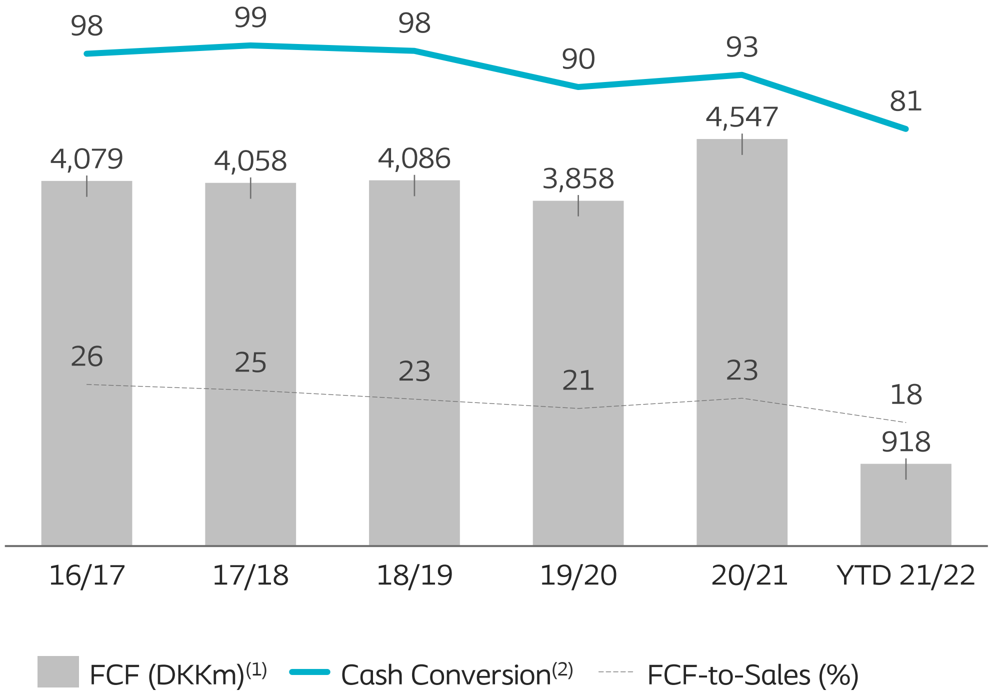
[1] Before special items of DKK 415 million in H1 21/22, of which DKK 300 million related to Mesh litigation provisions and the remaining DKK 115 million related to the Atos Medical acquisition (one-off transaction costs, legal and advisory fees)
[2]Before special items of DKK 200 million related to Mesh litigation provisions in H1 20/21

Highlights

- H1 gross margin was 69%, against 68% in H1 last year
  - Positive impact from operating leverage and savings from GOP5, and the Atos Medical acquisition in Q2. Negative impact from double-digit wage inflation in Hungary, increasing raw materials, energy and transportation prices, and ramp-up costs in Costa Rica
  - Positive impact of 20 bps from FX on gross margin
- Operating expenses in H1 amounted to DKK 3,976 million. Atos Medical contributed DKK 187 million to operating expenses, of which DKK 39 million in amortisation, and impacted distribution, admin and R&D costs
- Distribution-to-sales at 29%, compared to 28% in H1 last year
  - Distribution costs were up 18% or DKK 477 million against last year reflecting increased sales & marketing and travel expenses, following easing of COVID-19 restrictions and continued commercial investments (US, Interventional Urology and consumer and digital). DKK 39 million amortisation costs related to the Atos Medical acquisition were included under distribution costs
- Admin-to-sales costs were 4%, on par with last year
- R&D costs were 4% of sales, on par with last year
- EBIT before special items was DKK 3,335 million, a 7% increase, with a reported margin before special items of 31% vs. 33% in H1 last year (positive impact of 40 bps from FX)

FCF driven by solid underlying development in earnings and impacted by the Atos Medical acquisition

FCF development



Highlights

- Free cash flow was an outflow of DKK 9,715 million compared to an inflow of DKK 446 million in H1 2020/21
  - Adjusted for acquisitions, the free cash flow was DKK 918 million, corresponding to a decrease of DKK 536 vs. last year, due to an increase in inventories due to phasing and prepaid costs including insurance and financing costs related to the Atos Medical acquisition
- Operating cash flow for H1 2021/22 was DKK 1,381 million, compared to DKK 1,959 million last year. The development is mainly due to an increase in inventories and other receivables due to phasing
  - Reported EBIT before special items was DKK 222 million higher than H1 2020/21
  - NWC-to-sales of 26%, compared to 24% at year-end 2020/21, impacted by phasing
- CAPEX-to-sales of 4%, compared to 5% in H1 last year
  - CAPEX continues to be driven by investments related to the new factory in Costa Rica and the automation program which is part of the Global Operations Plan 5

1) FCF 2018/19 adjusted for Mesh litigation provisions. FCF in 2016/17 and 2017/18 adjusted for Mesh litigation provisions and acquisitions. FCF in 2020/21 adjusted for acquisitions (mostly Nine Continents Medical) and Mesh litigation provisions. FCF in YTD 2021/21 adjusted for acquisition, mostly the impact of the Atos Medical acquisition (net assets acquired and goodwill of DKK 10,622 million.)
2) Cash Conversion calculated as FCF ex. Mesh payments, interest payments, tax payments, M&A and marketable securities relative to EBIT before special items. Cash Conversion is trailing twelve months

Organic growth guidance for FY 2021/22 updated to 6-7%, due to COVID-19 impact in China

	GUIDANCE 2021/22	GUIDANCE (DKK)*	KEY ASSUMPTIONS
SALES GROWTH	6-7%	Unchanged around 15%	• Continued resumption of hospital activity across business areas • Chronic Care: continued improvement in growth in Europe, as a result of normalised growth in new patients in line with pre-COVID levels; US – continued improvement in growth driven by the normalisation of growth in new patients to pre-COVID levels during Q2 in Continence Care; Emerging markets – broad-based double-digit growth excluding China. China is expected to remain impacted by COVID-19. The recent lockdowns have resulted in a decline in procedural volumes and sales in the hospital channel and led to a revised outlook for the year • Wound & Skin Care still expected to grow above the market, in line with Strive25, but recent lockdowns in China have resulted in a decline in procedures and sales, and a revised outlook for the year • Interventional Urology expected to deliver in line with Strive25 ambitions • No current knowledge of significant health care reforms and stable supply and distribution of products across the company • Reported growth excl. impact from the Atos Medical acquisition is still expected around 9%. Impact from the Atos Medical acquisition on reported growth is still expected around 6%-points (8 months impact)
EBIT MARGIN		Unchanged around 31% before special items 28-29% after special items	• Cost inflation on raw materials, freight and energy, and double-digit wage increase in Hungary • Increase in operating costs due to a resumption of business activity as COVID-19 recedes • Incremental investments of up to 2% of revenue for innovation and marketing purposes • Related to the Atos Medical acquisition, around DKK 150 million of amortisation charges from previously around DKK 200 million (8 months) and special items of around DKK 150 million (one-off transaction and integration costs) • In total, special items of around DKK 450 million (Mesh provisions DKK 300m and Atos Medical DKK 150m)
CAPEX (DKKm)		Around 1.3 bn	• Investments in automation initiatives at volume sites in Hungary and China as part of GOP5, establishment of the second volume site in Costa Rica, investments in new machines for existing and new products, IT investments and sustainability investments • Around DKK 100 million impact from Atos Medical capex and acquisition integration capex
TAX RATE		Around 23%	• Positive impact of around 0.5%-points due to the temporary increase in the tax-deductible value of R&D expenses in Denmark, partly offset by one-off tax payment related to the Atos Medical acquisition

*DKK guidance is based on spot rates as of 4 May 2022

Coloplast

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