Coloplast earnings conference call

H1 2020/21

Making life easier_

STRIVE25: SUSTAINABLE GROWTH LEADERSHIP

Cartago factory, Costa Rica

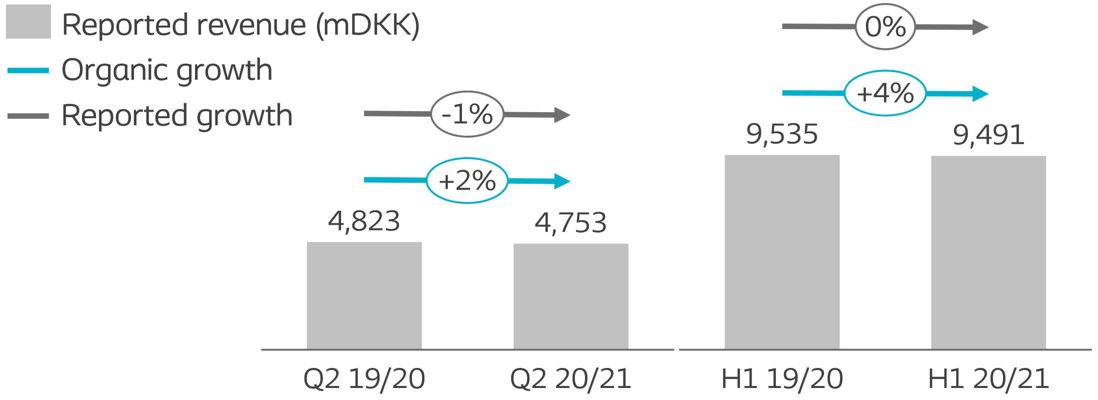
Forward-looking statements

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.

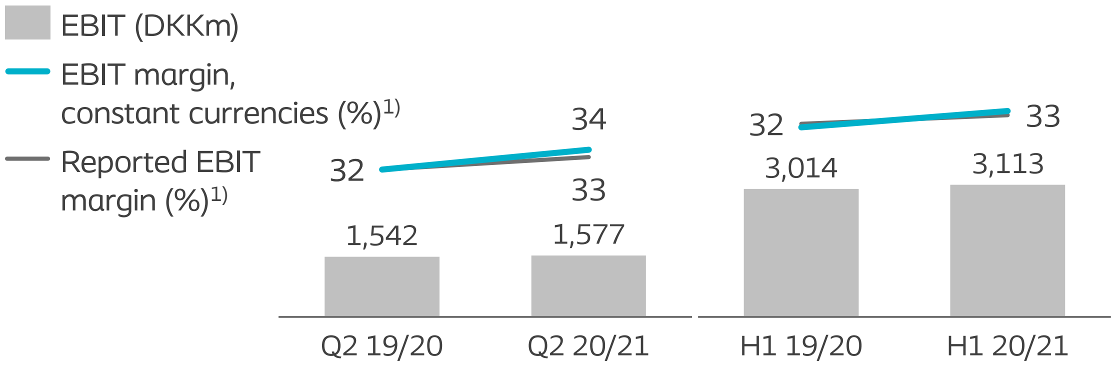
Heavy fluctuations in the exchange rates of important currencies, significant changes in the healthcare sector or major changes in the world economy may impact Coloplast's possibilities of achieving the long-term objectives set as well as for fulfilling expectations and may affect the company's financial outcomes.

Q2 organic growth of 2% and underlying EBIT margin of 33%[1] – underlying EBIT margin guidance raised to 32-33% from 31-32%

REVENUE GROWTH



EBIT



[1] Before special items of DKK 200m in Q2 20/21 related to the existing lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products

Q2 Highlights

- Organic growth of 2% and -1% reported growth in DKK
- Chronic Care growth was negatively impacted by DKK 150m stock building in comparison period and lower growth in new patients due to COVID-19 in Europe, in particular in the UK
- 3% organic growth in Interventional Urology, driven by the Men's Health portfolio in the US
- 1% organic growth in Wound & Skin Care. Wound Care in isolation grew 9%, driven by Europe and China
- EBIT margin before special items of 33% against 32% in Q2 last year reflecting lower travel and sales & marketing expenses due to COVID-19, efficiency gains and continued commercial investments
- ROIC after tax before special items of 42% impacted by Nine Continents Medical acquisition in November 2020
- Further provision of DKK 200m in Q2 related to Mesh litigation due to increased legal costs. Around 97% of known outstanding cases have been settled. The Coloplast MDL was closed in December 2020.
- Effective as of July 1, 2021, Coloplast was awarded a contract for ostomy products with Vizient, the largest Group Purchasing Organization in the US
- Half year interim dividend of DKK 5.00 per share

- 2020/21 organic growth guidance unchanged, EBIT margin guidance raised
  - Organic revenue growth of 7-8% and 4-5% reported growth in DKK
  - Reported EBIT margin before special items raised to 32-33% from 31-32% due to efficiency gains and lower costs as a result of COVID-19. Reported EBIT after special items expected to be 31-32%
  - Capex of around DKK 1.1bn and effective tax rate of around 23%

Q2 growth driven by Ostomy Care in Emerging markets, offset by stock building in comparison period and COVID-19 impact in Europe

Q2 20/21 revenue by business area

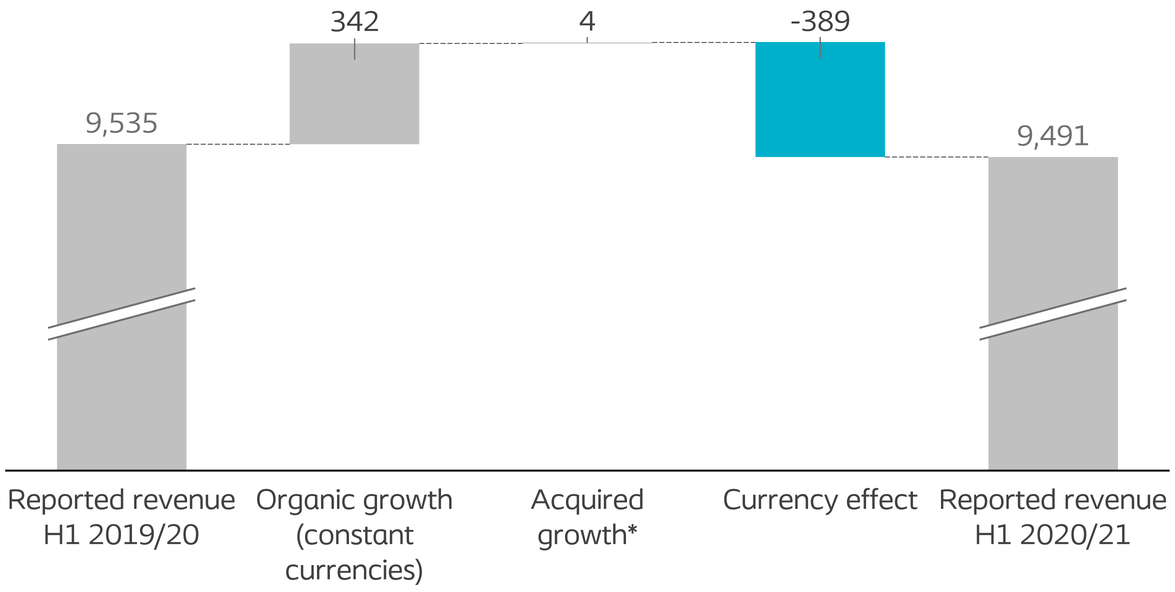
Business area	Reported revenue Q2 DKKm	Organic growth Q2	Organic growth H1
Ostomy Care	1,936	4%	5%
Continence Care	1,719	0%	3%
Interventional Urology	495	3%	4%
Wound & Skin Care	603	1%	1%
Coloplast Group	**4,753**	**2%**	**4%**

Q2 20/21 revenue by geography

Geographic area	Reported revenue Q2 DKKm	Organic growth Q2	Organic growth H1
European markets	2,768	-2%	0%
Other developed markets	1,143	5%	6%
Emerging markets	842	14%	15%
Coloplast Group	**4,753**	**2%**	**4%**

H1 2020/21 reported revenue declined by 0.5% due to depreciation in USD, GBP and Emerging market currencies

H1 Revenue development (DKKm)



Growth	3.6%	0.0%	-4.1%	-0.5%

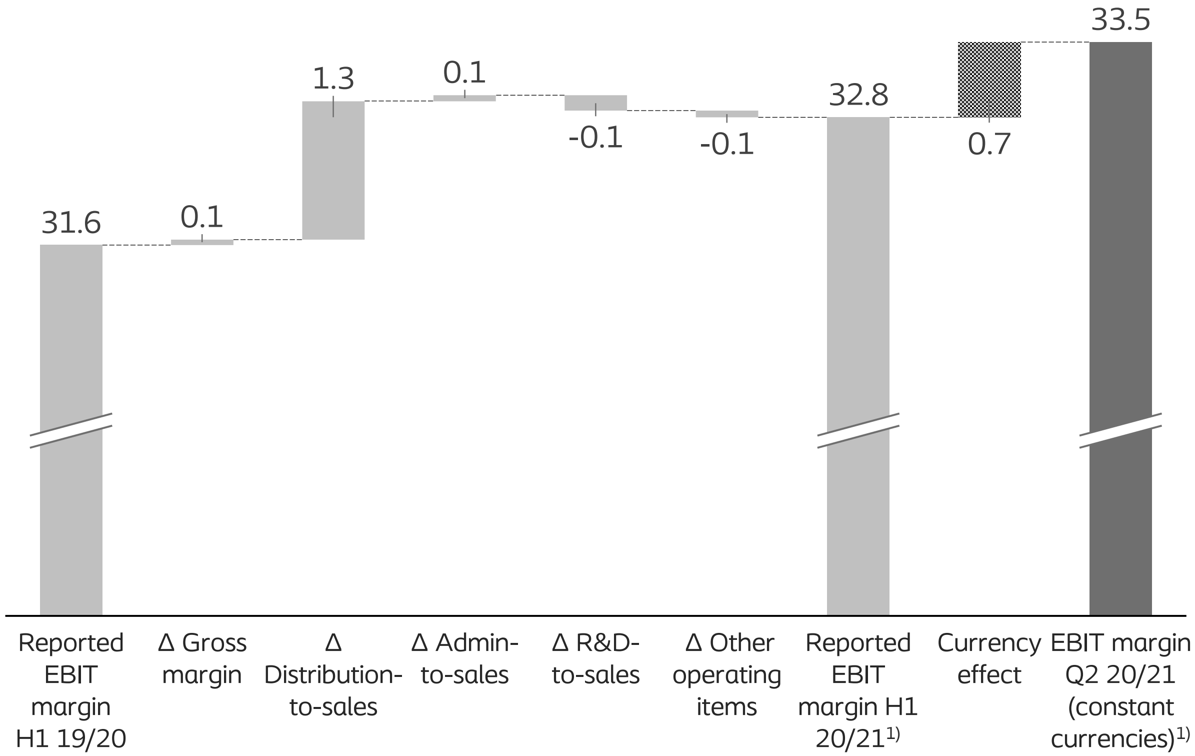
*Includes the acquisitions of two US Durable Medical Equipment (DME) dealers in Q2 FY 20/21

Comments

- H1 2020/21 reported revenue decreased by DKK 44m compared to H1 2019/20
- H1 organic growth was 4% or DKK 342m
- Main drivers of H1 performance
    - European Chronic Care business negatively impacted by DKK 150m stock building in Q2 last year, as well as continued negative impact from lower growth in new patients, in particular in the UK, due to COVID-19
    - Solid growth in Emerging markets within Ostomy Care led by China and LATAM
    - Resumption in elective procedures in Interventional Urology driven by Men's Health in US
    - Wound Care in isolation also contributed to growth in H1, driven by Europe, China and the recently launched Biatain Fiber® portfolio
- Foreign exchange rates had a negative impact of DKK 389m or -4.1% on reported revenue primarily due to negative development of the USD, GBP and Emerging markets currencies against the Danish kroner

H1 reported EBIT margin of 33% before special items driven by lower commercial spending due to COVID-19

H1 EBIT margin development (%)



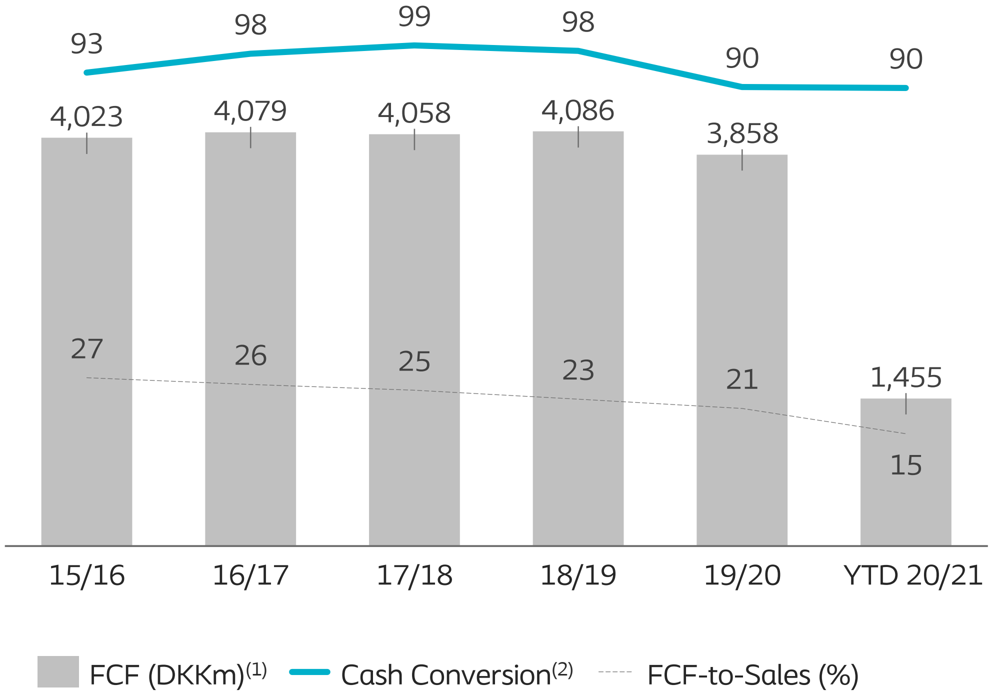
[1)] Before special items of DKK 200m related to the existing lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products

Comments

- H1 gross margin was 68%, on par with last year
  - Positive impact on the gross margin from Global Operations Plan 4 and 5, partly offset by wage inflation and labor shortages in Hungary and extraordinary costs related to COVID-19 safety measures
  - Negative FX impact on gross margin of 40 bps
- Distribution-to-sales at 28% vs. 29% in H1 last year
  - Distribution costs decreased by 5% or DKK 135m against last year reflecting lower travel and sales & marketing expenses due to COVID-19.
  - Commercial investments in selected regions and areas, such as Asia, Interventional Urology and consumer & digital intiatives
- R&D costs were 4% of sales, on par with comparison period
- EBIT before special items increased 3% to DKK 3,113m with a reported margin of 33%, an increase of 120 bps vs. H1 last year (negative impact of 70 bps from FX)

FCF driven by solid underlying development in earnings

FCF development



Comments

- Free cash flow in H1 2020/21 was DKK 446m compared to DKK 1,181m in H1 2019/20
  - Adjusting for acquisitions, mainly Nine Continents Medical, the free cash flow in H1 was DKK 1,455m, up 23% vs. comparison period
- Operating cash flow in H1 2020/21 was up 19% to DKK 1,959m compared to DKK 1,641m last year, positively impacted by higher reported operating profit and a decrease in income tax paid
  - Reported EBIT before special items DKK 99m higher than H1 19/20
  - NWC-to-sales of 25% for H1 2020/21. NWC-to-sales for FY 2020/21 is expected to be around 24%
- CAPEX-to-sales of 5%, on par with 19/20
  - The increase in CAPEX was linked to investments in automation, IT and the new factory in Costa Rica

1) FCF in 2015/16 and 2018/19 adjusted for Mesh payments. FCF in 2016/17 and 2017/18 adjusted for Mesh payments and acquisitions. FCF in 2020/21 adjusted for acquisitions (mostly Nine Continents Medical) and Mesh payments of DKK 200m
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 2020/21 unchanged at 7-8%, EBIT margin guidance raised to 32-33% before special items

	GUIDANCE 2020/21	GUIDANCE 2020/21 (DKK)*	KEY ASSUMPTIONS
SALES GROWTH	7-8% (organic)	4-5%	• Double-digit growth in the second half of 2020/21 • Resumption of elective procedures and hospital activity across business areas as vaccines are rolled out • No current knowledge of significant health care reforms • Stable supply and distribution of products across the company
EBIT MARGIN		32-33% before special items 31-32% after special items	• 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 ramp-up costs in Costa Rica • Incremental investments of up to 2% of revenue in Interventional Urology, Asia and consumer & digital initiatives • Prudent approach to costs and lower travel & marketing spend due to COVID-19 • EBIT is impacted by a further provision of DKK 200m in special items related to the US Mesh litigation
CAPEX (DKKm)		~1.1bn	• Investments in automation initiatives at volume sites in Hungary and China as part of GOP5 • Establishment of new volume site in Costa Rica • Investments in new machines for existing and new products • IT investments
TAX RATE		~23%	• Reduction of around 0.5%-point due to a temporary increase in the tax-deductible value of R&D expenses in Denmark, offset in 2020/21 by one-time expense related to the inclusion of Nine Continents Medical in Coloplast's global tax model

*DKK guidance is based on spot rates as of May 5th 2021

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

Coloplast