

Q1 20/21 Pre-close brief – December 2020

Prior to entering our close period on January 4, 2021, ahead of reporting our full year results on February 2, 2021 for the period ending December 31, 2020, we would like to bring the following highlights to your attention.

Product update

- The launch of Biatain Fiber, a gelling fiber dressing for the treatment of deep wounds, has now been launched across 7 markets and has been well received.
- SpeediCath Soft, a soft hydrophilic catheter for the A4351 reimbursement category in the US has been launched.

US GPO update

- Coloplast has been awarded a three-year group purchasing agreement for ostomy products with Premier Inc. beginning April 1, 2020 (~25% share of US acute ostomy market).
- The smaller GPO, HealthTrust (~15% share of US acute ostomy market) has announced it will continue with its current supplier, Hollister.
- Vizient, the largest GPO (~50% share of US acute ostomy market) has initiated the process for the next purchasing agreement. A decision is expected during H1 2021 and the new contract is expected to start July 1st, 2021.

Nine Continents acquisition

- Coloplast has acquired Nine Continents Medical Inc, an early stage company in the large over-active bladder segment. The company has developed an implantable tibial nerve stimulation treatment for over-active bladder.
- The acquisition price consists of a USD 145 million upfront cash payment and an additional contingent future milestone payment.
- Coloplast expects to begin pivotal studies in 2021, with the ambition to obtain pre-market approval for a Class III device in the US and EU market approvals in the 2024-2025 timeframe.

Financial guidance for FY 20/21

(DKK guidance is based on spot rates as of November 2nd, 2020)

- We expect organic revenue growth of 7-8% at constant exchange rates and a reported growth in DKK of 4-5%.
 - Phasing of growth expected to be back-end loaded with low single-digit growth in H1 and double-digit growth in H2
 - Interventional Urology positively impacted by comparison period in 2019/20
 - Uncertainty around growth in new patients across Chronic Care in UK and other markets in particular in Europe. Underlying growth in the US and Emerging markets is expected to be largely stable.
 - Uncertainty around resumption of hospital activity impacting Wound & Skin Care. This will be partly offset by the comparison period in China and France in 19/20 as well as the full-year impact of the Biatain Fiber launch.
 - For H1, the key moving parts include weaker growth in Europe due to lower growth in patient inflow in the UK in particular, Q2 19/20 baseline due to approximately DKK 150m in stocking in Europe due to COVID-19 and comparison periods in Interventional Urology and Wound & Skin Care.
 - For H2, the key moving parts include positive impact from comparison period in Interventional Urology, EU baseline including destocking in Q3 and UK in Q4 and the comparison period in Wound & Skin Care.
 - The quarterly phasing of growth for 19/20 was Q1 7.7%, Q2 9.0%, Q3 -2.1%, Q4 2.3%. In 20/21, the majority of tender deliveries in Russia are expected in H1 (similar to H1 19/20)
 - Currency impact: headwind expected from USD and Emerging market currencies

- Up to 1%-point negative price pressure
 - No current knowledge of significant healthcare reforms vs. French reform in 2019/20
- We expect a reported EBIT margin of 31-32%. The reported margin in DKK is positively impacted by the HUF, but this is largely offset by the depreciation of the USD, BRL and ARS against the DKK.
 - The EBIT margin guidance reflects additional incremental investments of up to 2% of revenue for innovation and sales and marketing initiatives (Interventional Urology, Asia, digital and sustainability investments) and continued prudent cost management (lower travel and marketing spend due to COVID-19)
 - Phasing of cost development is expected to follow the topline development
- Gross margin for 20/21 is expected to be in line with 19/20
 - Leverage effect on fixed costs e.g. distribution, admin and R&D costs (our rule of thumb is that the leverage effect kicks in at ~5% organic growth)
 - Gross margin in fixed currencies expected to be positively impacted by Global Operations Plan 4 (savings of 50 bps) and GOP5 partly offset by negative impact from wage inflation and labour shortages in Hungary as well as transfer costs related to the transfer of machines to Costa Rica and Sustainability investments
- CAPEX guidance for 20/21 is ~1,100m DKK.
 - CAPEX includes investments in more capacity for existing and new products, the second volume manufacturing site in Costa Rica (site expected to be ready in 2021/22), automation investments at volume sites in Hungary and China as part of GOP5, IT and Sustainability investments
- We expect our net financials to end the financial year 20/21 at around DKK 0m based on spot rates as of November 2nd, 2020.
- Effective tax rate of ~23% (Danish corporate tax rate 22%). We pay ~80% of our taxes in Denmark

Foreign exchange rates

- In connection with our consensus survey we will send an updated spot rate overview based on spot rates at the end of December. Please also see our FX slide on page 46 in our latest roadshow presentation.

Currency	Average exchange rate for FY 2019/20	Spot rate, 15 December 2020	Change in spot rates compared with the average exchange rate for 2019/20	Average exchange rate for 2020/21YTD (1st Oct 2020 to 15th Dec 2020)	Change in average exchange rates compared with average exchange rate for FY 2019/20
Key currencies:					
USD	667	613	-8%	628	-6%
GBP	850	817	-4%	825	-3%
HUF	2,17	2,10	-3%	2,07	-5%
Other selected currencies:					
CNY	95	94	-2%	94	-1%
JPY	6,18	5,89	-5%	6,00	-3%
AUD	452	461	2%	455	1%
BRL	141	120	-15%	115	-18%
ARS	8,34 ⁽¹⁾	7,44	-11%	7,44 ⁽¹⁾	-11%

1) The hyperinflationary economy in Argentina entails that results denominated in Argentinian Peso must be adjusted for inflation and be translated at the exchange rate of the balance sheet day which was DKK 8.34 per ARS 100.00 at 30 September 2020 and DKK 7.44 per ARS 100.00 at 15 December 2020.

Please do not hesitate to reach out to Investor Relations if you have any questions.

Best regards

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Forward-looking statements

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