



# Nomura Healthcare Conference 2012

Lars Einar Hansen  
Senior Vice President

## 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.

# Agenda

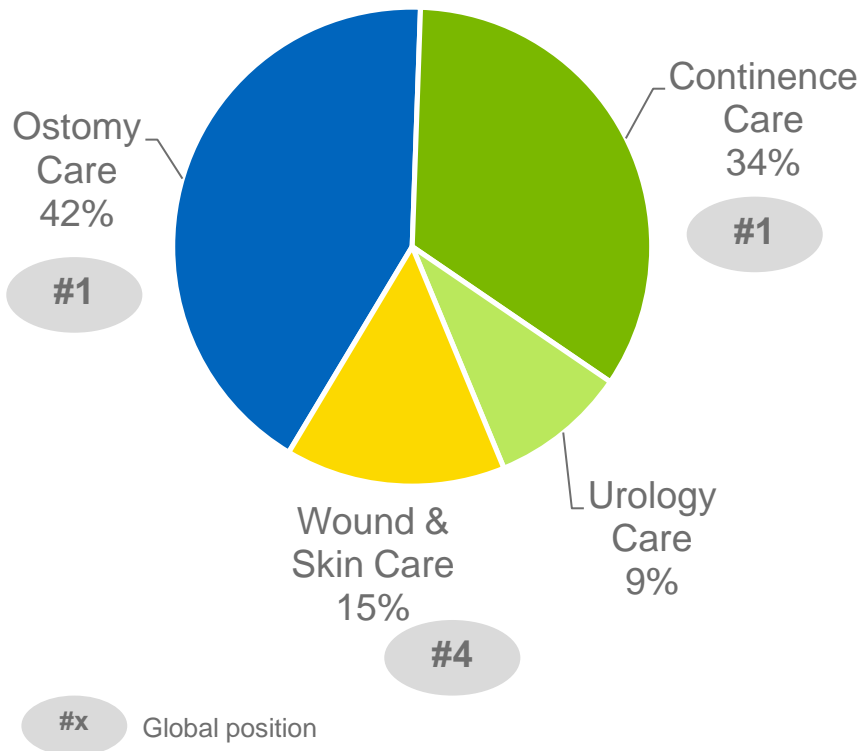
- Introduction to Coloplast
- Our updated strategy
- Q&A



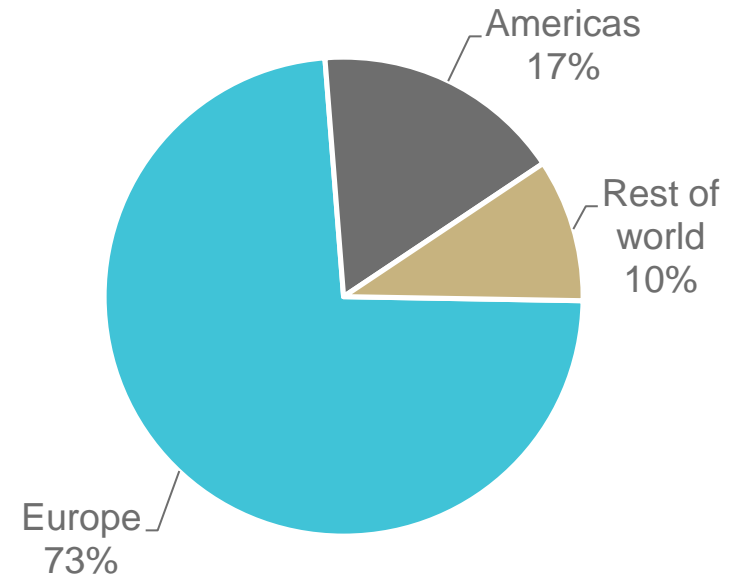
# Coloplast is a leading medtech company specialising in intimate healthcare needs

## Group revenue FY 2010/11 by segment

Full Year 2010/11 sales: DKK10.2bn



## Group revenue 2010/11 by geography



## Stable intimate healthcare trends

### Demographics

Growing elderly population increases customer base for Coloplast products

### Emerging markets

Expanding healthcare coverage for populations in emerging markets increases addressable market

### Surgical and medical trends

Surgical and medical trends are towards earlier detection and cure, eventually reducing addressable market for Coloplast treatment products

### Healthcare reforms

Economic restraints push for reimbursement reforms, introduction of tenders, and lower treatment cost

# Agenda

- Introduction to Coloplast
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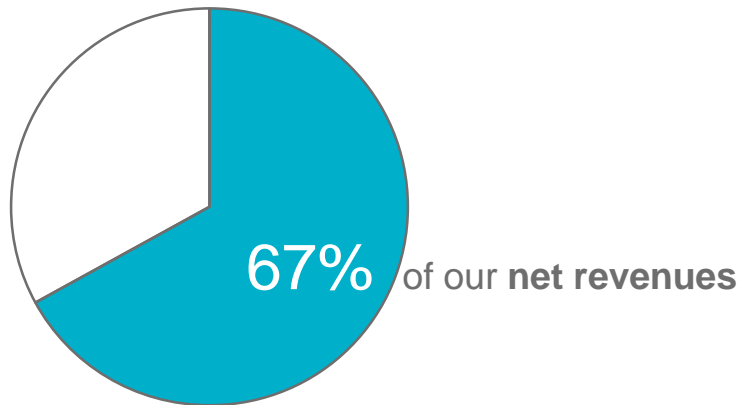


# We are stepping up to the challenge in Europe and leveraging our market leader position

## Our situation

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**40-50%** market share\*



\* Chronic Care market share

## Key priority

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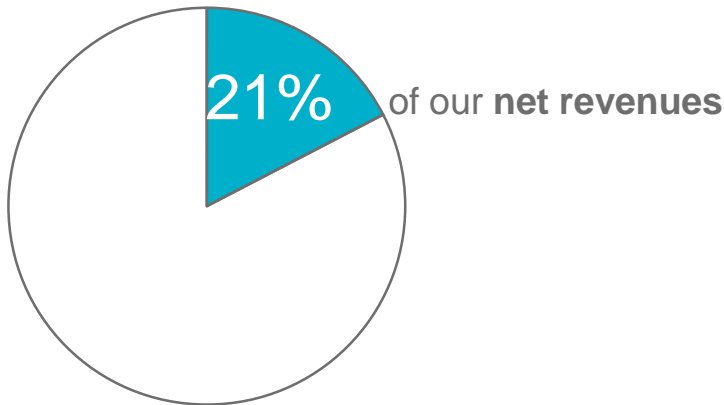
**Sustain high market share and capture profitable growth**

# High potential for taking larger market shares in the developed markets outside EU

## Our situation

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**20-30%** market share\*



\* Chronic Care market share

## Key priority

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A light gray map of North America (USA and Canada) serves as a background for the key priority text.

**Capture market share to grow in developed markets**

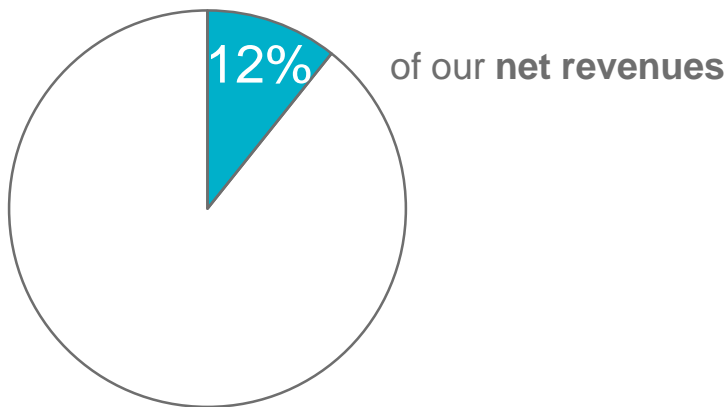


# Coloplast sees great potential to build and capture market shares in Emerging Markets

## Our situation

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**20-30%** market share\*



## Key priority

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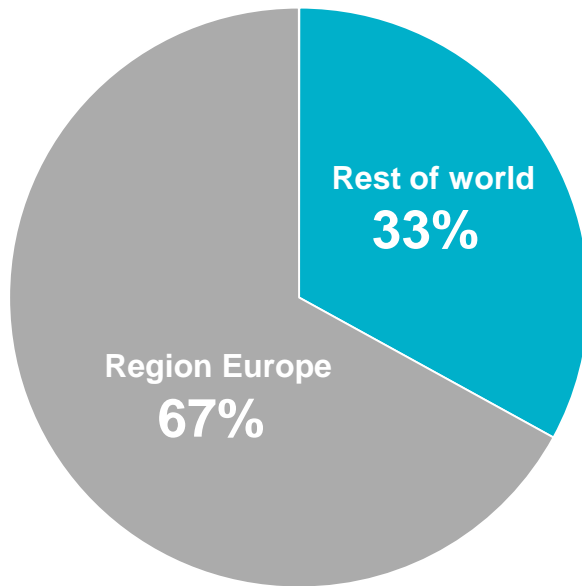
Educate,  
create and  
grow selected  
markets from  
focused effort

A grey world map with white outlines of countries. The map is centered on the Atlantic Ocean, showing the Americas, Europe, Africa, Asia, and Australia. The text 'Educate, create and grow selected markets from focused effort' is overlaid in teal on the map.

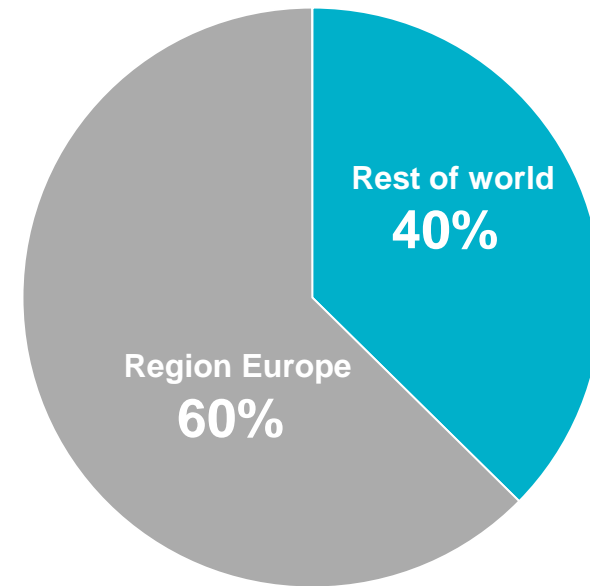
\* Chronic Care market share

As a result of our new strategy, our geographic footprint will gradually change...

Actual revenue split in FY2010/11



Revenue split in our future ambition



# We expect to invest significantly in sales initiatives and we see potential to expand our margins further

Margin expansion through:

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- 1 Operating leverage
- 2 Executing on our global operations plan

While absorbing negative impact from:

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- 3 Price pressure
- 4 Changes in our geographical footprint

# Operating leverage will generate funds for investments in growth

*High value growth in Europe*

*Continued cost discipline*

**Generates funds for investments in growth and leaves potential for improving cost ratios**

## We are on track with our Global Operations plan

*Lean in volume production*

*Re-design for manufacturing*

*Global sourcing and supplier relations management*

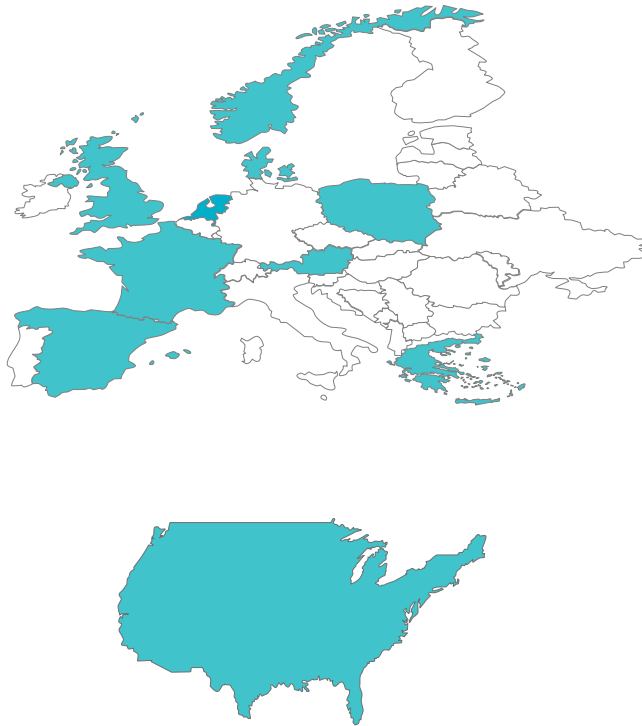
*Focus on fixed costs and environment*

*Cost effective distribution*

*Design for manufacturing & fast ramp-up*

Will contribute 50 – 100 bps to gross margin annually with the current outlook on pricing, currencies and raw materials

# Our estimate of an annual price decline of ~1% is unchanged

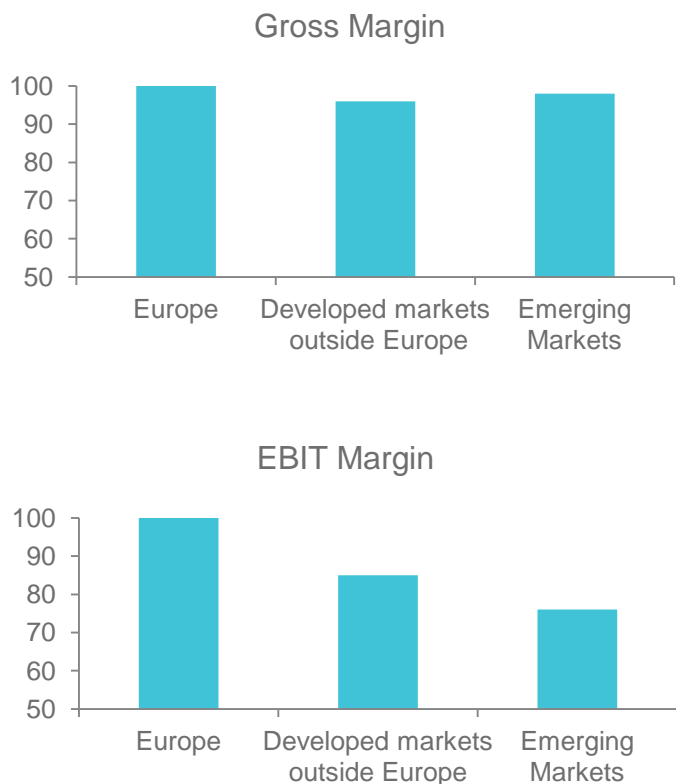


## We work actively with Market Access & Public Affairs

- Product reimbursement
- Value based pricing
- Clinical evidence
- Monitoring of reform environment in our markets
- Dialogues with decision makers, patient organisations and other stakeholders

● Intensifying reform pressure or reforms under way

# Lower EBIT margins outside Europe limit potential to increase Group EBIT margins



We will absorb the negative impact through continued high value growth in Europe while getting scale outside Europe

Europe = index 100, direct expenses only  
Source: Coloplast internal reporting

# To sum up: We are able to invest significantly in sales initiatives and have potential for margin expansion

- 1** Operating leverage      Generates funds for sales investments and holds potential for improving cost ratios
  - 2** Global operations      Expected to contribute 50-100 bps annually
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- 3** Price pressure      Price decline of 1% annually
  - 4** Changes in geographical footprint      Negative impact on Group EBIT margin absorbed through continued high value growth in Europe and scale outside Europe



# Our long-term ambition remains unchanged

	Guidance 11/12	Guidance 11/12 (DKK)	Long-term ambition
Sales growth	~6 % (organic)	~8%	Market+
EBIT margin	~28%(fixed)	~29%	Deliver margins in line with the best performing medical device companies *)
CAPEX (DKKm)		~300	~4% of sales
Tax rate		~25-26%	-

\*) The peer group includes the following listed companies: Medtronic Inc., Baxter International Inc., Covidien PLC, Stryker Corp., St. Jude Medical Inc., Boston Scientific Corp., Sonova Holding AG, Smith & Nephew PLC, CR Bard Inc., Getinge AB, WDH A/S, Shandon Weigao Group Medical

# The capital structure changes as a consequence of our updated strategy

## Debt

- The Net Debt to EBITDA range of 1.5 to 2.5 is cancelled
- New debt raised in case of a larger acquisition

## Capital reserve

- Minimum DKK 1 bn in cash and marketable securities

## Dividend policy unchanged

- Excess liquidity is returned to shareholders in the form of dividend and share buy-backs
- Pay-out ratio around 30%
- Share buy-backs of DKK 500 mil per year
- Potential extraordinary dividends

Offering a unique potential of stable growth, further margin expansion and increasing dividend yield