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Coloplast A/S (CLPBY.DK)

FY 2026 Guidance Call

CORPORATE PARTICIPANTS

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

OTHER PARTICIPANTS

Hassan Al-Wakeel

Analyst, Barclays Capital Securities Ltd.

Aisyah Noor

Analyst, Morgan Stanley & Co. International Plc

Graham Doyle

Analyst, UBS AG (London Branch)

Jack Reynolds-Clark

Analyst, RBC Capital Markets

Julien Dormois

Analyst, Jefferies GmbH (FR)

Veronika Dubajova

Analyst, Citigroup Global Markets Ltd.

Richard Felton

Analyst, Goldman Sachs International

Oliver Metzger

Analyst, ODDO BHFAG

David Adlington

Analyst, JPMorgan Securities Plc

Susannah Ludwig

Analyst, Sanford C. Bernstein (Schweiz) GmbH

MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, welcome to the Coloplast Conference Call. I am George, the Chorus Call operator. I would like to remind you that all participants will be listen-only mode and the conference is being recorded. The presentation will be followed by Q&A session. [Operator Instructions] Conference must not be recorded for publication or broadcast.

At this time, it's my pleasure to hand over to Lars Rasmussen, the Interim CEO. Please go ahead, sir.

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

Thank you very much. Good morning and welcome to this extraordinary conference call on the back of the profit warning announced yesterday. I'm Lars Rasmussen, Interim CEO of Coloplast and I'm joined by our CFO, Anders Lonning-Skovgaard, and our Investor Relations team. We will start with a short presentation by Anders and myself and then open up for questions.

Please turn to slide number 3. Yesterday, we revised our guidance for the full-year 2025/2026 and pre-announced our results for the first half of 2025/2026. Before addressing the drivers behind the guidance revision, I want to emphasize that we delivered a very strong quarter, excluding Wound & Tissue Repair with solid underlying performance across the majority of the group. Chronic Care delivered a strong quarter with a pickup in

momentum in Ostomy Care as expected and continued good momentum in both Continence Care and Voice & Respiratory Care.

In Interventional Urology, momentum remained strong driven by continued growth in Men's Health business in the US. In Wound & Tissue Repair, performance in the quarter was challenging. We are seeing a slower than anticipated market recovery in the US skin substitutes outpatient setting following the Medicare reimbursement change, which has led us to lower the growth outlook for Kerecis for 2025/2026. Additionally, we have seen a lower momentum in our European dressings business, which we anticipate will continue into the second half of the year. Since November, Kerecis growth expectations have been progressively reset from around 25% in November to around 10% in Q1 and now around 0%. Reflecting this development group, organic growth is now expected at 5% to 6% versus around 7% previously.

Since the implementation of the new fixed payment rate of \$127 per square centimeter on January 1, outpatient demand has been pressured by elevated uncertainty around payment and claims processing, intensified price competition as existing players try to eliminate the inventory and the partial shift by providers towards traditional lower cost dressings that do not require the same insurance claim process as skin substitutes does.

Together, these factors have resulted in a broad pause in outpatient market activity, with providers acting more defensively and delaying utilization. In this environment, market conditions have limited the pace at which conversion and uptake of MariGen can contribute to mitigating the impact from Shield exiting the market, extending the transition period under softer demand. Based on the current visibility, we now expect these dynamics to persist into the second half rather than Q2 marking as a trough, as previously anticipated.

On a positive note, in the inpatient channel, which comprise more than 70% of our Kerecis business, we continue to see a healthy double-digit growth level. Currently with a slight easing of momentum compared with the previous quarters, but we view this as a short-term impact attributable to overall uncertainty in the category currently and as a reflection of some channel distraction arising from outpatient players evaluating whether to pursue presence in the inpatient setting.

For the group, despite strong performance in majority of our businesses, we are also adjusting our outlook on EBIT growth in constant currencies as a result of the developments in Kerecis. We now expect the group EBIT growth in constant currencies before special items at around 5% from previously around 7%. This assumes Kerecis's EBIT margin of around 7% – sorry, 0% from previously around double-digits. The return on invested capital after tax before special items is now expected around 15%.

While we are looking at a challenging year for our Wound & Tissue Repair business, we continue to expect a strong year for our remaining businesses, with continued good momentum in Chronic Care and high single-digit growth in Interventional Urology.

We see the Medicare reimbursement change as a temporary setback to the Kerecis business. With the updated guidance, we are looking at a reset year for Kerecis where we take – or where we will take a significant hit on our Kerecis outpatient business and, as a result, we get a lower topline growth. We also see the market contraction based on this. However, looking ahead beyond the current fiscal year, we are looking at a de-risked Kerecis business with a lower exposure to the outpatient setting, a unique technology based on a strong clinical evidence and an attractive long-term business potential with growth now expected at a slightly lower pace.

With this, I'll hand over to Anders for a brief review of our key financial figures for Q2 and our revised guidance assumptions.

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

Thank you, Lars. We delivered 6% organic revenue growth and 6% EBIT growth in constant currencies before special items in the second quarter. The Q2 EBIT margin before special items was 26%, against 27% last year, and includes around 120 basis points negative impact from currencies and around 50 basis points negative impact from Kerecis. For first half of the year, we delivered 6% organic revenue growth and 5% EBIT growth in constant currencies before special items.

The EBIT margin before special items was 26%, compared with 27% last year in the first six months, reflecting around 70 basis points negative impact from currencies and around 40 basis points negative impact from Kerecis.

Net profit before special items was DKK 2.8 billion or a 6% increase from last year, positively impacted by lower net financial items due to gains and exchange rate adjustments as expected. The free cash flow-to-sales ratio was 20%, compared with 15% adjusted last year, reflecting favorable developments in working capital and lower net financials, partly offset by higher capital expenditures. Return on invested capital after tax and before special items landed at 15%, on par with last year's adjusted comparative figure.

As a result of the slower market recovery now anticipated in the outpatient setting, we have recognized an impairment loss of DKK 3 billion against the Kerecis goodwill. Following the impairment, the total carrying book value of Kerecis amounts to around DKK 6 billion, compared to around DKK 9 billion previously. The write-down is treated as special items in the P&L and has no cash flow effect.

As Lars alluded to, we view the current fiscal year as a reset year for Kerecis business. Long-term, we continue to view Kerecis as an attractive business with a unique technology, strong clinical evidence and long-term growth and profitability potential, albeit with a growth now expected at a slightly lower pace than previously assumed.

Looking ahead to the full-year, we are now expecting organic growth 5% to 6% from around 7% previously. As Lars mentioned, the updated guidance assumes continued good momentum in Chronic Care and high single-digit growth in Interventional Urology. For Wound & Tissue Repair, we now expect Kerecis growth to be around 0% and we now expect a soft momentum within Advanced Wound Dressings in Europe while we maintain our assumptions of negative impact from the Advanced Wound Dressings product return in China in the first three quarters.

Reported revenue growth in Danish krone is now expected at around 3% from around 4% previously, reflecting the low organic growth outlook and negative currency impact of 2 to 3 percentage points. EBIT growth in constant currencies before special items is now expected to be around 5% and assumes an EBIT margin for Kerecis of around 0%. We expect the currencies to have a negative impact on the reported EBIT margin of around 80 basis points from previously around 50 basis points driven by the Hungarian forint against the Danish krone. Our expectations for CapEx and tax rate are unchanged. While we now expect return on invested capital after tax before special items at 15% from previously around 16%.

Finally, the updated guidance reflects current uncertainty related to the ongoing situation in the Middle East, including uncertainty around the timing of a potential resolution. We continue to closely monitor the situation and assess the impact on our business on an ongoing basis. On May 12, we will release our full earnings release for the first half of 2025/2026. We will also host our ordinary conference call on the same day, this time with the opportunity to welcome our incoming President and CEO, Gavin Wood.

With this, let's open up for questions. In respect of time, I kindly ask everyone to limit their questions to one.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from Hassan Al-Wakeel with Barclays. Please go ahead.

Hassan Al-Wakeel

Analyst, Barclays Capital Securities Ltd.

Q

Good morning. Thank you. I will try to stick to the one question, maybe with a couple of parts. But on Kerecis, you've talked to this being a temporary drag in the past that shouldn't spill over to inpatient. The recovery isn't coming through as hoped and we are seeing some spillover into inpatient. Why couldn't this get worse on the inpatient side and this overall pressure to be more structural than temporary? And related to this, what gives you confidence in the mid-term guide and the assumed acceleration from here? Thank you.

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

A

Yeah. I think that's a super good question. The reason why the healthcare reform was there was because of the cost in the outpatient setting. And as we understand it's actually – it's working, so the costs to Medicare has come down very significantly. We also see that that as a consequence of this drive, we have already been asked to show the efficacy of the dressings that we have in the markets and we have shown that there's a real effect from our dressings. So we think that we are, on a longer-term basis, actually standing in a better position than we were before because it's very clear not just to ourself but also to the rest of the people who are using these type of products that we have products that are super well-documented and some of the best documented products in the market overall. And the products that we have there, it was a real issue because very often that's the last resort before amputation.

And we do know that from a society point of view that to avoid an amputation is almost at any cost a good business case for society. So therefore we don't see that this should impact the inpatient to a very large extent. But that's of course our point of view but that's based on the fact that the government or Medicare was calling for a substantiation of the clinical data behind the products and we have been able to deliver that very strongly. So that's maybe the first part of it.

I can't remember the second part of your question to be honest.

Hassan Al-Wakeel

Analyst, Barclays Capital Securities Ltd.

Q

And the second part was on the acceleration in guidance towards the mid-term targets post this year.

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

A

Yeah. So let me take that, Hassan. So we still believe that we will see an improvement in our Kerecis business going forward and this is driven by our inpatient. We have strong products, we have a strong pipeline of new products coming into the market, we have a good setup. There's still a lot of potential to penetrate the accounts where we already are. We have invested significantly into our sales force. So we really believe that we have a good outlook to really drive growth and also take market shares in the inpatient setting in the coming years. So as Lars was saying, we see this year as a setback related to our outpatient. But in terms of our mid-term outlook, we

really see that it's the inpatient that is going to drive that through strong innovation and strong clinical documentation.

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

A

And to top it off, we do have a very healthy pricing environment in the inpatient setting already and that is based on the [indiscernible] (00:15:43) code. So it's a very different setup. So we do see a little bit of impact but we still see healthy diversity cost-wise in inpatient at this point in time. So we actually think that that will remain a strong growth driver going forward. Yeah.

Hassan Al-Wakeel

Analyst, Barclays Capital Securities Ltd.

Q

Okay. Thank you. I'll jump back in the queue.

Operator: The next question comes from Noor, Aisyah with Morgan Stanley. Please go ahead.

Aisyah Noor

Analyst, Morgan Stanley & Co. International Plc

Q

Hi. Good morning. Thanks for taking my question. I just have one on the wound market in Europe where you called out some software momentum. Could you specify what countries these are that are showing weakness and whether this is reimbursement-related or whether you think you are losing market share? Thank you.

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

A

That's France and Germany and that is based on the announced reforms in the markets.

Aisyah Noor

Analyst, Morgan Stanley & Co. International Plc

Q

Thank you very much.

Operator: The next question comes from Doyle, Graham with UBS. Please go ahead.

Graham Doyle

Analyst, UBS AG (London Branch)

Q

Yes. Good morning. Thanks, guys. So just on the guide for this year, it looks to me that given the momentum you had in the second quarter across most of the businesses and where the comp is for Kerecis and let's say particularly Q4, it kind of feels like maybe the revenue guide is very conservative at the 5% level. Is that a fair way of putting it? And – I mean could you give us a little bit of a sense to how you thought about this guide when you cut it to 5% to 6%? I mean how determined are you not to have to cut this again? I just really want to understand how much – for want of better phrase, how much kitchen sinking you've done here? Thank you.

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

A

Yeah. So let me take that one. So we revised our organic growth guidance down to 5% to 6%. We are expecting that our Chronic business will continue at the current level we have seen in Q2. We're also expecting that our

Urology business will be sitting something around the current level, so 7% to 8%. So we are expecting that the majority of our businesses will continue the momentum we have seen for the rest of the year. So that's how we see it.

We have said that Kerecis, our current assumptions is sitting around 0% for the year, and that means that second half will be flat to negative. It's also fair to say that we have been maybe a little bit more prudent with the Kerecis outlook, also because we have seen a significant reduction in the Kerecis growth outlook throughout the year. So if we are to look into the lower level of the 5% to 6%, then it will mean that Kerecis will be hit to a larger extent than we are currently looking into.

And then, we have also put in some impact from the Middle East situation. So in the Middle East, it's around 1% to 2% of group revenue and we have not seen any impact yet, but we have built in some uncertainty in terms of how it will develop into the next six months. So we have built in some risks related to the Middle East as well. So those are the main assumptions for the second half. Yeah.

Graham Doyle

Analyst, UBS AG (London Branch)

Q

That's really, really helpful. Thanks a lot, guys.

Operator: The next question comes from Jack Reynolds-Clark with RBC Capital Markets. Please go ahead.

Jack Reynolds-Clark

Analyst, RBC Capital Markets

Q

Hi there. Thank you for taking the questions or question, sorry. I had one on kind of trying to understand the different dynamics going on in HOPD versus doctor's offices. Could you comment on that, kind of whether you're seeing any difference in kind of dynamics there?

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

A

So you compare the doctor's office to...

Jack Reynolds-Clark

Analyst, RBC Capital Markets

Q

HOPD to hospital outpatient.

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

A

Okay. Yes. But it's the same fixed rate that they have at both places.

Jack Reynolds-Clark

Analyst, RBC Capital Markets

Q

So...

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

A

In that sense, it's the same dynamic.

Jack Reynolds-Clark

Analyst, RBC Capital Markets

Okay.

Q

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

The dynamic is, as we said, it's just the uncertainty whether are the products really covered at the price that we anticipate, and that is why there's a bit of hesitancy for the time being.

A

Jack Reynolds-Clark

Analyst, RBC Capital Markets

Okay, understood. If I could just be very cheeky and squeeze in another question. Just on – your write-down. I'm trying to kind of understand or can I square your commentary around kind of your confidence in the kind of the longer-term prospects for Kerecis with the kind of the write-down of a pretty significant chunk of the value. Kind of what specifically has changed to drive the write-down that still enables you to have confidence in the longer-term outlook for the business?

Q

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

Yeah. So let me take that one. So the write-down, as a result of the impairment that we have done as a consequence of the revised guidance, it's really due to, first and foremost, this year that we are now looking into a business that is more than DKK 300 million in revenue lower than we had anticipated. We have also slightly reduced our outlook. So those are the main reasons for the write-down of the Kerecis book value. The other metrics we are working with from a WACC terminal growth tax ballpark unchanged.

A

Jack Reynolds-Clark

Analyst, RBC Capital Markets

Great. Thank you very much.

Q

Operator: The next question comes from Julien Dormois with Jefferies. Please go ahead.

Julien Dormois

Analyst, Jefferies GmbH (FR)

Hey. Good morning, Lars. Good morning, Anders. Thanks for taking my question. It actually relates to the non-Kerecis part of your business. Because looking back at the past few quarters, I mean you had already a decline in Advanced Wound Dressings, broadly similar to what's reported for this quarter, so we're talking about minus 2%, minus 3%. So I'm just curious to understand why you're calling out softer European market as we speak. Is there something that I'm missing here?

Q

And the second very quick question on that front is just could you remind us what is the share of sales for Wound & Tissue Repair coming from Advanced Wound Dressings? I have 50%, 60% on top of my head but could you please confirm? Thank you.

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

A

On the first part, the softer growth in Europe is related to Germany and France, where they're currently having some actions from the government to lower prices. And that is really what we talk about when we talk about the softer outlook for the wound dressings.

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

A

And Julien to your second question. Our Wound & Tissue Repair, around two-thirds that's the dressings and one-third around that level is the Kerecis.

Julien Dormois

Analyst, Jefferies GmbH (FR)

Q

Okay. Thank you.

Operator: The next question comes from Veronika Dubajova with Citi. Please go ahead.

Veronika Dubajova

Analyst, Citigroup Global Markets Ltd.

Q

Good morning, Lars and Anders. Thank you for taking my questions. Apologies. I'm going to be very blunt because I think we're all sitting here a little bit confused. I think, Lars, when you issued the mid-term guide last year, you said, look, this is conservative, we've taken a view that de-risks the business, we're committed to delivering. That was something the prior management team couldn't do. We are sitting here now with one to four years where you are going to deliver 5% to 6% growth rate. And for you to hit the 7% to 8%, you are going to have to grow more than 7% in every single year after this year given where fiscal 2026 is coming in.

I'm just trying to understand why you wouldn't take this opportunity to look at that mid-term guide and maybe think about it. And maybe, Lars, from your perspective, I guess as an outgoing Interim CEO, I guess is this a conversation that the board is having at this point in time? I'm just a little bit perplexed, right? We've had this issue with over-promising and under-delivering for a number of years now and we're sitting sort of at the beginning of a new strategic period with a potentially similar problem. Apologies for the bluntness of the question but it's just I think something that's really on every investor's mind this morning. Thank you.

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

A

We wouldn't expect anything less from you, Veronika. But if you take the slide that we shared at the meeting and which, I guess, you can see on the screen, then you have five pillars there showing – four of them, super healthy growth and we actually anticipated that the Wound & Tissue Repair should be at double-digit growth. So that in and of itself, I think, would explain why we were expecting that 7% to 8% is a reasonable target. I think that the background for the change in Kerecis right now is a healthcare reform that has also magnitude but also a way of being conducted that I think that none of us have ever seen before. And as far as I am informed, the idea was to take the DKK 10 billion spent in outpatient on this category and take that down to 25% of that spend. So down to 75% in one go. And it seems as if it's working, and that does have an impact on this year. There's no doubt about that.

But we see a strong momentum in the other businesses. We also see that this comes back. It might be outpatient that is completely different than what we thought when we went in, but fortunately that's less than 10% of the business so that's also why we say [indiscernible] (00:26:41) a setback that we'll have to recover from, and this a

setback year. But when looking at the numbers, apart from that, I see good reasons why we should be able to do 7% to 8% growth.

Julien Dormois

Analyst, Jefferies GmbH (FR)

Q

Thank you, Lars.

Operator: The next question comes from Richard Felton with Goldman Sachs. Please go ahead.

Richard Felton

Analyst, Goldman Sachs International

Q

Thank you very much. Thanks for taking my question. My question is on input costs. Obviously, over the last six weeks or so, we've seen big moves on the price of oil and the price of petrochemicals. Is there any preliminary thoughts on how that might impact raw materials and COGS and inflation for you and the timing of that? Is that something that you will start to see at the end of FY 2026 or is that more into FY 2027? Thank you.

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

A

Yeah. Let me take that question. So in the first half of this year, we have not seen any impact. We've actually seen our raw material prices a little bit lower than the previous year. However, when we start to look into the second half, we are starting to see some impact. And as you know, our raw materials is around 50% of our cost of goods sold and we are starting to see some negative impact on especially injection molding, chemicals, film.

And in my guidance, in terms of EBIT growth, I have included something around 1% for the second half, also because we still have some inventory and there's also a lag in terms of impact. You will also see a smaller impact on freight. On energy costs, we are fully hedged. And right now, the spot rates are actually at a very decent level, so I'm not expecting any negative impact on the energy side. So – yeah.

Richard Felton

Analyst, Goldman Sachs International

Q

Thank you.

Operator: The next question comes from Oliver Metzger with ODDO. Please go ahead.

Oliver Metzger

Analyst, ODDO BHF AG

Q

Yeah. Good morning. Thanks a lot for taking my question. It's about the European wound care market. So we come out of some years where the environment was pretty healthy and with lower price pressure. Now, you mentioned Germany and France with some more headwind, and I assume this might last at least until it's analyzed. And pretty often pricing in Germany is used as a reference point also for other European markets and they're now the two biggest markets in Europe become more tougher on pricing. Do you expect also that we leaving of a period of low price pressure and move into a more reform-orientated environment?

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

A

Yeah. Let me take that one. So we are calling out Europe. As Lars also explained earlier, that we are seeing a lower momentum, especially in France, and that is really pricing dynamics. And as you know, France is already at a very low price to market but we unfortunately continue to see prices becoming lower and that is impacting our French Wound business. What we're also seeing that is Germany and in Germany there is potential, you can say impact also from price reforms that is currently being announced. So our European Dressings business here in Q2, we saw negative growth and we have not seen that for quite some time and it is driven by those two markets.

Oliver Metzger

Analyst, ODDO BHF AG

Q

But do you see some implications from the other markets?

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

A

So for this financial year, our European Dressings business is impacted by, yeah, these two markets. The other markets are okay but our two biggest markets in Dressings area that is France and Germany.

Oliver Metzger

Analyst, ODDO BHF AG

Q

Okay. I will leave it at that. Thank you.

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

A

So we had actually set up half an hour but we have two people having one question each. So David and Susannah, we'll take those questions and then we end after that. So David, please go ahead.

Operator: Next question comes from David Adlington. Please go ahead, sir.

David Adlington

Analyst, JPMorgan Securities Plc

Q

Thanks, guys. Most of my questions have been asked but maybe I should just touch on the dividend. I just wondered if you have any discussions at board level about whether there's any need to cut the dividend at all? Thanks.

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

A

So your dividend, are – I have an echo here. But David, you asked about our dividend policy?

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

A

David, are we still through?

David Adlington

Analyst, JPMorgan Securities Plc

Q

Can you hear me?

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

Yes. I can hear you. Maybe you could lower your...

A

David Adlington

Analyst, JPMorgan Securities Plc

[indiscernible] (00:32:08)...

Q

Operator: Apologies, gentlemen. Mr. Adlington, if you finish your question, I will mute your line because there is a loop coming from your line. So once you finish, I will mute you, then we're going to go with the answer and then in case I will open back your microphone. Thank you.

David Adlington

Analyst, JPMorgan Securities Plc

Yeah. If you can hear me. I just wondered if there had been any discussion about the need to cut the absolute level of dividends? Thank you.

Q

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

Oh! Okay. So for now, our dividend policy is unchanged compared to what we said when we announced the impact for strategy back in September last year. So for now it is unchanged. And then the final question?

A

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

The final question from Sussanah.

A

Susannah Ludwig

Analyst, Sanford C. Bernstein (Schweiz) GmbH

Hi. Great. Good morning. Can you guys hear me?

Q

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

Yes.

A

Susannah Ludwig

Analyst, Sanford C. Bernstein (Schweiz) GmbH

Okay. Great. My question is on Kerecis in terms of the new guidance. It implies that things can get worse in the second half of the year. And maybe just if you could talk to why you're concerned that you could see sort of a worse environment in the second half of the year, given the pricing changes came in as of January 1, i.e., the beginning of your Q2?

Q

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

Yeah. So we talked about that earlier in the call but our expectations for Kerecis for the full-year is around 0%. But it's also fair to say that in our organic growth guidance of 5% to 6%, there's also room for the Kerecis business

A

coming in lower. So we have been quite prudent and we have done this because it has been very difficult for us to basically forecast, especially the outpatient situation. So, if it's becoming more worse in Kerecis, we have also built that into our guidance versus the 0% that we are now aiming at.

Susannah Ludwig

Analyst, Sanford C. Bernstein (Schweiz) GmbH

Q

Okay. I guess I was just trying to understand if the expectation is it's just prudence or if there's anything that makes you believe that the outpatient is sort of getting incrementally worse, even after the pricing cuts came in?

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

A

It's prudence. Yeah.

Susannah Ludwig

Analyst, Sanford C. Bernstein (Schweiz) GmbH

Q

Okay. Great. Thank you.

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

A

Thank you.

Anders Lonning-Skovgaard

Executive Vice President & Chief Financial Officer, Coloplast A/S

A

Thank you.

Lars Søren Rasmussen

Interim President and Chief Executive Officer & Director, Coloplast A/S

Thank you so much and that's all from here.

Operator: Ladies and gentlemen, the conference is now over. Thank you for choosing Chorus Call and thank you for participating in the conference. You may now disconnect your lines. Goodbye.

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