Coloplast Earnings Conference Call FY 2017/18

1 November 2018

Coloplast A/S - Ostomy Care / Continence Care / Wound & Skin Care / Urology Care

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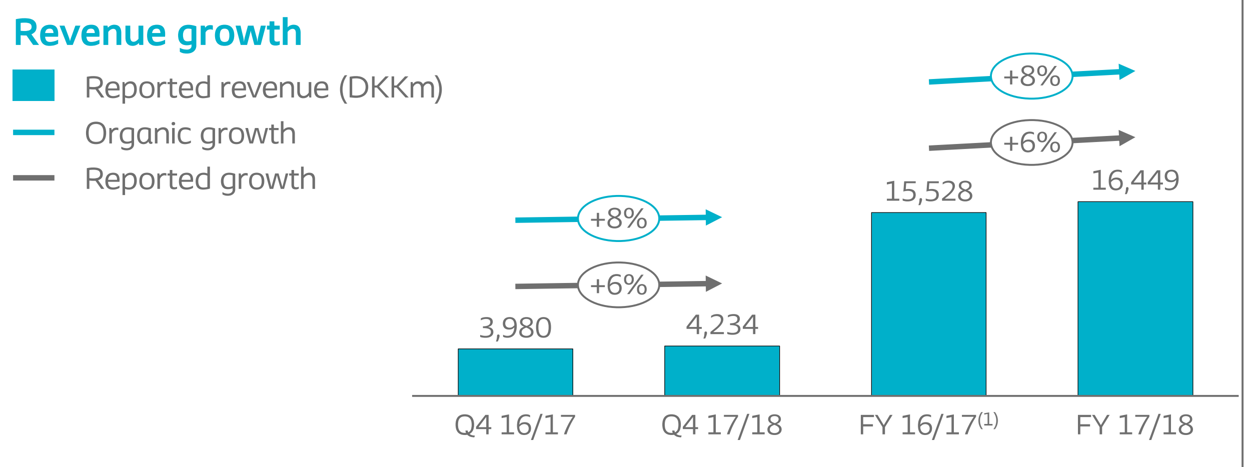
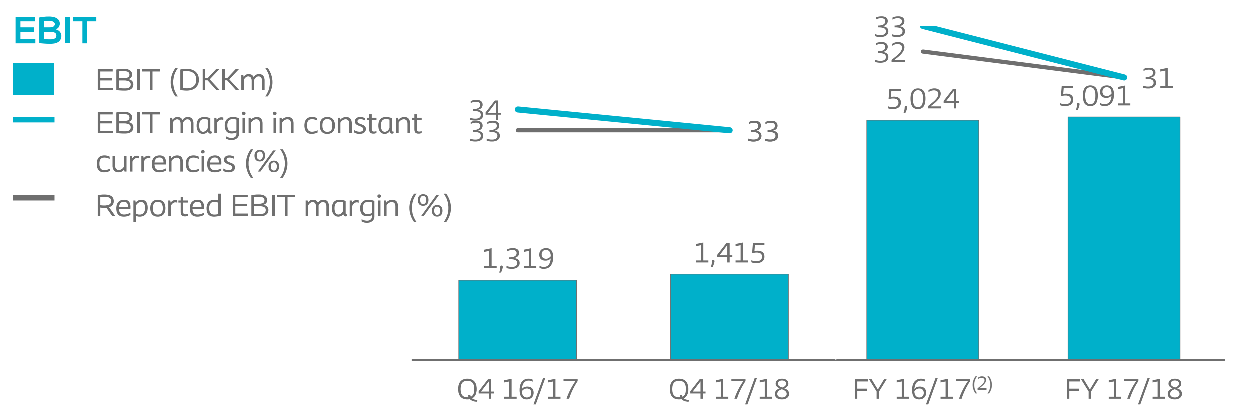
Forward-looking statements

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.

Coloplast delivered 8% organic growth for the sixth consecutive quarter and 8% organic growth for 2017/18





2017/18 Highlights

- CEO Lars Rasmussen steps down and Board of Directors appoints Kristian Villumsen as new CEO
- Full year organic growth of 8% (6% reported growth in DKK) driven by strong momentum in Chronic Care and Urology
  - Negative 4% FX impact from primarily USD/DKK and ARS/DKK. Argentina (ARS) was as of Q4 defined as a hyperinflationary economy (2017/18 around DKK -120m FX impact from ARS)
  - Acquisitions contributed 1% to growth in FY 2017/18
- 2017/18 EBIT margin of 31% in constant FX rates and 31% in DKK
  - Incremental investments of up to 2% of revenue in innovation and sales and marketing initiatives across all business areas
  - Restructuring costs of DKK 20m in Q4 (around DKK 50m full-year impact)
- ROIC after tax before special items[3] for 2017/18 was 44%
- Total dividend of DKK 16 per share for 2017/18 (DKK 11 per share to be proposed at 2018 AGM)
- Financial guidance for 2018/19:
  - Organic revenue growth of ~8% and 8-9% reported growth in DKK, assuming negative price pressure of up to -1%
  - EBIT margin of 30-31% in constant exchange rates and ~31% in DKK

(1) In Q3 2016/17 Coloplast identified the incorrect management of a 2009 agreement with the U.S. Veterans Affairs. The matter relates to Continence Care products and was treated as a one-off adjustment of DKK -90m recognized directly in the Q3 2016/17 revenue. The matter did not affect the organic growth rate for the reporting period.
(2) EBIT margin in constant currencies in FY 2016/17 is adjusted for the one-off of DKK -90m from Veterans Affairs to make margins comparable.
(3) Special items: Balance sheet items related to the provision in connection with settlements in lawsuits in the USA alleging injury resulting from the use of trans-vaginal surgical mesh products.

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8% organic growth in 2017/18 driven by strong performance across business vs. market growth of 4-5%

FY 17/18 revenue by business area

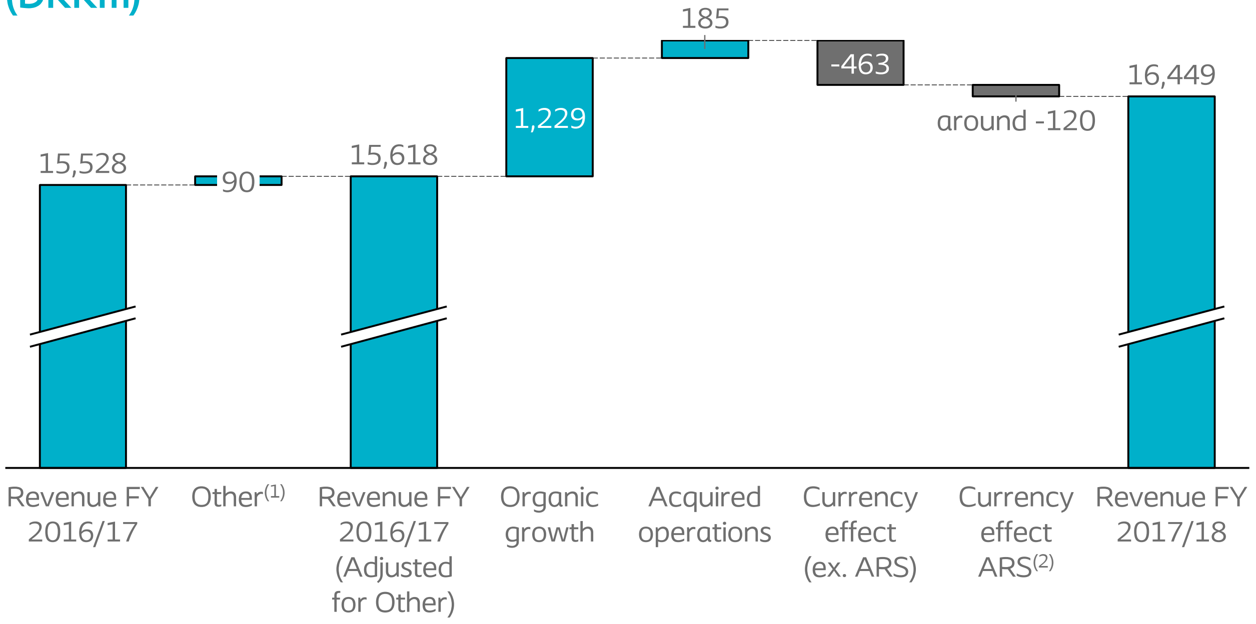
Business area	Reported revenue DKKm	Organic growth	Share of organic growth
Ostomy Care	6,643	9%	44%
Continence Care	5,926	8%	36%
Interventional Urology	1,740	10%	14%
Wound & Skin Care	2,140	3%	6%
Coloplast Group	**16,449**	**8%**	**100%**

FY 17/18 revenue by geography

Geographic area	Reported revenue DKKm	Organic growth	Share of organic growth
European markets	9,941	5%	39%
Other developed markets	3,791	11%	31%
Emerging markets	2,717	14%	30%
Coloplast Group	**16,449**	**8%**	**100%**

FY 17/18 reported revenue driven by strong organic growth of 8% but significantly impacted by FX headwinds

Revenue development (DKKm)



Growth	0.6%		7.9%	1.2%	-2.9%	-0.8%	5.9%

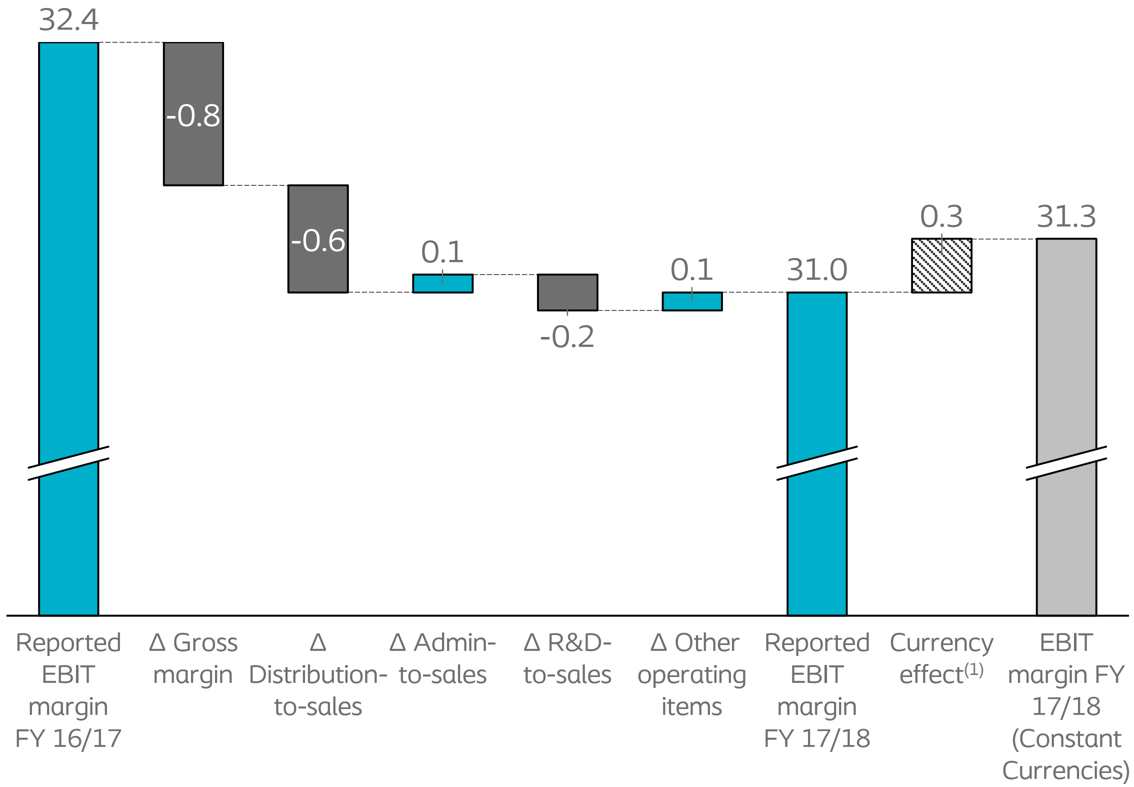
1) Estimated DKK 90m one-off revenue adjustment related to incorrect management of a contract with U.S. Veterans Affairs in Q3 2016/17.
2) As a result of the Argentine peso now being defined as hyperinflationary, revenues from Argentina are adjusted for inflation and translated to DKK using the spot rate as of the balance sheet date. For the full year, the negative currency effect of the Argentine peso is around DKK 120m, of which DKK 45m is related to the revised accounting practice. The DKK 45m correction for the full year is included in the reported growth for Q4.

Comments

- FY 2017/18 reported revenue increased by DKK 921m or 6% compared to FY 2016/17
- The majority of growth was driven by organic growth contributing DKK 1,229m or 8% to reported revenue
  - Organic growth in 2017/18 positively impacted by the comparison period with DKK ~70m from inventory reductions by distributors in US Chronic Care in Q1 2016/17
- Revenue from acquisitions contributed DKK 185m or 1%, resulting from the acquisitions of distribution companies Comfort Medical in Q1 2016, Lilial and IncoCare in Q2 2018
- Foreign exchange rates had a significant negative impact of DKK 583m or -4% on reported revenue primarily due to the depreciation of the USD, ARS, GBP, CNY and JPY against the Danish kroner
  - Negative impact of around DKK 120m from the Argentine peso of which DKK 45m is related to the changed accounting principles for translating revenue as the Argentine peso is now defined as hyperinflationary

FY 2017/18 EBIT margin of 31% impacted by commercial investments and restructuring costs

EBIT margin development (%)



1) As a result of the Argentine peso now being defined as hyperinflationary, revenues from Argentina are adjusted for inflation and translated to DKK using the spot rate as of the balance sheet date. For the full year, the negative currency effect of the Argentine peso on EBIT is around DKK 70m.

Comments

- EBIT increased 1% to DKK 5,091m with a reported margin of 31% (31% in constant currencies) compared to 32% last year
- Gross margin of 67% in DKK compared to 68% same period last year
  - Continued efficiency gains and positive impact from relocation of manufacturing
  - Negatively impacted by product mix, depreciation and DKK 50m in restructuring costs (vs. DKK 20m in 16/17) related to reduction of production employees in DK
    - Completion of plan (GOP3) to reduce from 700 to 400 people
    - Initiation of plan (GOP4) to reduce by 200 people by end of 18/19
  - Negative impact of 20 basis points from FX rates on the gross margin
- Distribution-to-sales of 29% (28% in 2016/17)
  - Increase driven by investments in sales and marketing initiatives across business areas and regions
- Admin-to-sales of 4% on par with last year
- R&D costs increased 11% compared to 2016/17 due to increased activity
- Other operating income/expenses of DKK 39m vs. DKK 21m last year due to a non-recurring income in Q1 from a settlement related to Interventional Urology patent rights

Organic growth guidance for FY 2018/19

	Guidance 2018/19	Guidance 2018/19 (DKK)*	Key assumptions
Sales growth	~8% (organic)	8-9%	• Up to 1% negative price pressure • DKK guidance includes growth from Lilial and IncoCare
EBIT margin	30-31% (constant exchange rates)	~31%	• Incremental investments of up to 2% of revenue • Restructuring costs of DKK 25m from reduction of production employees in Denmark • Includes impact from acquisitions of Lilial and IncoCare • Includes additional investments in MDR
CAPEX (DKKm)		~750	• Factory expansion in Costa Rica • New machines for new and existing products • New distribution centre in UK
Tax rate		~23%	

*DKK guidance is based on spot rates as of October 30 2018

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