



# Accelerating global growth

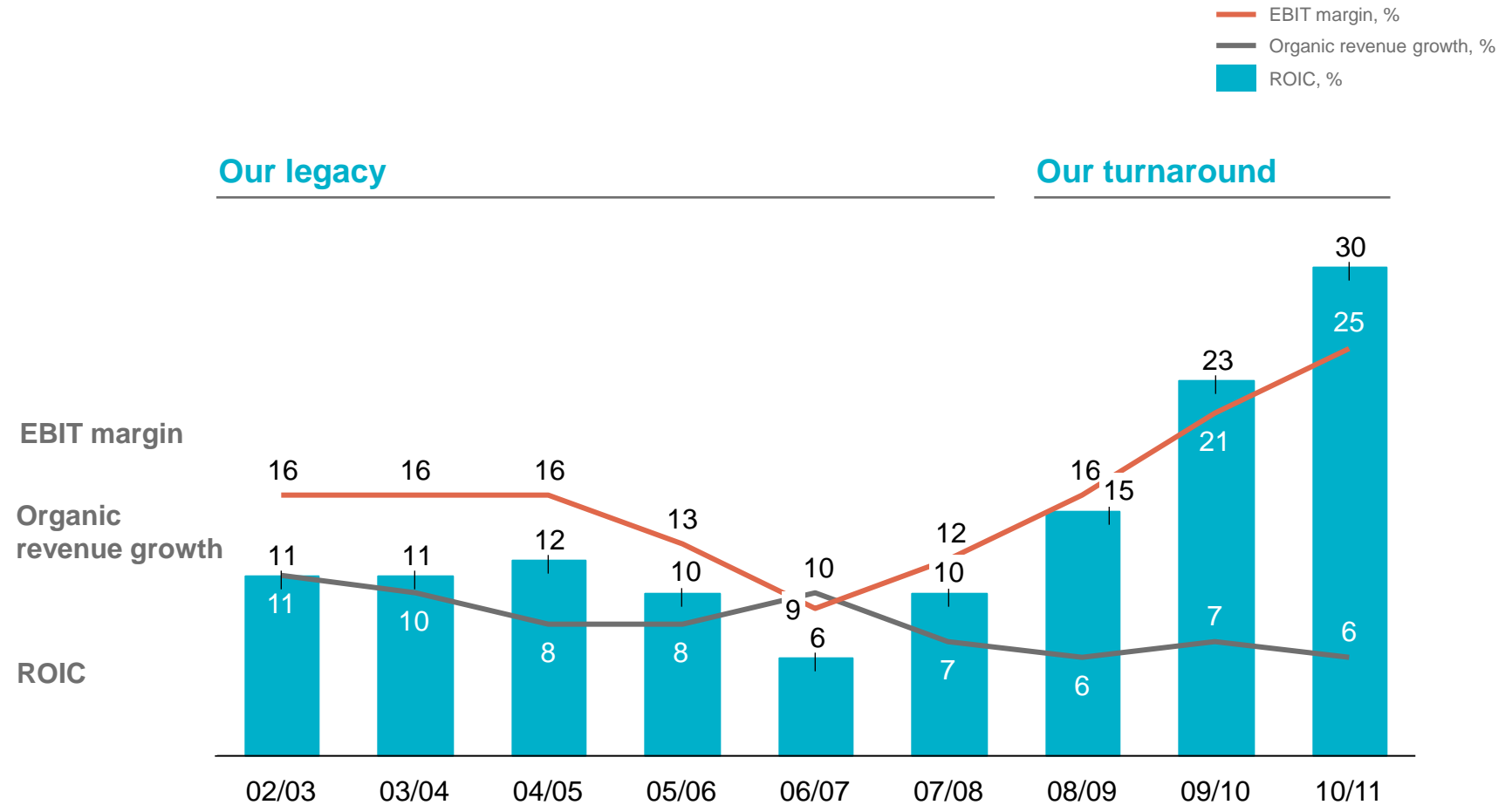
Lars Rasmussen, President & CEO

# Agenda

- Recap the Coloplast journey
- Outline our ambitions for the years ahead
- Describe our main priorities to deliver on these ambitions
- Discuss your reflections and questions



# Our journey has delivered a very successful turnaround...



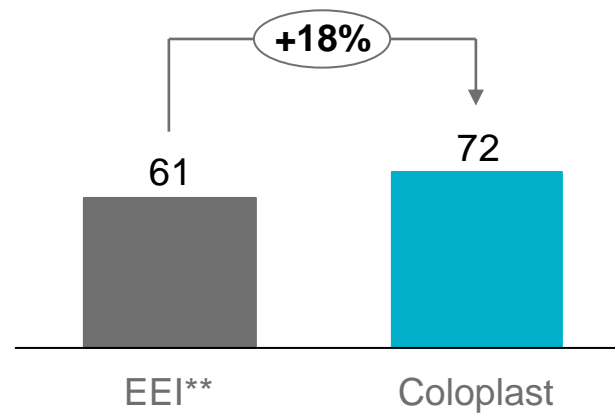
# ... and we have a strong foundation for the future

## #1 regarded medical device company among our patients

- 300 patient groups from 42 countries in Patient View study
- Coloplast ranked 1<sup>st</sup> on all six indicators, e.g.
  - High quality, useful products
  - Effective patient centered strategy
  - Patient safety
- Consistently outranking peers such as Medtronic (2<sup>nd</sup>) and S&N (3<sup>rd</sup>)

## ... and **highly motivated employees** throughout our Group

Engagement Survey, May 2012



\* PatientView – Corporate Reputation of the Medical Device Industry, April 2012; Coloplast Engagement Survey, May 2012

\*\* European Employee Index benchmark

# Our ambition is to be among the world's best medical device companies – to deliver on this, we have set clear priorities

## How we do business...

- 1 Become even closer to our **customers**
- 2 Develop and market the world's best **products**
- 3 Operate a highly professional and dedicated **sales force**
- 4 Continue to run an **efficient business**

## ...supports us where we do business

- 5 Continued growth in the core developed markets in **Europe**
- 6 Increased growth in the **developed markets outside Europe** (US, Canada, Japan and Australia)
- 7 Further expansion and growth in **Emerging Markets**

# Coloplast Care and DtC form a new sales channel that gets us even closer to our customers (1/2)

## Objective

**NPD gain and retention** of new users when exiting from the hospital

## Through Coloplast Care we...



Connect to end users and form lifetime bond



Advise with the right information at the right time



Respond with frequent phone calls, emotional support and monthly newsletters



Enable our end users by making their lives easier

## ... with positive results so far

- Close to 100,000 end users\* enrolled
- More than 15 countries\* are running Care programme – and more to come
- Ability to measure retention of patients
- Positive patient testimonials

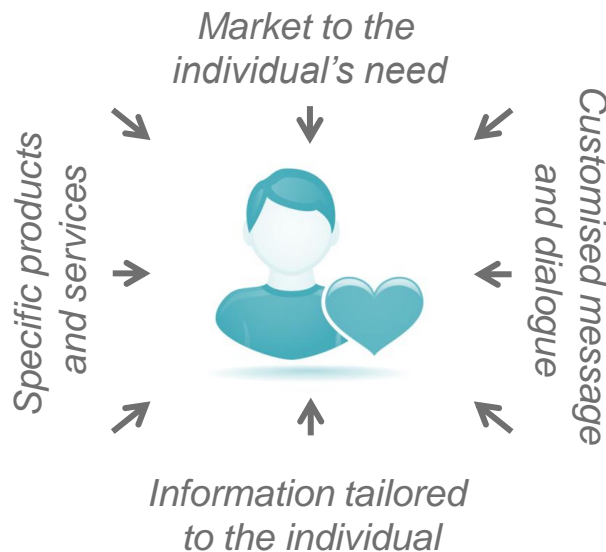
\* Coloplast Care report, April 2012

## Coloplast Care and DtC form a new sales channel that gets us even closer to our customers (2/2)

### Objective

**Conversion, up-selling and cross-selling** to existing users, both CP and others

### DtC is direct individualized marketing...



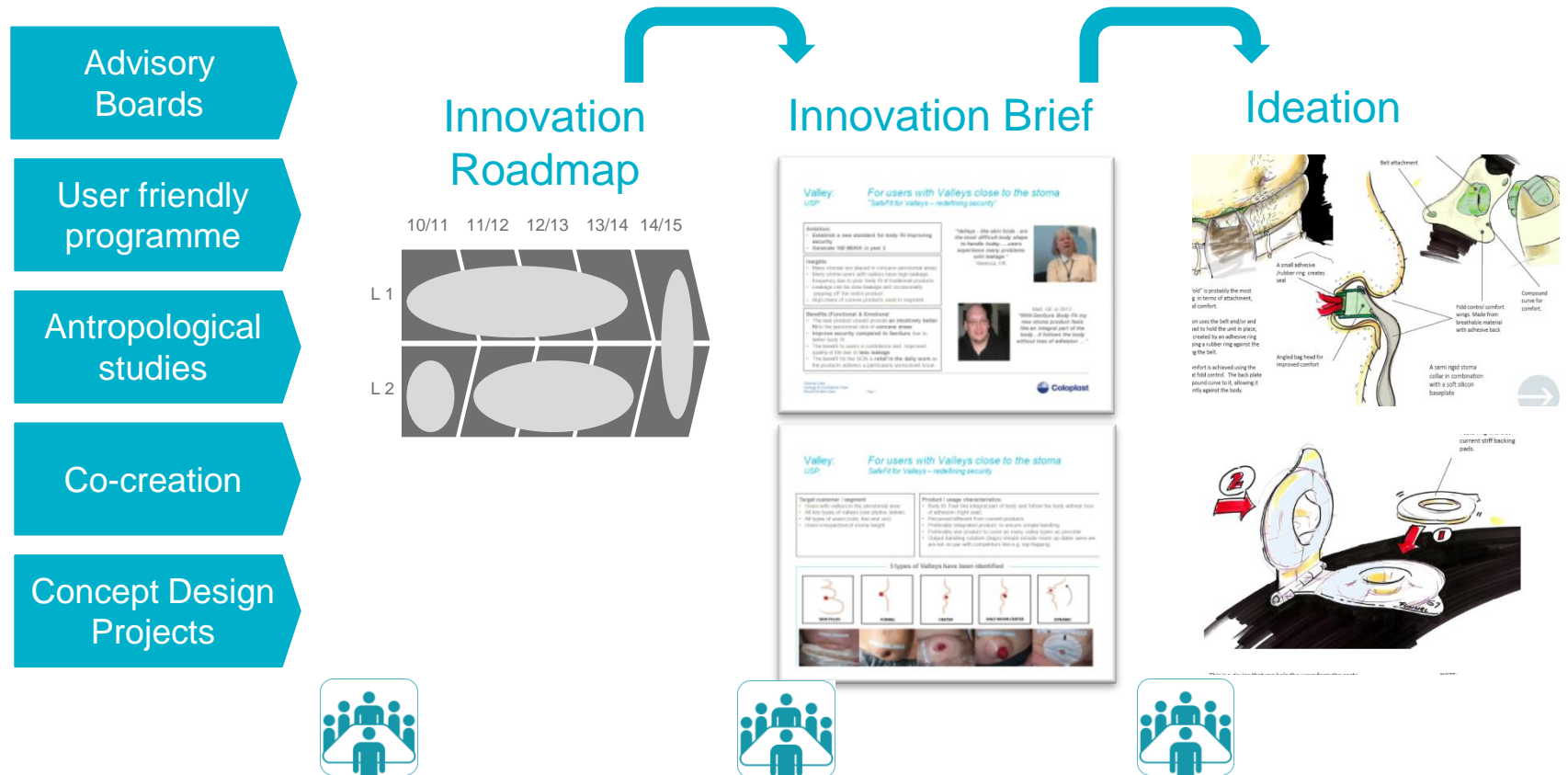
### ... with positive results so far

- Current database of more than 300,000 end users\*
- Increasing lead generation through online and offline marketing activities
- New system and processes being implemented allowing for increased transparency
- Focus on improved customer experience

\* Consolidation of country databases, April 2012

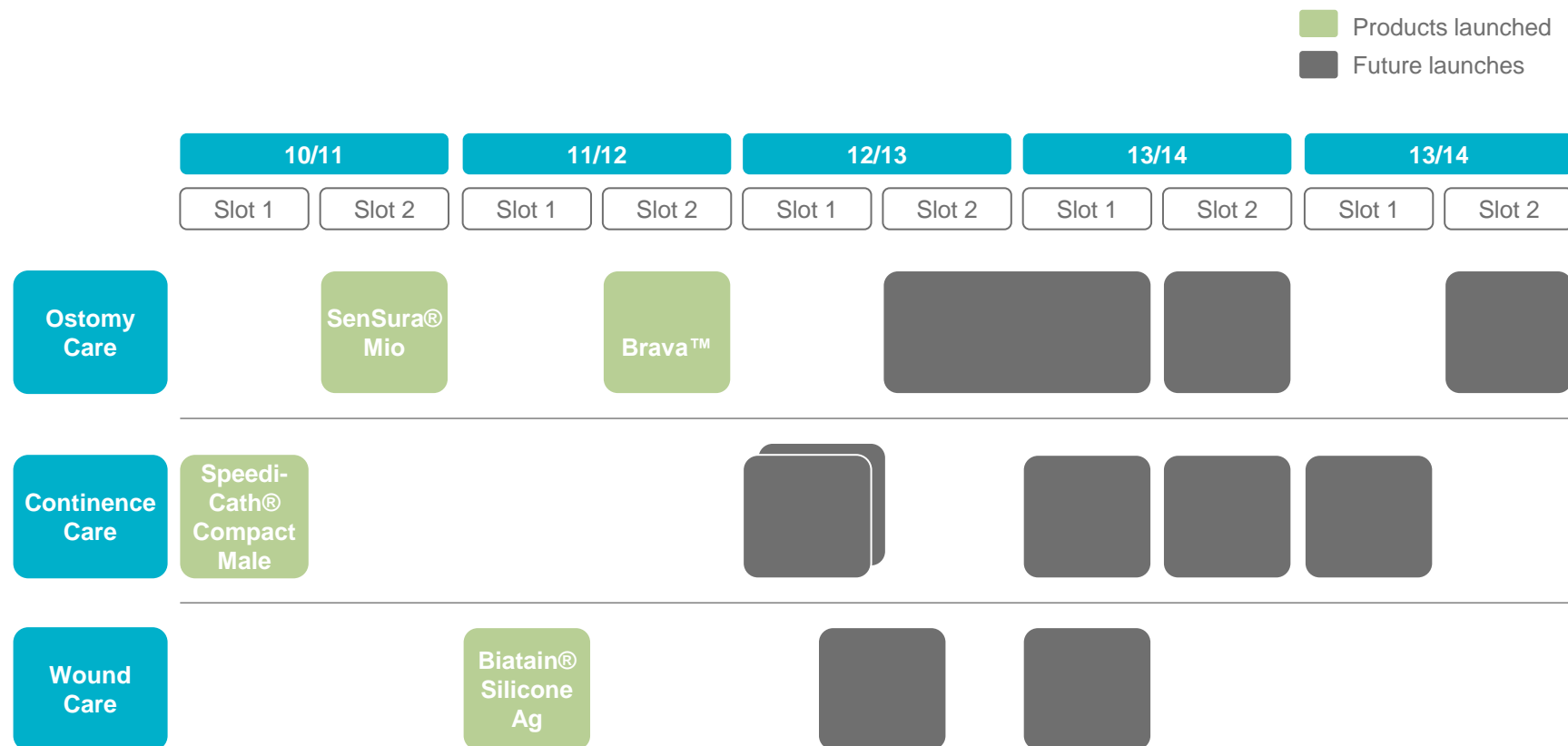


# Innovation is on our Agenda with a clear commercial direction setting: To develop the world's best products

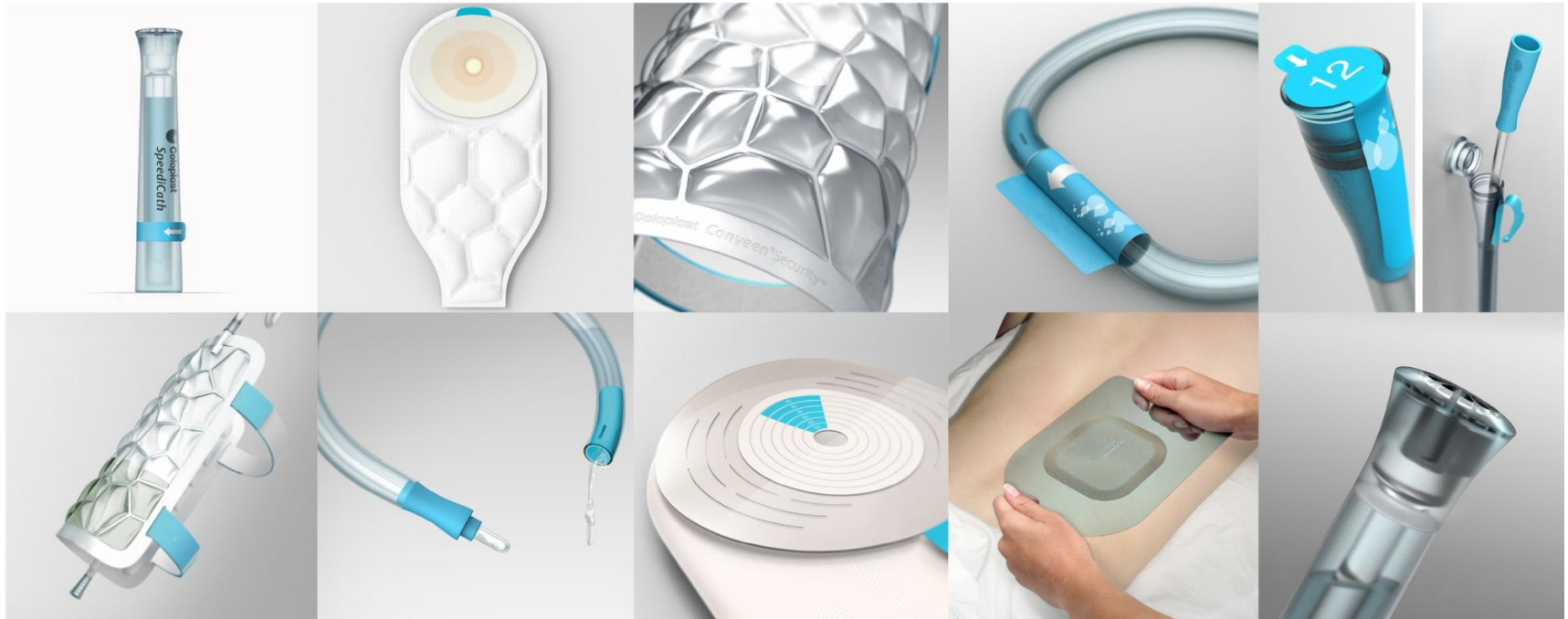




We have a very strong pipeline with the highest NPV ever...



## ...and we will be launching a new coherent Design DNA in Coloplast



## We are focusing on driving better execution and maximising sales impact through our Sales Leadership initiative

### Focused on up-scaling 1<sup>st</sup> line sales managers globally

Country manager



1st line  
Sales  
Mgmt



Sales reps



### From winning big accounts to being experts in sales leadership



# We have set clear priorities for where we do business

## How we do business...

- 1 Become even closer to our **customers**
- 2 Develop and market the world's best **products**
- 3 Operate a highly professional and dedicated **sales force**
- 4 Continue to run an **efficient business**

## ...supports us **where** we do business

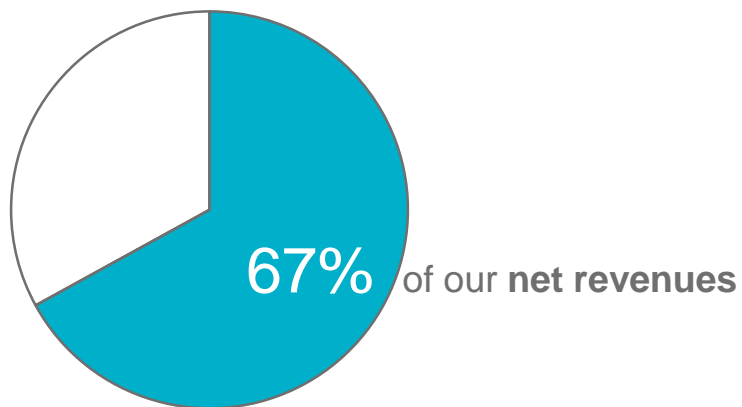
- 5 Continued growth in the core developed markets in **Europe**
- 6 Increased growth in the **developed markets outside Europe** (US, Canada, Japan and Australia)
- 7 Further expansion and growth in **Emerging Markets**

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

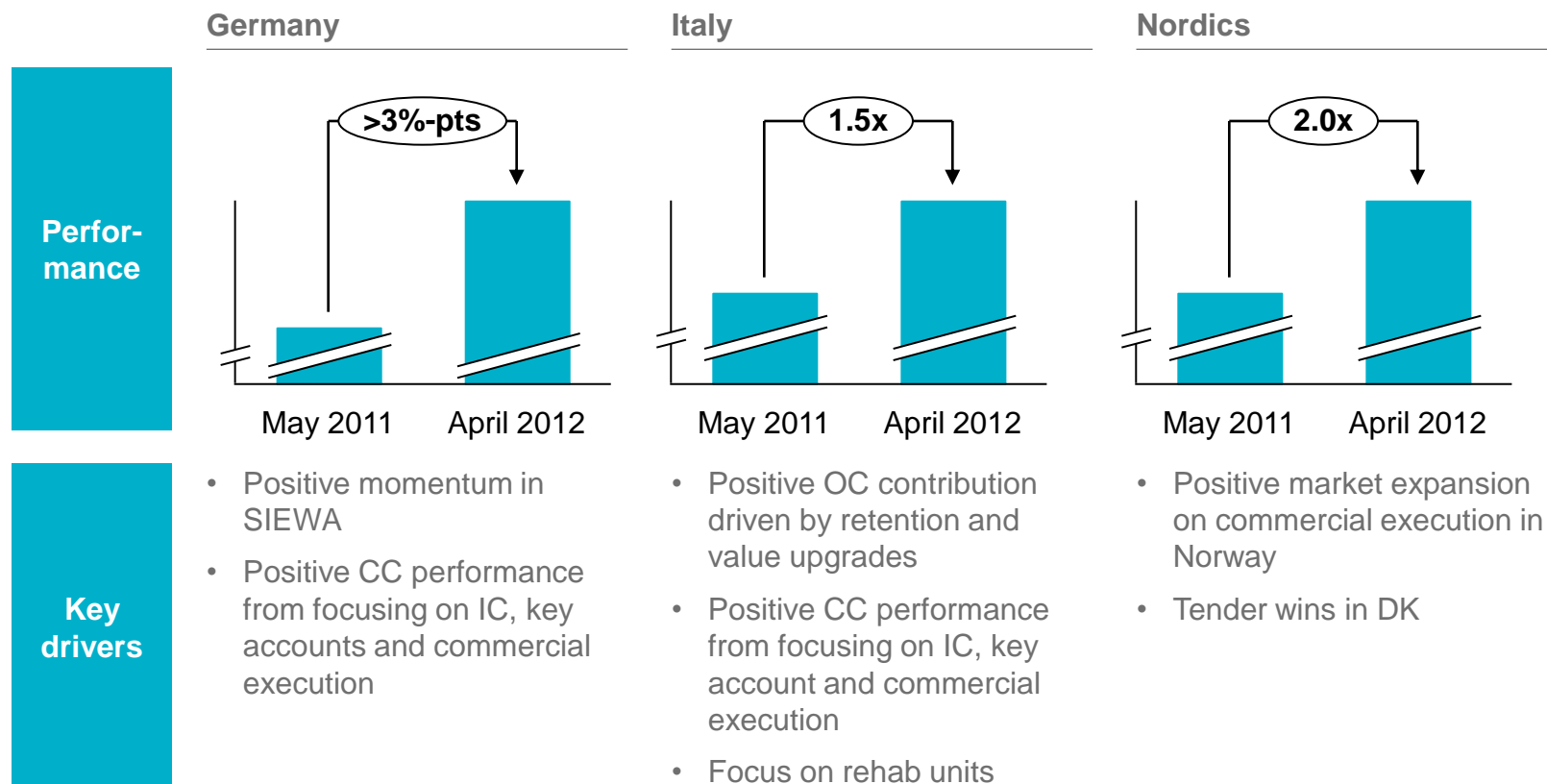
### Key priority

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

## Focus on sales excellence and innovation will drive growth in our European Chronic Care business

■ Monthly MAT growth





## And we are actively working on changing the challenged momentum in our European Wound Care business



1 New organisational setup with increased sales pressure

2 Increase commercial focus

3 Win with Biatain® “superior absorption” portfolio

4 Price management



1 Create strong dedicated team

2 Maximise effectiveness of organisation

3 Win with Biatain® “superior absorption” portfolio

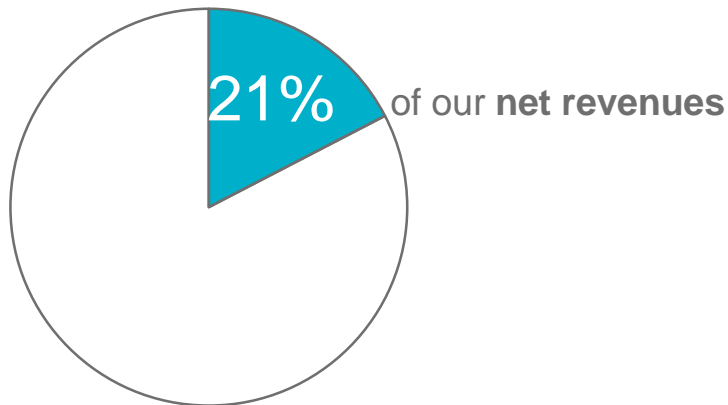
4 Get tenders right

Selected markets

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

### Our situation

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





### Key priority



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

\* Chronic Care market share

## Developed markets in North America hold opportunities for increased growth...

|               | USA    | Canada    |
|---------------|--|--|
| Ostomy Care   | <ul style="list-style-type: none"><li>• <b>Breakthrough</b> in Ostomy Care through NPE and end user retention</li></ul>                    | <ul style="list-style-type: none"><li>• <b>Accelerate New Patient Discharge</b></li><li>• Improve retention &amp; drive conversion</li></ul> |
| Contince Care | <ul style="list-style-type: none"><li>• <b>Defend and grow</b> Continence Care through NPD capture and new product introductions</li></ul> | <ul style="list-style-type: none"><li>• <b>Accelerate</b> Continence Care by leveraging strong market position</li></ul>                     |
| Wound Care    | <ul style="list-style-type: none"><li>• <b>Recommit</b> to Skin Care growth and <b>stabilise</b> Wound Care</li></ul>                      | <ul style="list-style-type: none"><li>• Apply <b>tender focused</b> strategy</li></ul>   |

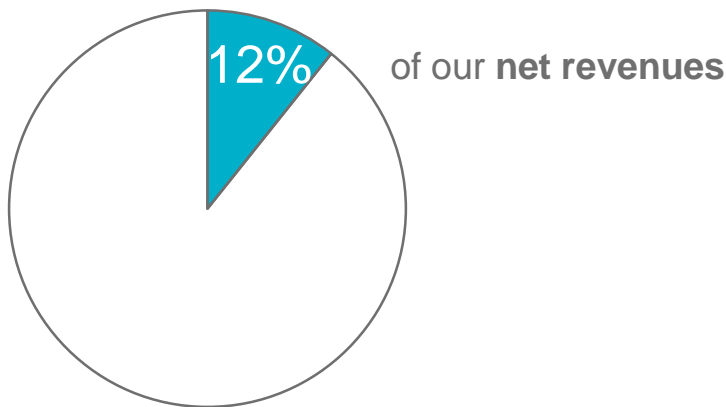
... while our developed markets in Asia-Pacific also hold untapped potential

|               | Australia    | Japan    |
|---------------|--|---|
| Ostomy Care   | <ul style="list-style-type: none"><li>• <b>Increase investments</b> in the market</li><li>• Strong <b>focus on NPD</b></li><li>• <b>Optimise product</b> mix to grow Ostomy Care</li></ul> | <ul style="list-style-type: none"><li>• <b>Leverage market leader position</b> and SenSura® success</li></ul>   |
| Contince Care | <ul style="list-style-type: none"><li>• <b>Accelerate growth</b> in intermittent catheters</li></ul>   | <ul style="list-style-type: none"><li>• <b>Understand and explore</b> large potential</li></ul>   |
| Wound Care    | <ul style="list-style-type: none"><li>• Focus on <b>education and distributor partnerships</b></li><li>• Apply tender focused strategy</li></ul>   | <ul style="list-style-type: none"><li>• <b>Increase our understanding and investments</b> in market</li><li>• <b>Educate</b> growing number of nurses</li></ul> |

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

### Our situation

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



### Key priority

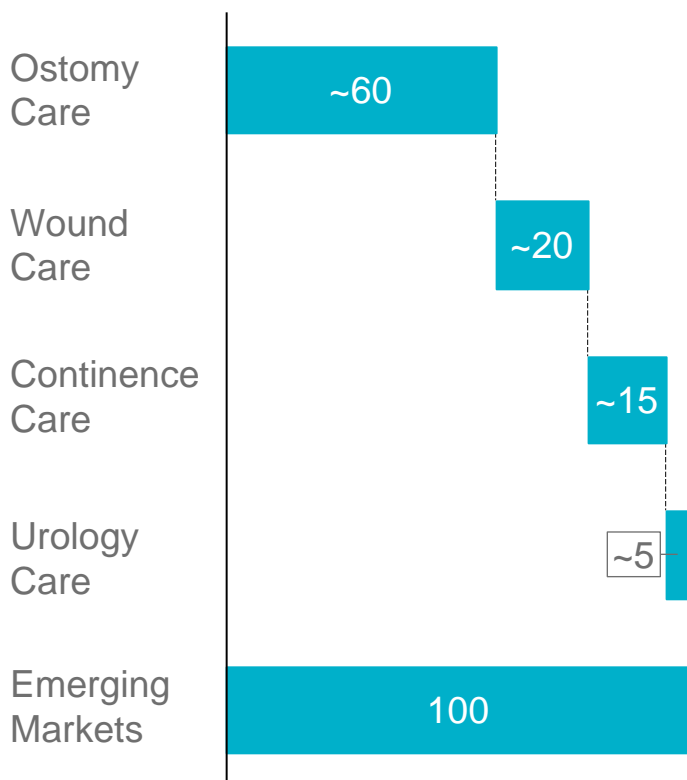
Educate,  
create and  
grow selected  
markets from  
focused effort

\* Chronic Care market share

## Our growth in Emerging Markets will be driven by Ostomy Care and Wound Care

### Emerging Markets breakdown per business area

Percent

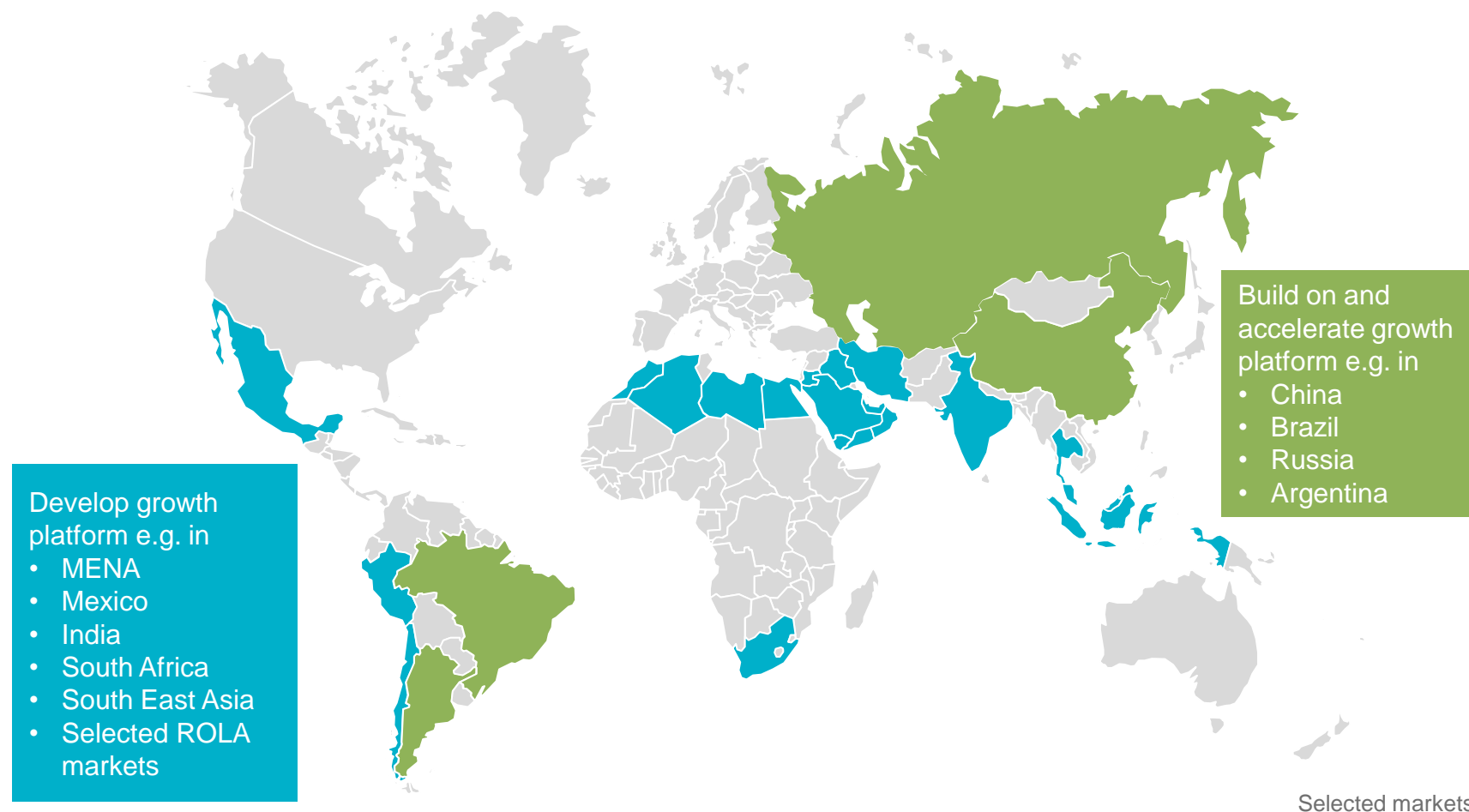


### Comments

- Assura® line is the main brand but SenSura® is growing rapidly
- Mature products like Comfeel® account for majority of business while Biatain® is gaining traction
- EasiCath® and SpeediCath® are main brands
- Primarily disposable urology products



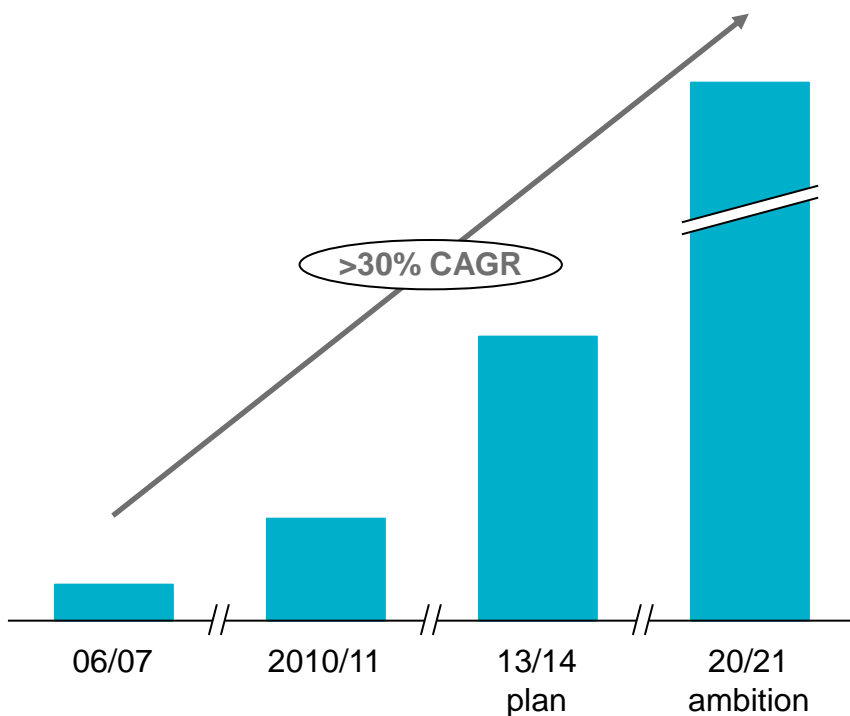
And geographical expansion also holds significant longer term potential for us



## We already have a strong presence in selected emerging markets where China holds the greatest growth opportunity

### Strong momentum in China

Growth, CAGR



### Levers for continued growth

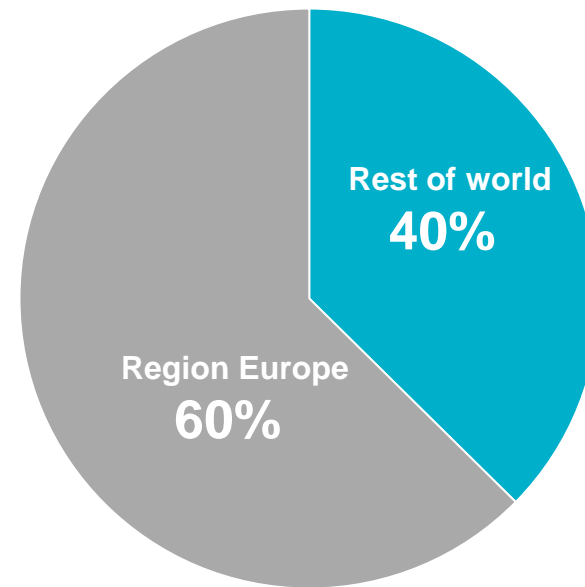
- a **Increasing coverage** of hospital and community health center beds
- b **Win in existing hospitals** through commercial excellence
- c **Training and retaining** the best employees through leadership programmes
- d **Educating and growing the market** from building relationships and raising the standard of intimate healthcare
- e **Pursue new opportunities**, e.g. GTM models, M&A, partnerships etc.

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 believe we can accelerate our global growth from...





# Globalising Urology Care - an opportunity for growth

Steffen Hovard, SVP Urology Care

# 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.

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# Agenda

- **Our current Urology Care set-up**
- The market for urological devices as we see it
- Outline our ambitions for the years ahead



# Today, Coloplast operates within selected areas of the large urology playing field

- Disease areas**
- Urinary incontinence
  - Pelvic organ prolapse
  - Erectile dysfunction
  - Enlarged prostate
  - Kidney and urinary stones

- Customer groups**
- Surgeons
  - Purchasing departments and organisations
  - End customers

- Call points**
- Urologists
  - Uro-gynaecologists
  - Gynaecologists
  - Purchasing departments and organisations



Minneapolis HQ



Paris HQ

## In 2011, we created one global SBU combining valuable complementary competences and organisational skills

| Surgical Urology   | Disposable Surgical Urology  |
|--|--|
| <ul style="list-style-type: none"><li>• 40 years of history in urology</li><li>• SBU set-up complete with functional management team</li><li>• Commercially carved out and value chain integrated</li><li>• Commercial organisation ~110 FTEs</li><li>• Total organisation ~300 FTEs</li><li>• Focused on implants: Elective procedures</li><li>• Geographically focused on the US</li></ul> | <ul style="list-style-type: none"><li>• 120 years heritage in urology</li><li>• SBU set-up complete with functional management team</li><li>• Fully-carved out and value chain integrated</li><li>• Commercial organisation ~110 FTEs</li><li>• Total Porgès organisation ~340 FTEs</li><li>• Focused on disposable devices for "non-elective" procedures</li><li>• Geographically focused on Europe+ROW</li></ul> |

The aim was to create a business platform to provide scale and position ourselves for revenue growth

## Coloplast Urology Care

### Surgical Urology

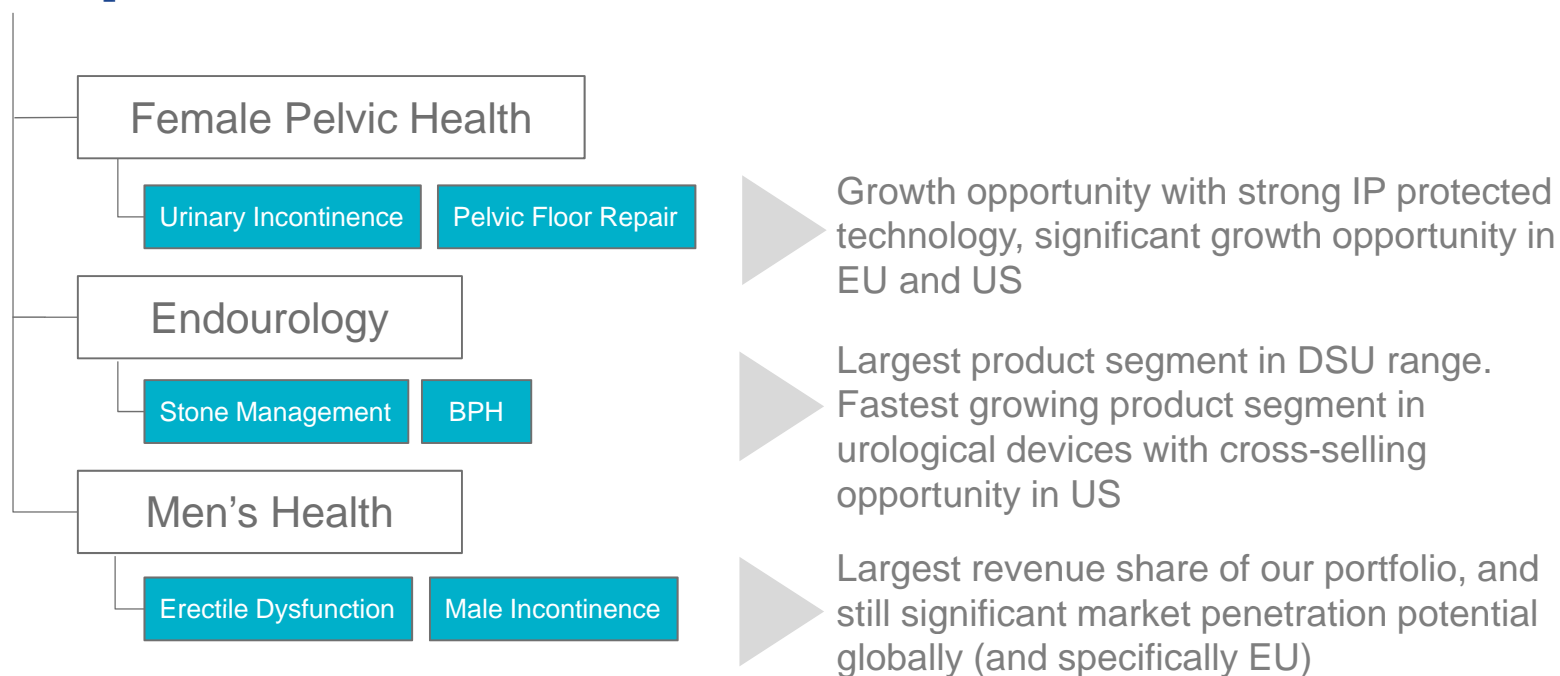
- Narrow portfolio in Inflatable Penile Implants, meshes for Stress Urine Incontinence and Pelvic Floor Repair
- Elective surgeries
- Strong IP portfolio
- Strong mesh technology platform following Mpathy acquisition

### Disposable Surgical Urology

- Good competitive platform, especially in the endourology segment and BPH
- Non-elective surgeries
- Broad technology platform with limited IP protection

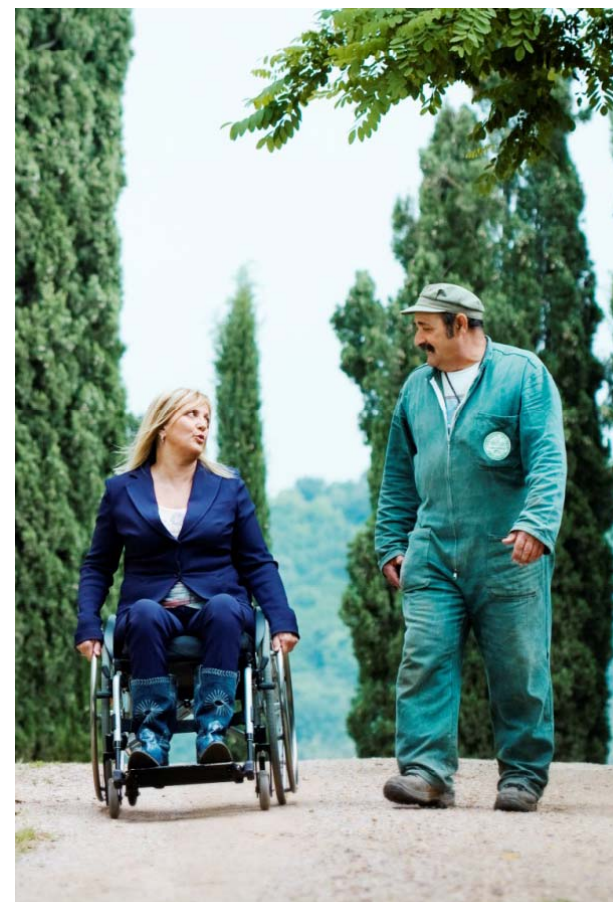
↑ **Product and geographically driven cross-selling opportunities** ↑

# We want to focus on innovative surgical solutions for the urologist and urogynaecologist in focused growth product segments



# Agenda

- Our current Urology Care set-up
- **The market for urological devices as we see it**
- Outline our ambitions for the years ahead





# Urology Care represents a DKK 9bn market with an estimated annual growth of 4-6%

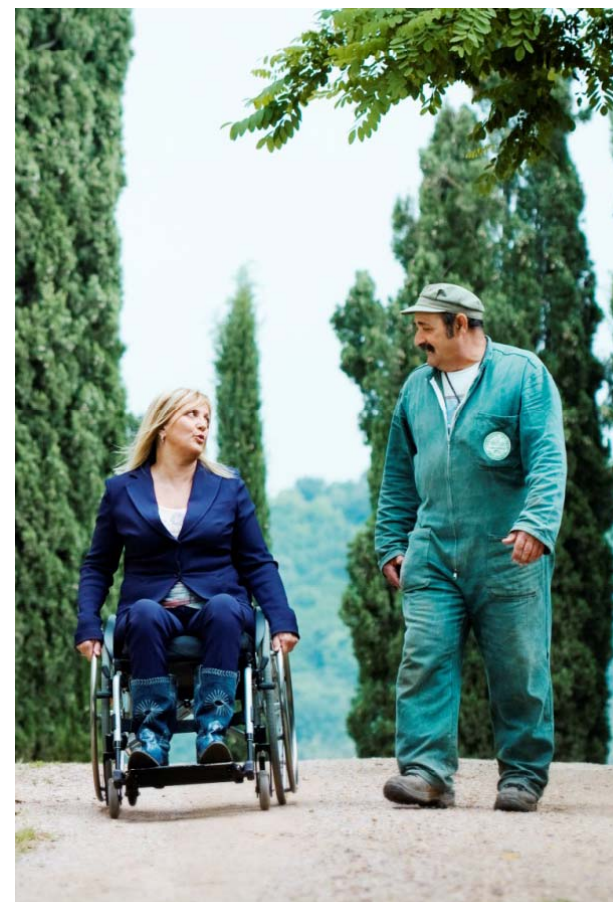
Estimated Global Market Share (Selected segments)

|                                     | Stress Urinary Incontinence | Pelvic Floor Repair | Penile Implants | Male Incontinence | Stone Management | Other urological devices |
|-------------------------------------|-----------------------------|---------------------|-----------------|-------------------|------------------|--------------------------|
| <b>Market DKK bn</b>                | 1,1                         | 0,7                 | 0,7             | 0,4               | 2,0              | 0,8                      |
| <b>Growth %</b><br>CAGR 11/12-15/16 | <5%                         | <5%                 | <5%             | 5-10%             | 5-6%             | <5%                      |
| Endo Health                         | 25-50%                      | 25-50%              | 60-70%          | +75%              | NA               | NA                       |
| Boston Scientific                   | 10-25%                      | 10-25%              | NA              | NA                | 25-50%           | NA                       |
| Bard                                | <10%                        | 25-50%              | NA              | NA                | 10-25%           | NA                       |
| <b>Coloplast</b>                    | <10%                        | <10%                | 30-40%          | <10%              | 10-25%           | <10%                     |
| Ethicon                             | 25-50%                      | 10-25%              | NA              | NA                | NA               | NA                       |
| Cook                                | NA                          | NA                  | NA              | NA                | 10-25%           | NA                       |
| Other                               | <10%                        | <10%                | NA              | NA                | 10-25%           | NA                       |

Source: Coloplast estimates and competitor annual reports

# Agenda

- Our current Urology Care set-up
- The market for urological devices as we see it
- **Outline our ambitions for the years ahead**



# Opportunities for growth define our aspirations for the upcoming years

## Aspiration

We want to double our business

We deliver a broad portfolio to our urology customers

We want to be truly global

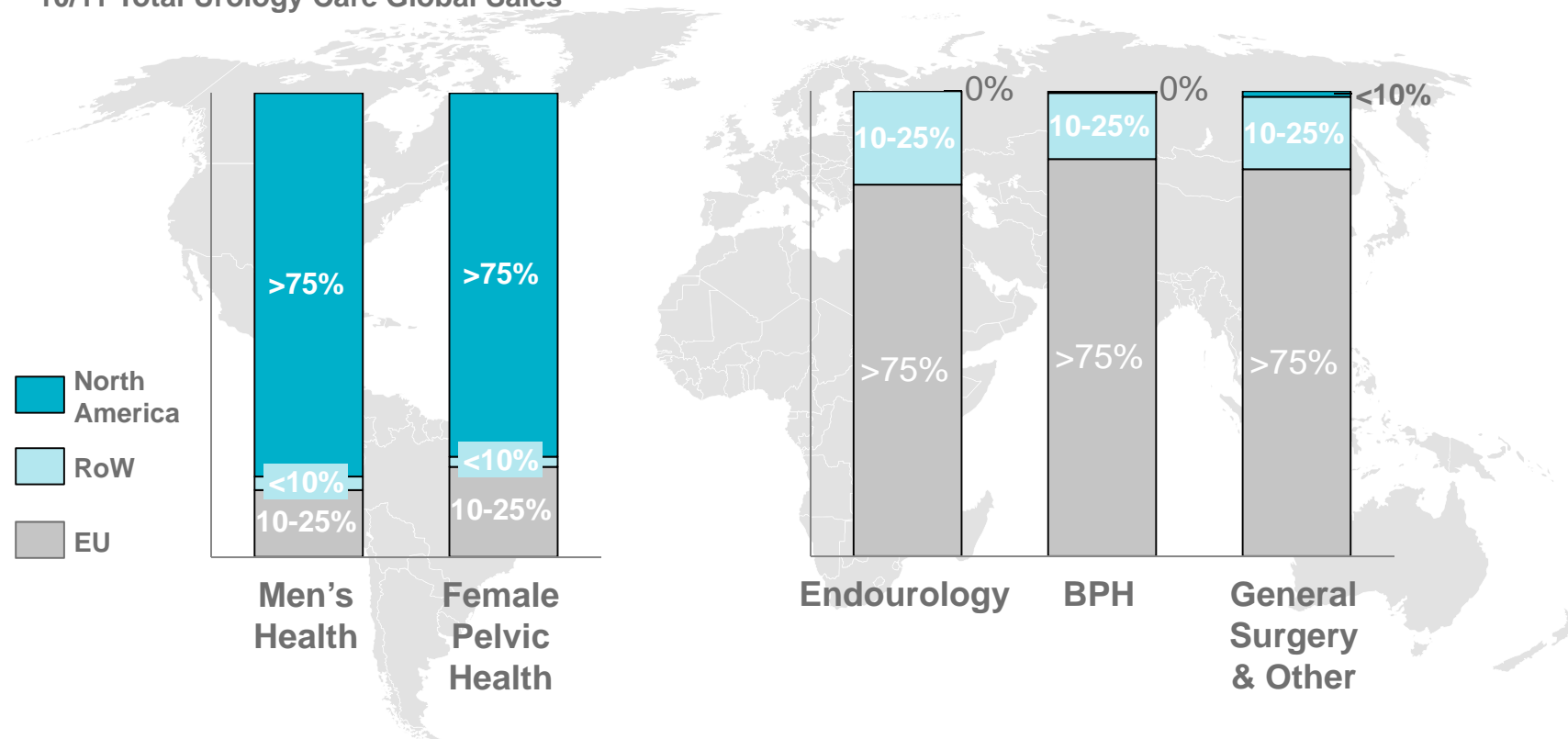
## Strategic theme

- 1 Continued development of geographical coverage
- 2 Accelerate growth with new products
- 3 Advance Female Pelvic Health position
- 4 Advance endourology position globally

## ① Continued development of geographical coverage

Globalizing our Urology business represents a large growth opportunity....

10/11 Total Urology Care Global Sales



## ① Continued development of geographical coverage

....by matching our product segments with the right geographical opportunities

### North America

- Light-weight mesh market growth
- Increased inflatable penile implant market share
- New products
- Introduction of Endourology
- Increasing sales presence

### Europe

- Capture leadership position
- Investing in selected markets will increase market share
- New endourology products represent growth
- Focus on Female Pelvic Health

### RoW

- Expansion in Asia (Japan) and Latin America
- Continued development of Middle East
- Expansion through increased market registrations

## ② Accelerate growth with new products

# New products complete portfolio and adds new sources for growth

## New products in 2012

### Endourology



**Retrace®**  
Access Sheath

### Gen. Surgery



**No-Tip™**  
Stone Basket



**Cobra(R)**  
Biopsy

### Female Pelvic Health



**Altis®**  
Single Incision  
Sling

### Men's Health



**Zero Degree™**  
Next Generation  
IPP

### R&D

- ▶ R&D spend in line with key competitors

### Market drivers

- ▶ Large, under-penetrated population
- ▶ Lack of gold standard
- ▶ Ageing and obese population
- ▶ Minimally invasive surgeries

### Market trends

- ▶ Less invasive treatment methods
- ▶ Office-based treatments
- ▶ Cost containment
- ▶ Innovation key source of competitive advantage

- All products are official trademarks of Coloplast A/S

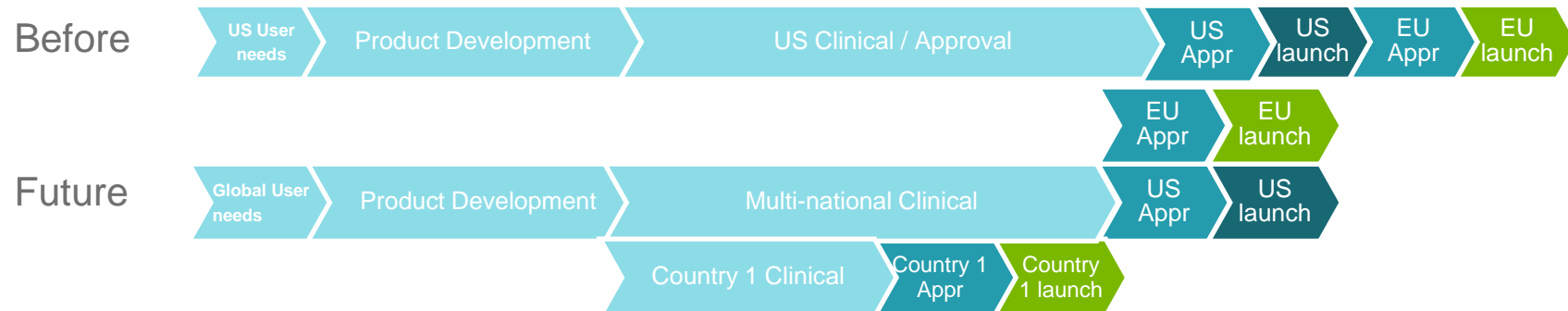
## ② Accelerate growth with new products

And by utilising a global footprint we will reduce time to market significantly

### No clinical evidence required



### Clinical evidence required

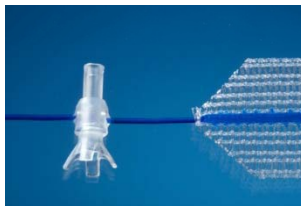


\* For illustrative purposes

## Female Pelvic Health is the segment with the highest growth opportunity within Urology

### Female Pelvic Health

#### Stress Urinary Incontinence



- **Altis®** – Single Incision
- **Aris®** – Transobturator
- **Supris®** – Retropubic
- **T-Sling™** – Price Sensitive
- **Durasphere EXP®**: Injectable Bulking Agent\*

#### Pelvic Floor Repair



- **Restorelle®** – Ultra-lightweight
- **Y-Mesh™** – Trans-abdominal
- **Novasilk®** – Lightweight
- **Exair®** – Prolapse System
- **Axis™ & Suspend®** – Biologics

#### Market Dynamics

- ▶ Increasing barriers will change competitive environment
- ▶ Abdominal procedures increasing dramatically
- ▶ Less Invasive
- ▶ ASP pressure

#### Increased FDA Scrutiny

- ▶ 510K process
- ▶ 522 orders
- ▶ Demand for clinical evidence

#### Technology

- ▶ Mpathy acquisition 2010
- ▶ Strengthening IP
- ▶ Defending IP
- ▶ Ultra-lightweight position

\*Joint Trademark of Coloplast A/S and Carbon Medical Technologies, Inc.

- All products are official trademarks of Coloplast A/S



## ④ Advance endourology position globally

# Advancing our endourology position globally adds significant growth potential

## Endourology

### Stone Management



Double loops



Ureteric catheters



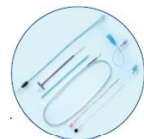
Stone baskets



Balloon dilators



Access sheath



Percutaneous drainage sets

### BPH



### Biopsy



### Prostatic catheters

### General Surgery



### Disposable suction irrigation

### Market data (estimated)

- ▶ Market size DKK ~2bn
- ▶ Market growth 5-6%

### Portfolio

- ▶ Pioneering portfolio
- ▶ Competitive breadth
- ▶ Competitive costs

### Channels

- ▶ FPH & MH call points
- ▶ Existing relationships
- ▶ Existing contracts
- ▶ Experience contractors

### Support

- ▶ Established support
- ▶ Volume discounts
- ▶ Subject matter expertise

- All products are official trademarks of Coloplast A/S

# Over the next five years, we want to establish Urology Care as a global leader in urology by extending our existing portfolio to our core geographies

- 1 Continued development of geographical coverage through development of sales organisation and distributor network
- 2 Accelerate growth with new products through innovation and acquisitions
- 3 Advance Female Pelvic Health position through globalising portfolio and capitalising on ultra-lightweight mesh
- 4 Advance Endourology position globally through continued innovation and international product launches





## Coloplast US - Back to basic

Claus Bjerre, President US Chronic Care & Senior Vice President, Canada, Australia and Japan

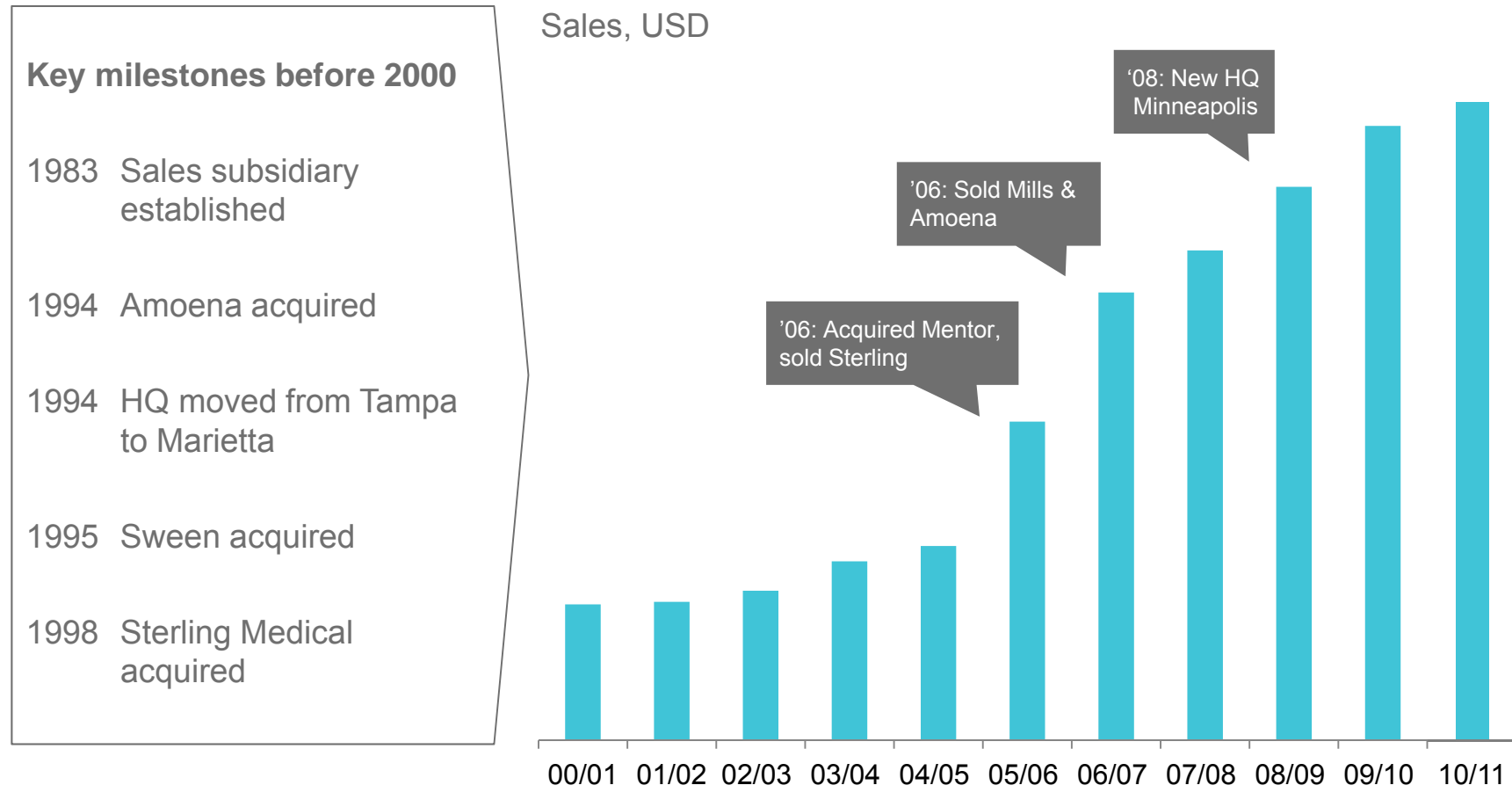


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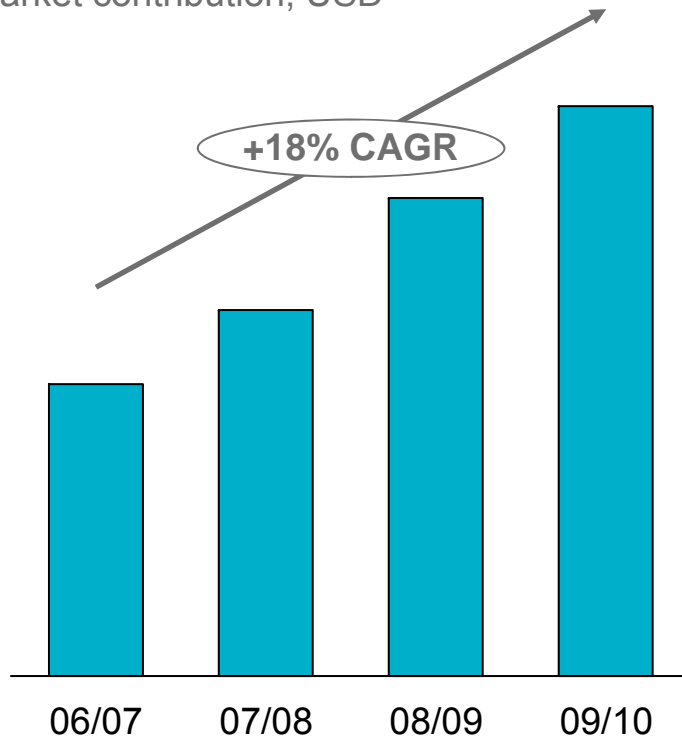
# Coloplast has a long and eventful history in the US



Since the acquisition of Mentor, we significantly improved our profitability, but growth began to suffer

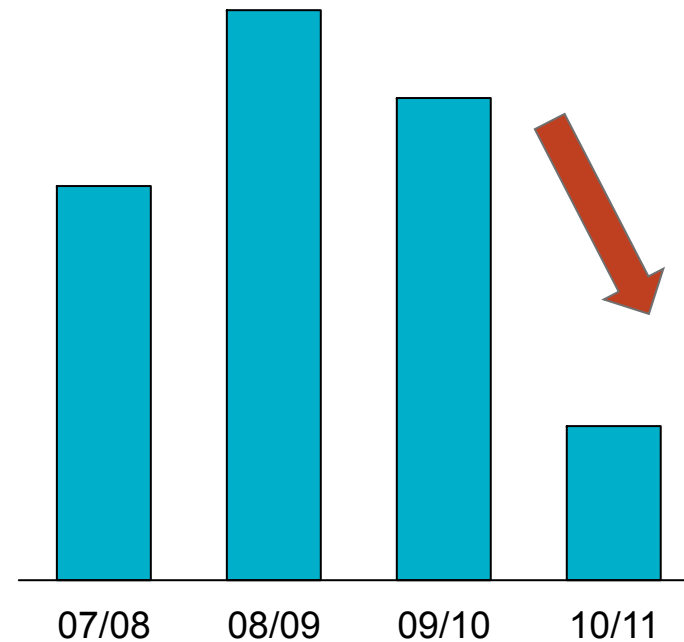
Our “Profitable America” strategy has greatly improved profitability...

Market contribution, USD

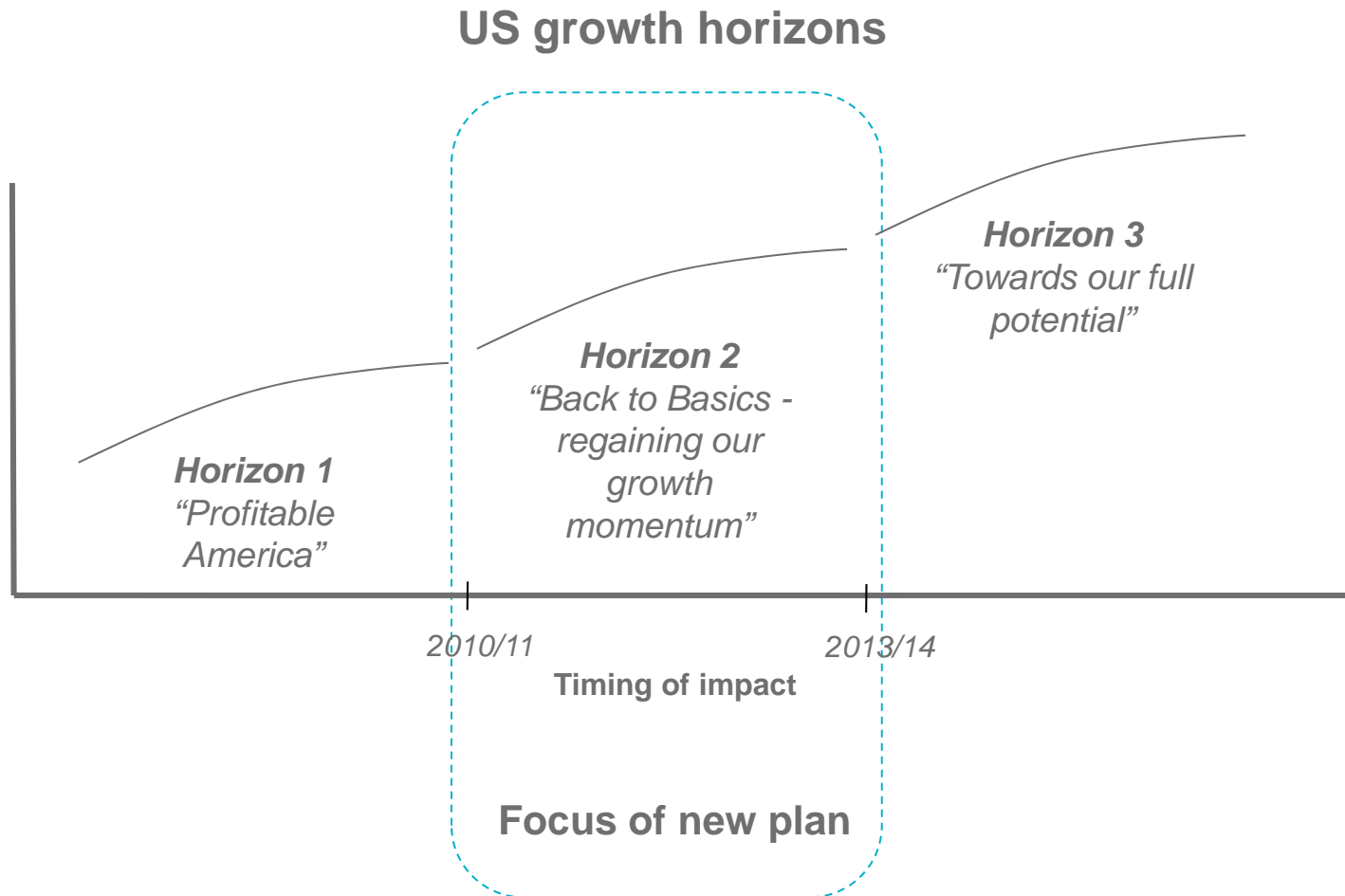


...but growth has slowed down, especially in 10/11

Growth, USD



Therefore, a new direction became the logical next step for Coloplast US



# Our new growth strategy seeks to bring Coloplast “Back to Basics” in the US



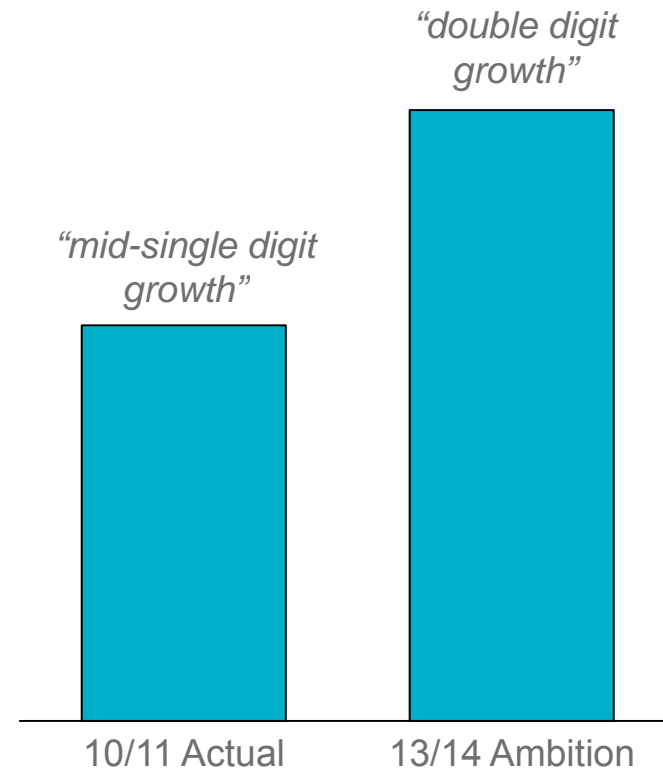


# By pursuing this “Back to Basics” strategy, our ambition is to move from mid-single digit growth to double-digit growth

## “Back to Basics” - Strategic themes

- 1 Breakthrough in OC through NPD capture and end user retention
- 2 Defend and grow CC through NPD capture and new product introductions
- 3 Re-commit to Skin Care growth and stabilise Wound Care
- 4 Clearly link commercial push and pull efforts
- 5 Selectively invest to grow

## US Chronic Care growth ambition



# To do so, we have adjusted our organisation to fully address our strategic themes

## “Back to Basics”

- 1 *Breakthrough in OC through NPD capture and end user retention*
- 2 *Defend and grow CC through NPD capture and new product introductions*
- 3 *Re-commit to Skin Care growth and stabilise Wound Care*
- 4 *Clearly link commercial push and pull efforts*
- 5 *Selectively invest to grow*

## Organisational priorities

### Field sales force

- Established national OWSC sales force focused on the Acute and Home Health channels
- Established national CC sales force focused on the Rehab Centers and major Urology Clinics

### Marketing

- Established dedicated teams for OC, CC and WSC

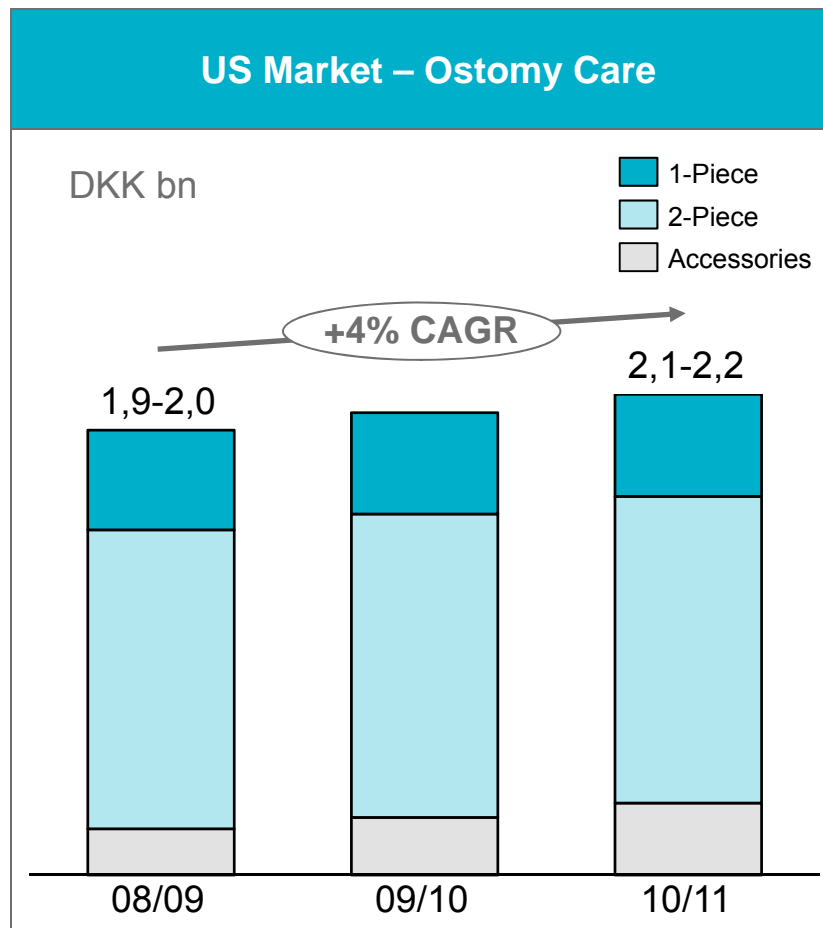
### Distribution and national accounts

- Established Master Dealer sales team focused on the key providers
- Established National Accounts team focused on GPOs, large IDNs and national distributors

## ① Breakthrough in OC through NPD capture and end-user retention

### OC Market Fundamentals

The US Ostomy market is a large but mature market growing at approximately 4% per year



- Market Highlights**
- Approximately 112,000 new surgeries take place per year
  - Surgeries are growing by ~6%
  - Market revenue growth of ~4% impacted by:
    - (+) Demographics
    - (-) Reversal of stomas
    - (-) Reimbursement price pressure
    - (+) Increased usage of accessories

## ① Breakthrough in OC through NPD capture and end-user retention

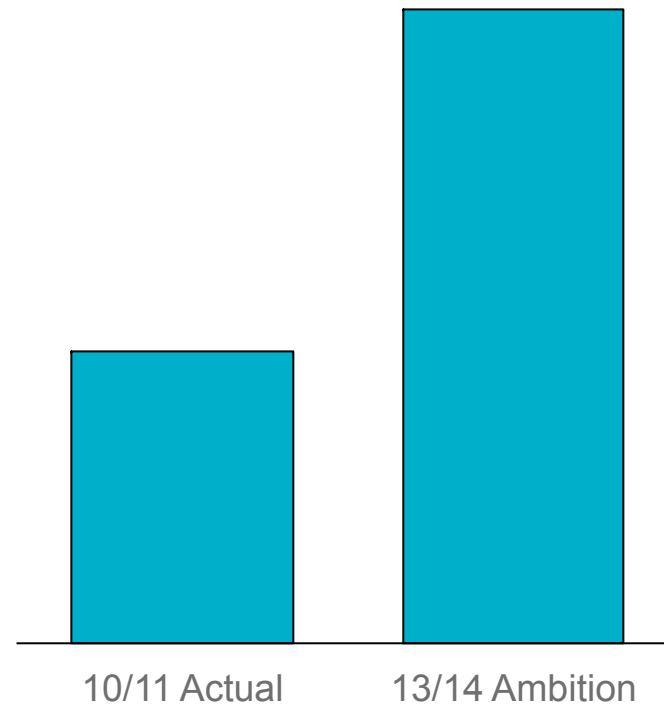
# OC Priorities

We want to break through in OC through NPD capture and end-user retention, by pursuing three commercial priorities

### Commercial priorities

- ① Position portfolio to meet customer needs and differentiate in the market
- ② Focus sales force on acute channel to increase share of NPDs
- ③ Establish Coloplast Care as the market leading end-user service

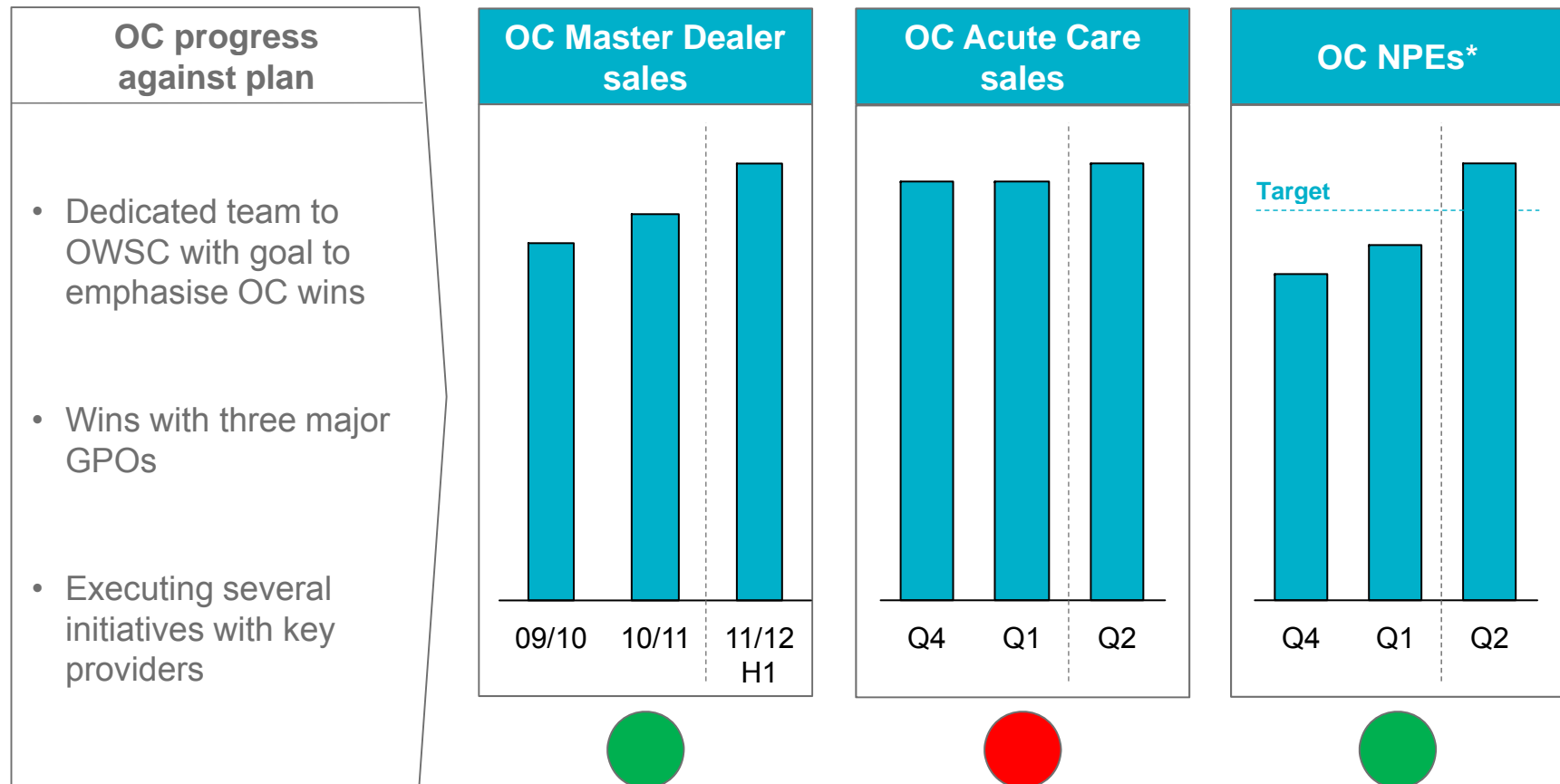
### US Ostomy Care ambition



## ① Breakthrough in OC through NPD capture and end-user retention

### OC Performance

We are making progress in OC, but our Acute Care sales performance is not yet strong enough

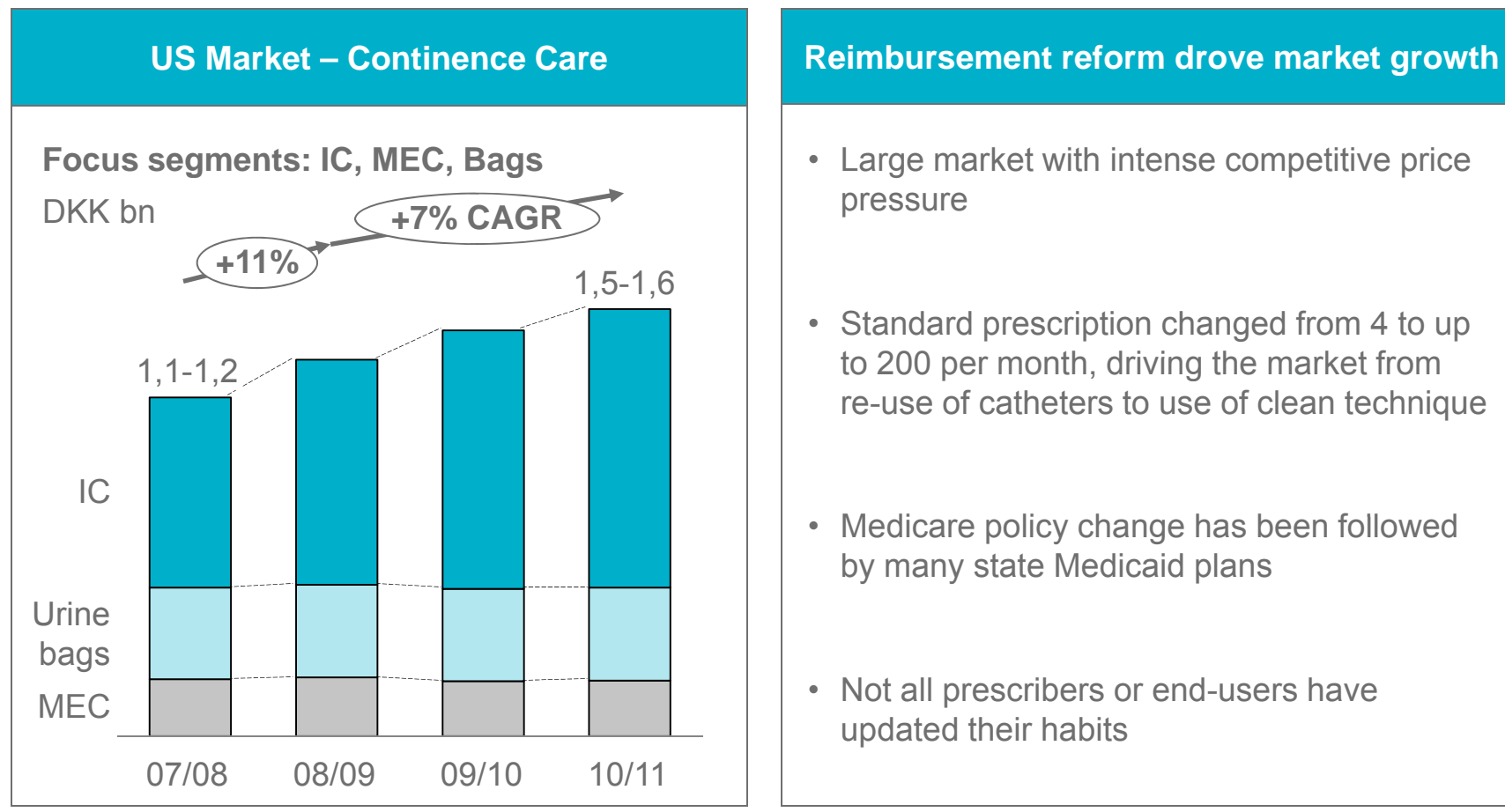


\* New patient entrants

② Defend and grow CC through NPD capture and new product introductions

## CC Market Fundamentals

The CC market grew rapidly in 2008 due to a significant reimbursement improvement, but growth has since declined



② Defend and grow CC through NPD capture and new product introductions

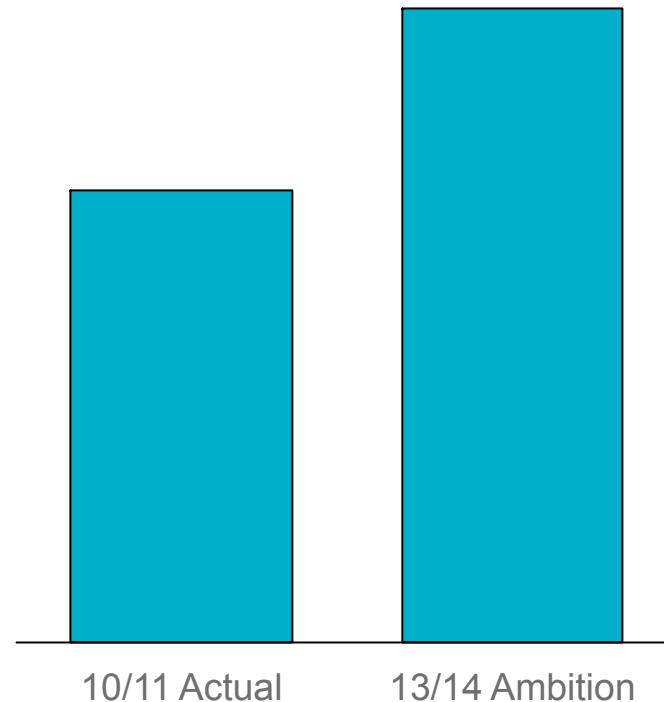
## CC Priorities

We want to defend and grow CC through NPD capture and new product introductions, by pursuing three commercial priorities

### Commercial priorities

- 1 Fully engage Rehab Centers and major Urology Clinics
- 2 Establish Coloplast Care as the market leading end-user service
- 3 Re-launch SpeediCath® to align with reimbursement

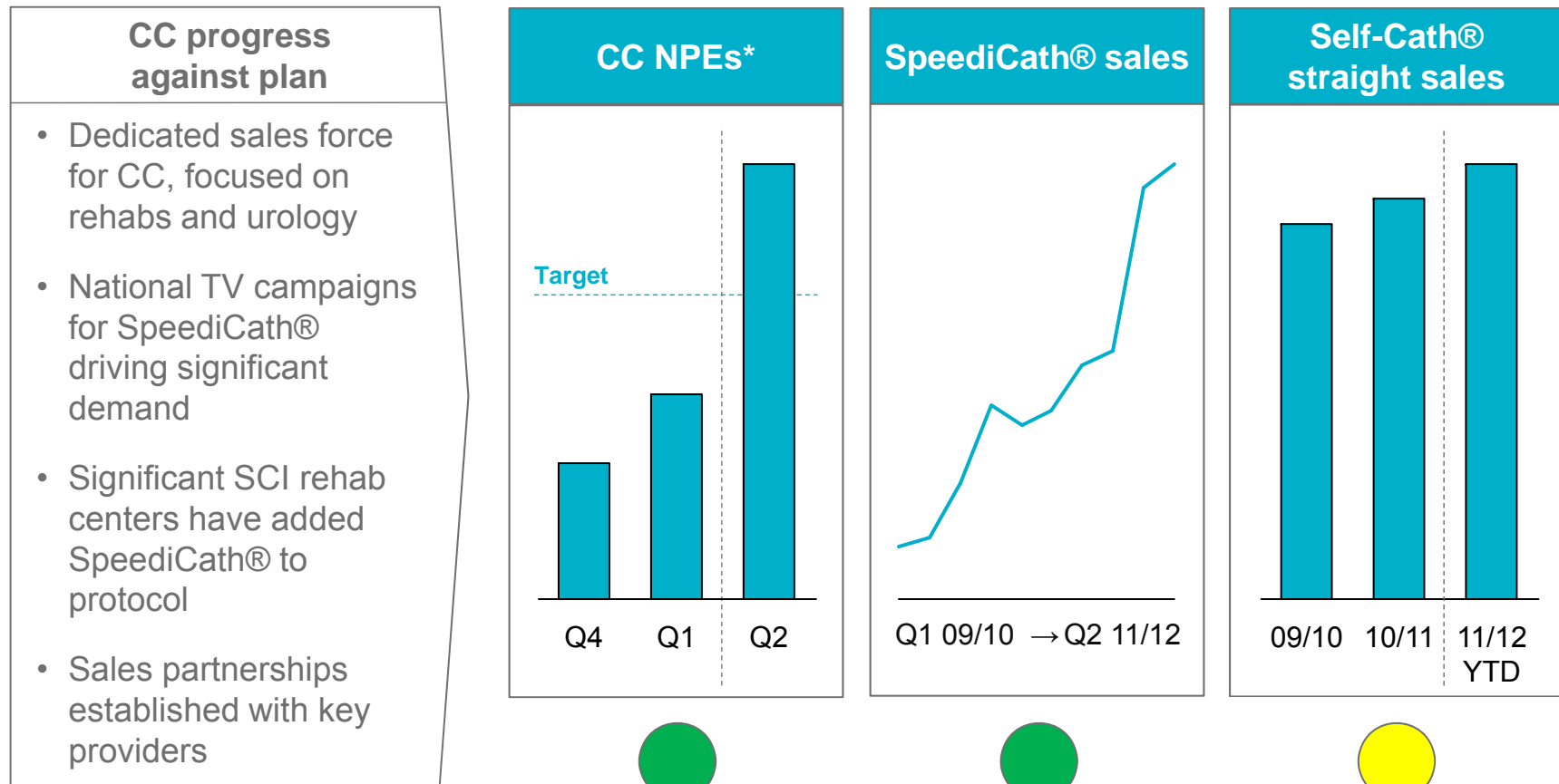
### US Continence Care ambition



## ② Defend and grow CC through NPD capture and new product introductions

### CC Performance

SpeediCath® re-launch activities and our NPE processes are progressing well and will drive full-line growth in FY11/12



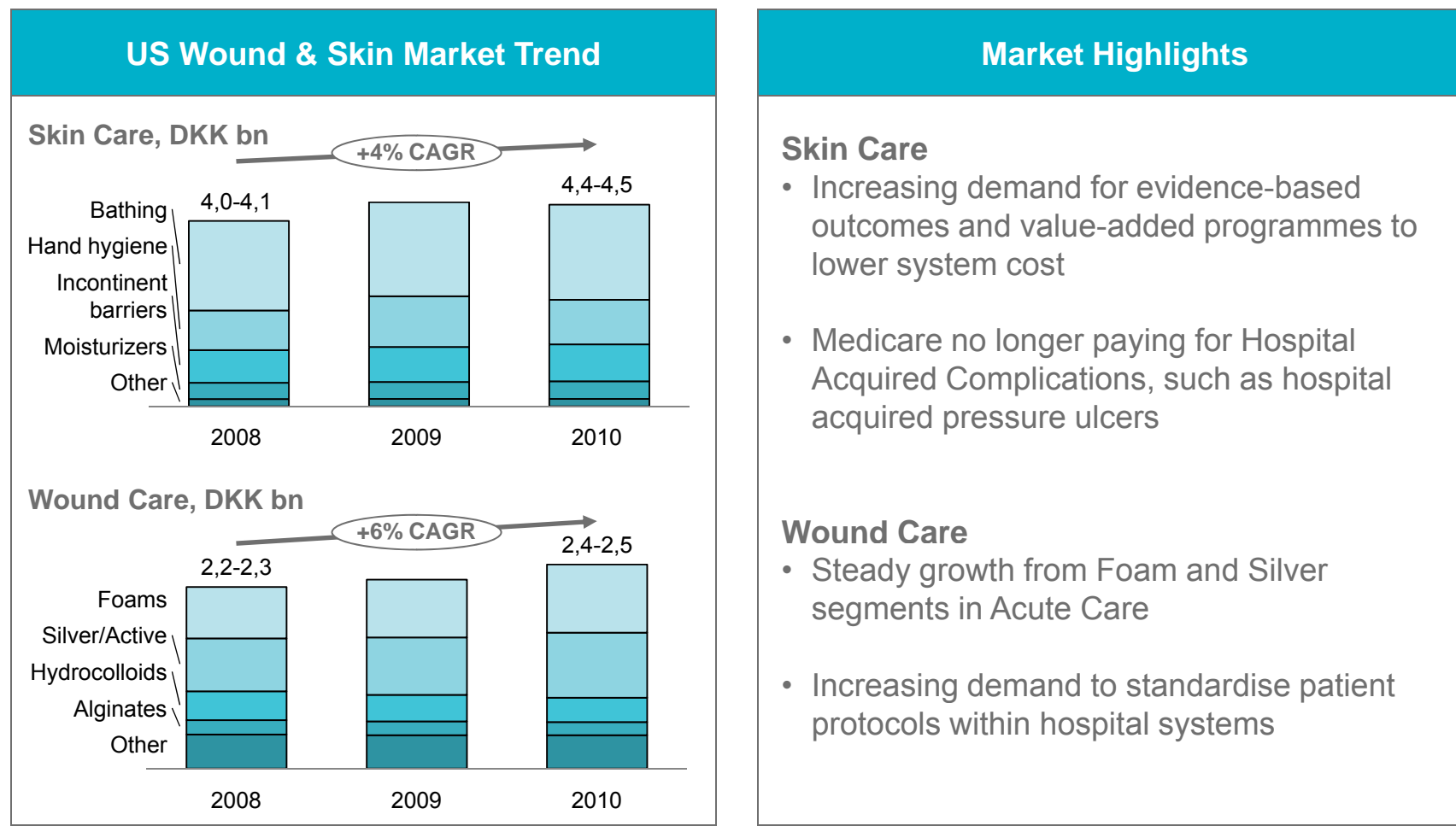
\* New patient entrants



### ③ Re-commit to Skin Care growth and stabilize Wound Care

## WSC Market Fundamentals

The fragmented Skin & Wound Care market has stable low growth driven by demographics and cost pressure



### ③ Re-commit to Skin Care growth and stabilise Wound Care

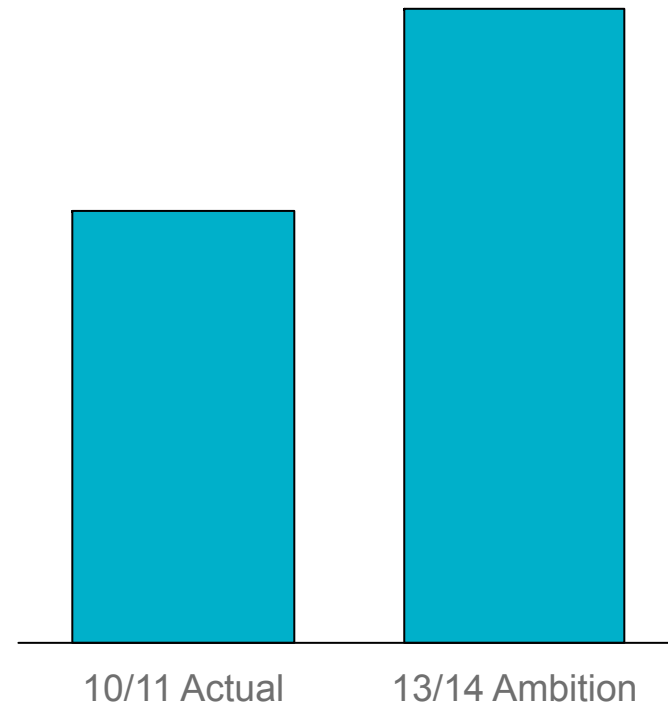
## WSC Priorities

We want to re-commit to Skin Care growth and stabilise Wound Care by pursuing three commercial priorities

### Commercial priorities

- 1 Drive sales of skin care products in Acute care through IDN contracts
- 2 Establish Coloplast LINKS® as the market leading hospital service
- 3 Stabilise sales in Wound Care

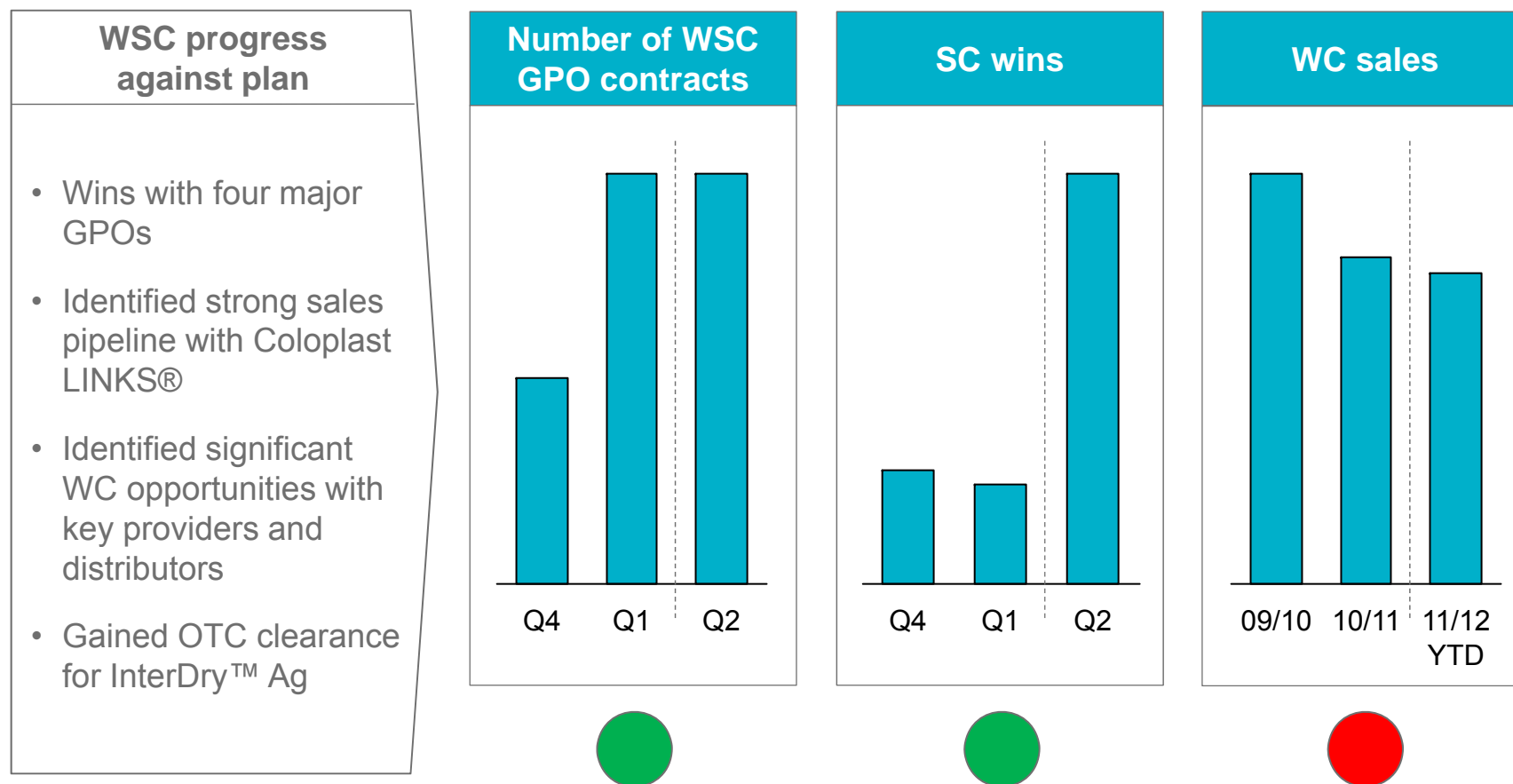
### US Wound and Skin Care ambition



### ③ Re-commit to Skin Care growth and stabilize Wound Care

## WSC Performance

Enhancing positions on GPOs and select dealer conversion opportunities provide the foundation for future growth

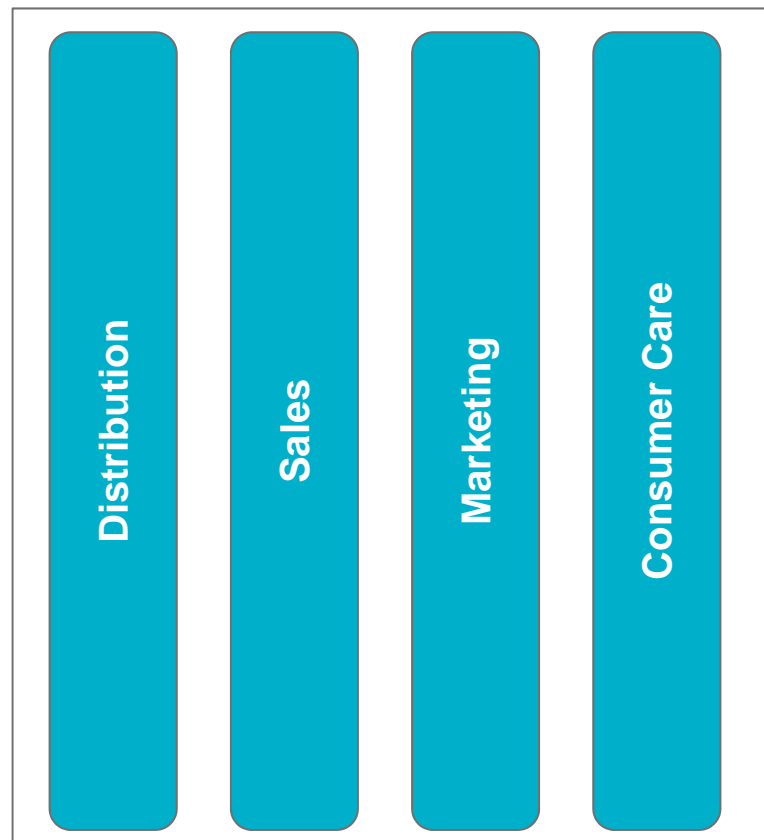


④ Clearly link commercial push and pull efforts

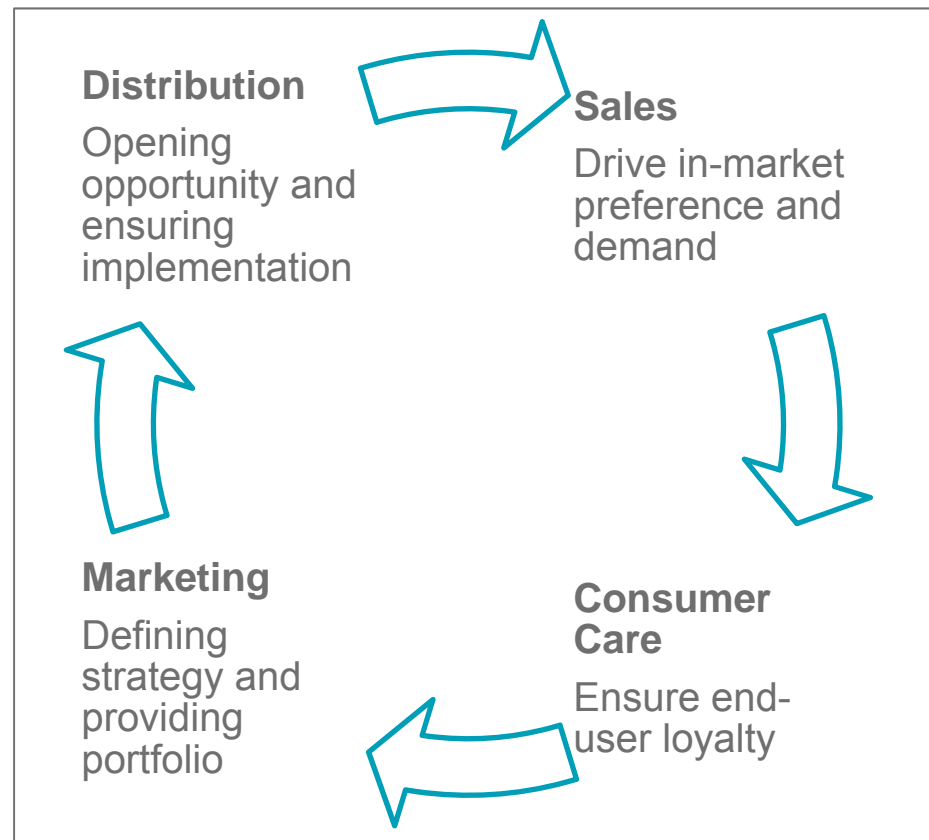
## Push/Pull Priorities

We want to clearly link our commercial push and pull efforts, through cooperation between different departments

From silos working independently...



...to close cooperation to drive business

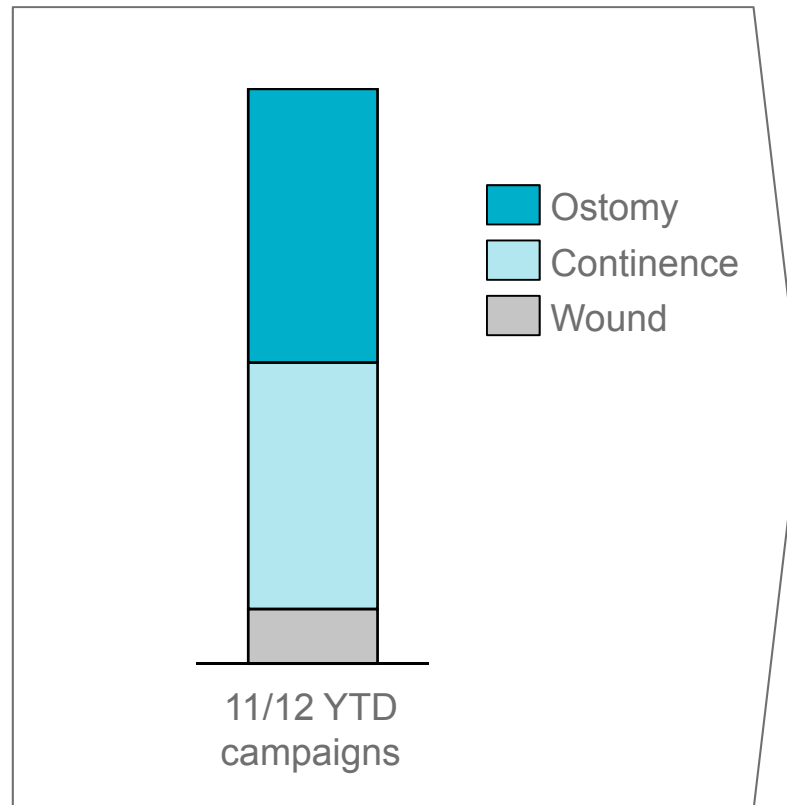


#### ④ Clearly link commercial push and pull efforts

## Push/Pull Performance

We have been working on a number of marketing campaigns to improve our commercial push and pull efforts

Marketing campaigns are being executed with key providers



### Examples of marketing campaigns

#### Ostomy

- Exposing end users to higher quality solutions, such as SenSura® Click and SenSura® Flex
- Promoting Brava™ accessories to increase security and reduce leakage

#### Continence

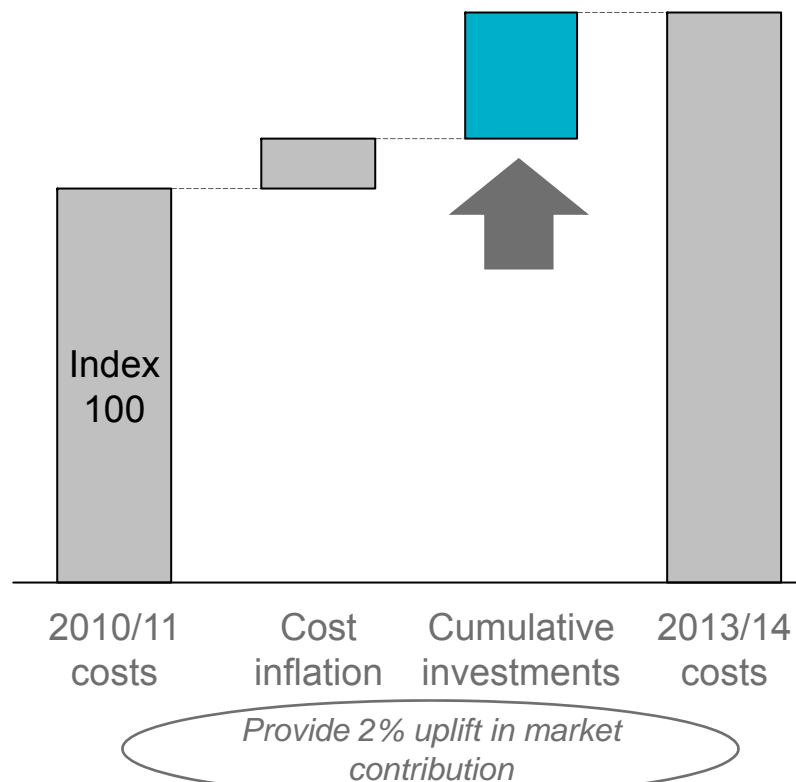
- Promoting SpeediCath® as the market-leading hydrophilic intermittent catheter

## 5 Selectively invest to grow

# Investment Priorities

We want to selectively invest to grow our business

We have specifically allocated funds for investing in commercial activities



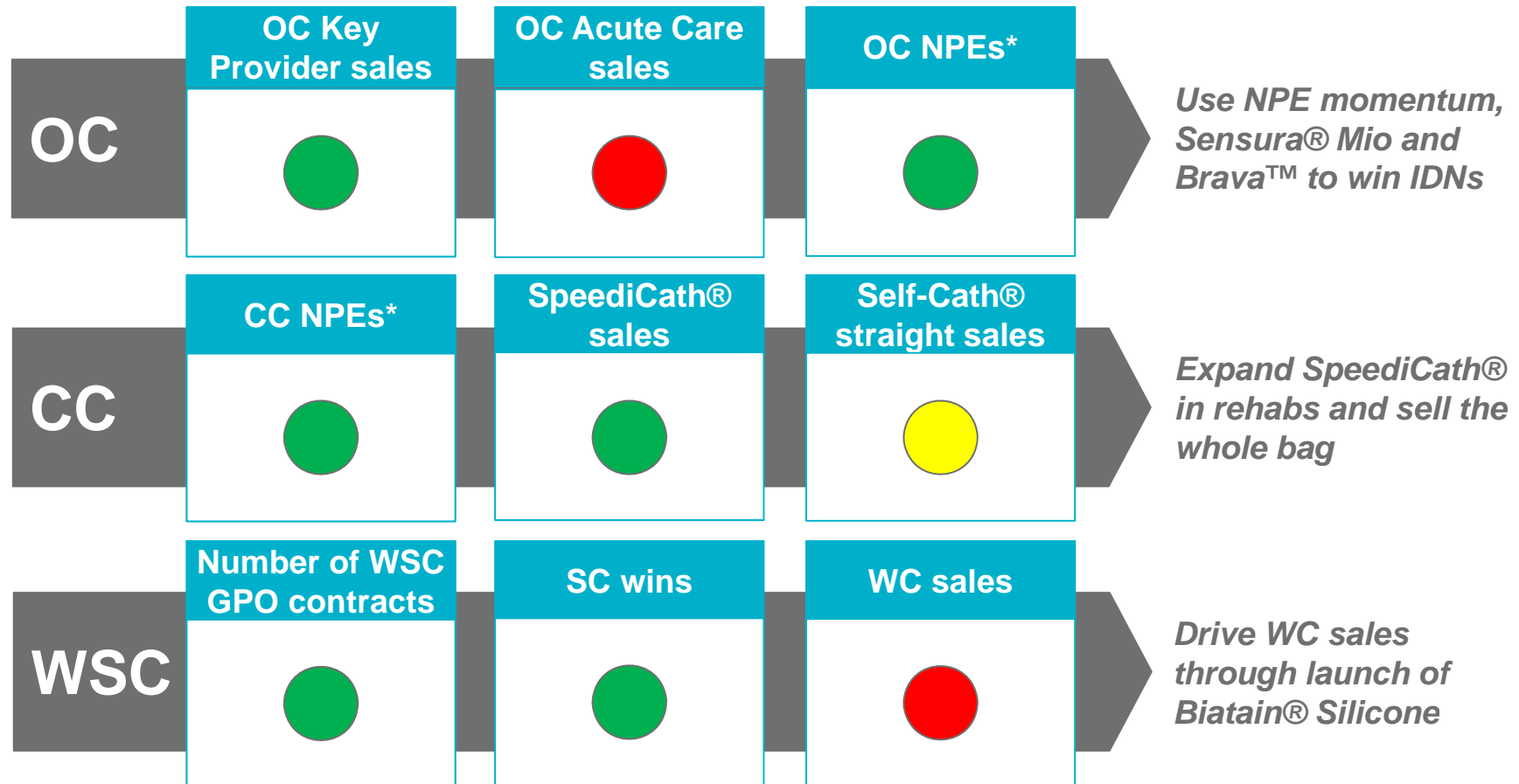
### Investment areas

*Expand Direct to Consumer activities*

*Increase coverage of GPO/IDNs*

*Invest in the Sales Force*

We know what is working and what we need to improve within each business area in order to achieve our ambition



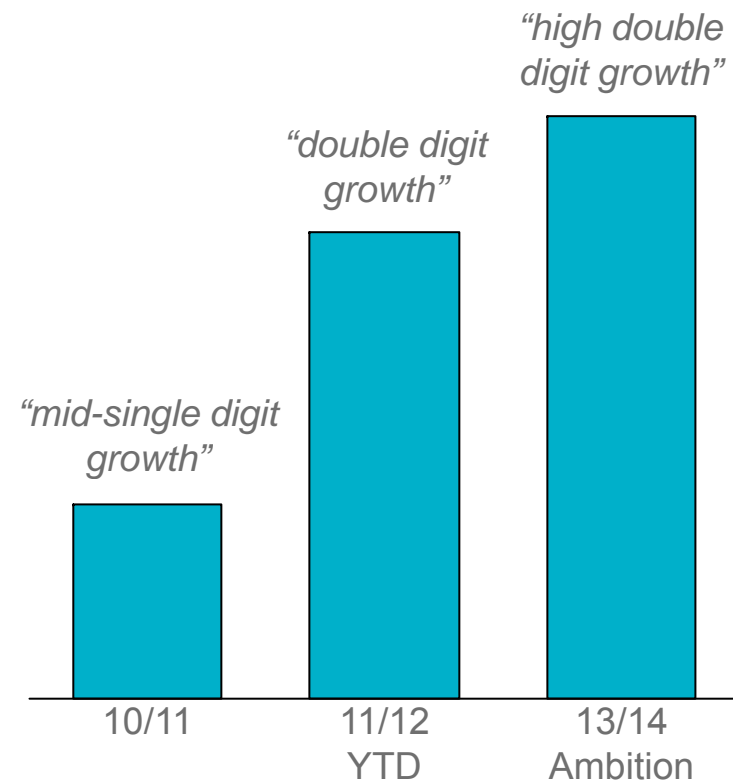
\* New patient entrants

# We are making progress against our “Back to Basics” strategy and early results are encouraging

## “Back to Basics” - Strategic themes

- 1 Break through in OC through NPD capture and end-user retention
- 2 Defend and grow CC through NPD capture and new product introductions
- 3 Re-commit to Skin Care growth and stabilize Wound Care
- 4 Clearly link commercial push and pull efforts
- 5 Selectively invest to grow

## US Chronic Care growth ambition







# Financial impact of our growth agenda

Lene Skole, Executive Vice President & CFO

# 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.

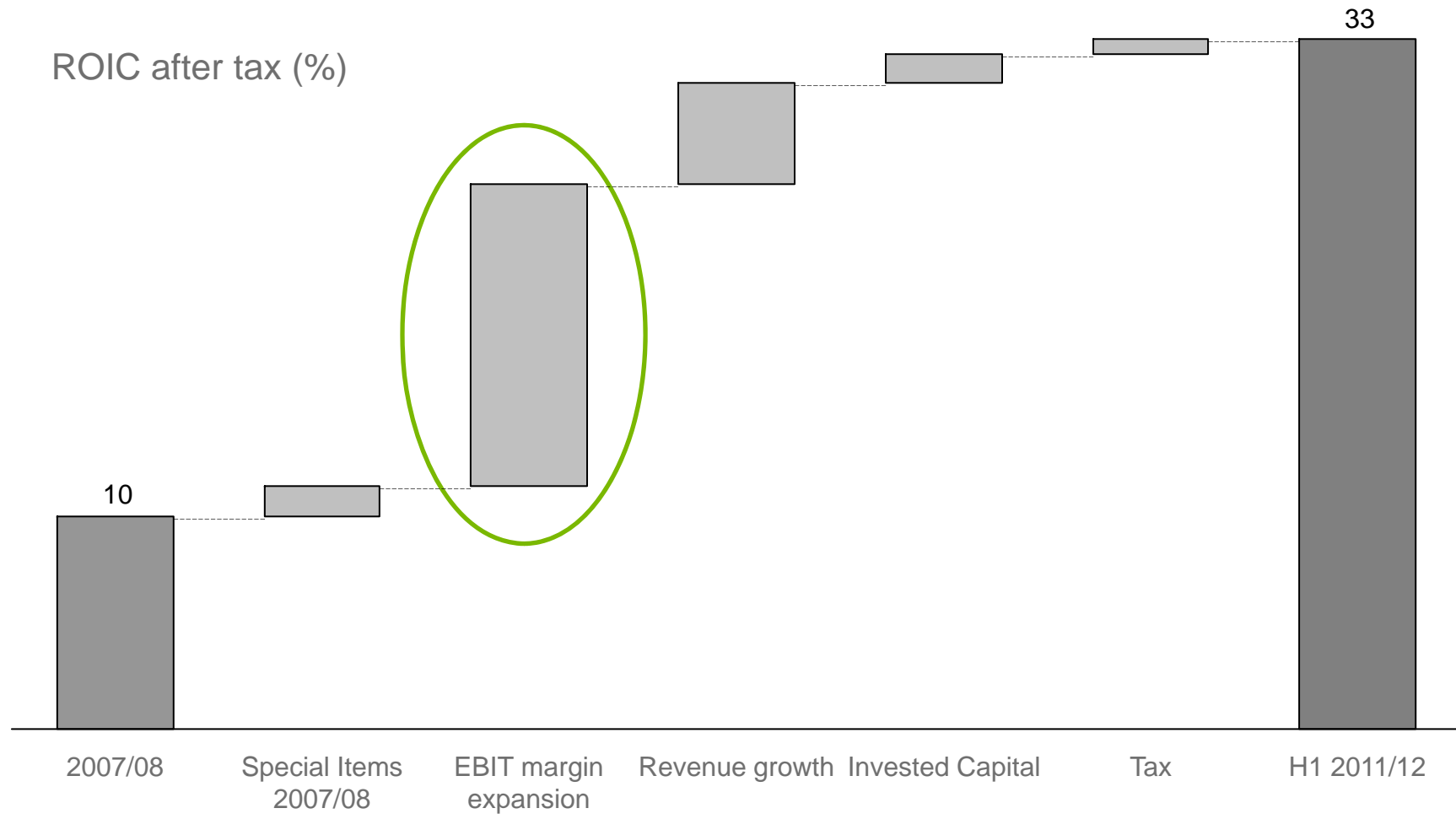


# Agenda

- Building a profitable base for growth
- Margin expansion potential
- Our capital structure
- Q&A

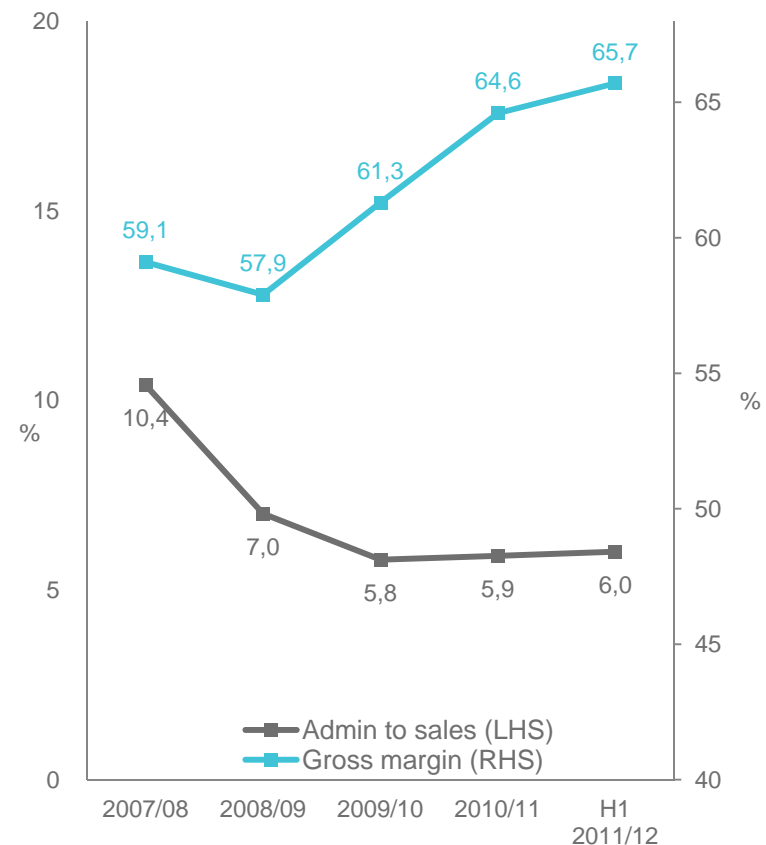


## We have delivered significant value creation - mainly through margin expansion



# EBIT margin has expanded by 14% points as a result of transfer of production and optimisation of cost structure

- 85% of production in low cost countries
- Reduction of 340 white collar FTE in production
- Improving efficiency in back office functions in subsidiaries and HQ
- Establishing a shared service center in Poland
- Simplifying our business



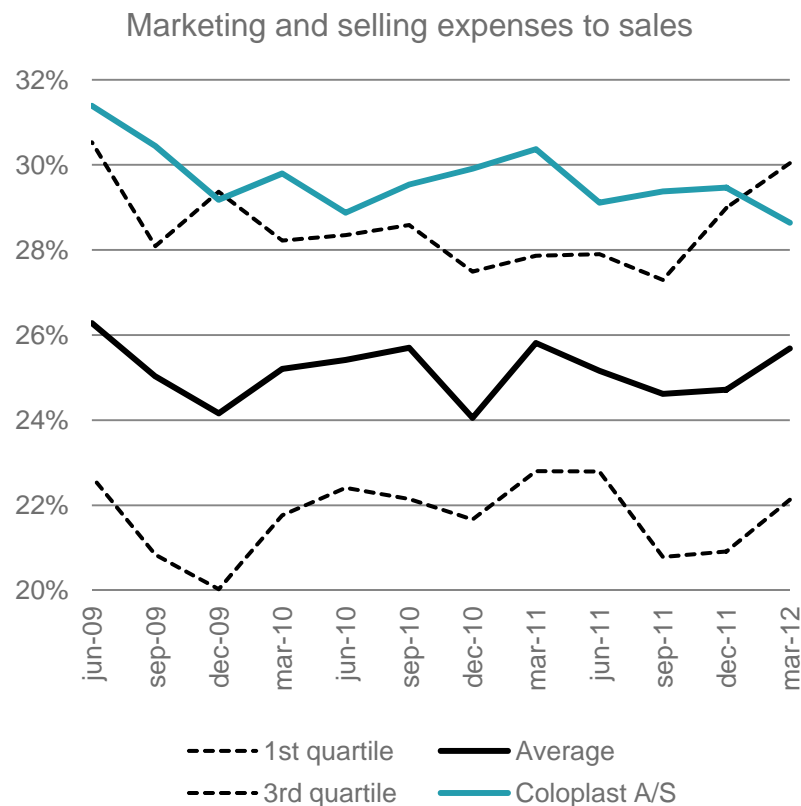
## We have continuously invested in sales activities

- Coloplast Care
- CRM system & account specific action plans
- Segmentation and targeting
- New organisational set-up in sales subs
- Strengthening sales leadership
- Sales force expansion in WC Europe and in China
- Pricing excellence



Building a strong  
base for  
profitable growth

This has resulted in a selling and marketing cost to sales ratio among the highest in the healthcare sector



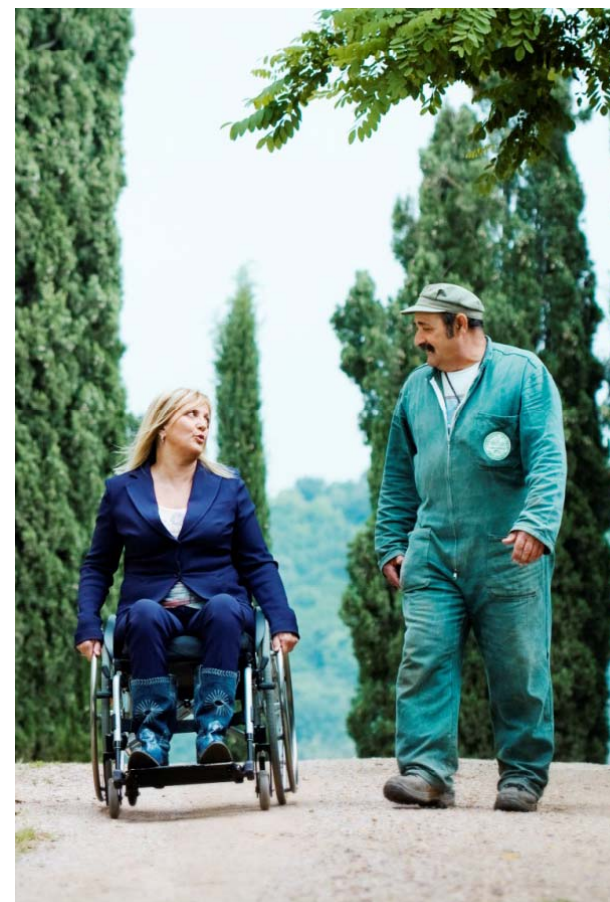
New growth initiatives over the coming 3-5 years could result in an unchanged ratio of around 29%

Source: Bloomberg

**GICS Healthcare – companies that report marketing and selling expenses separately:** Novartis, Roche, Novo Nordisk, Merck, UCB, Sonova, Getinge, Aspen Pharmacare, William Demant, H Lundbeck, Elekta, Orion, Meda, GN Store Nord, DiaSorin, Biosensors, Carl Zeiss Meditec, Nobel Biocare, Draegerwerk, Ossur

# Agenda

- Building a profitable base for growth
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## With our priorities for future value creation.....

We **invest** to:

- Become even closer to our **customers**
- Develop and market the world's best **products**
- Operate a highly professional and dedicated **sales force**
- Continue to run an **efficient business**

With the **aim** of:

---

- Continued growth in the core developed markets in **Europe**
- Increased growth in the **developed markets outside Europe** (US, Canada, Japan and Australia)
- Further expansion and growth in **Emerging Markets**

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

Margin expansion through:

---

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

While absorbing negative impact from:

---

- 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*

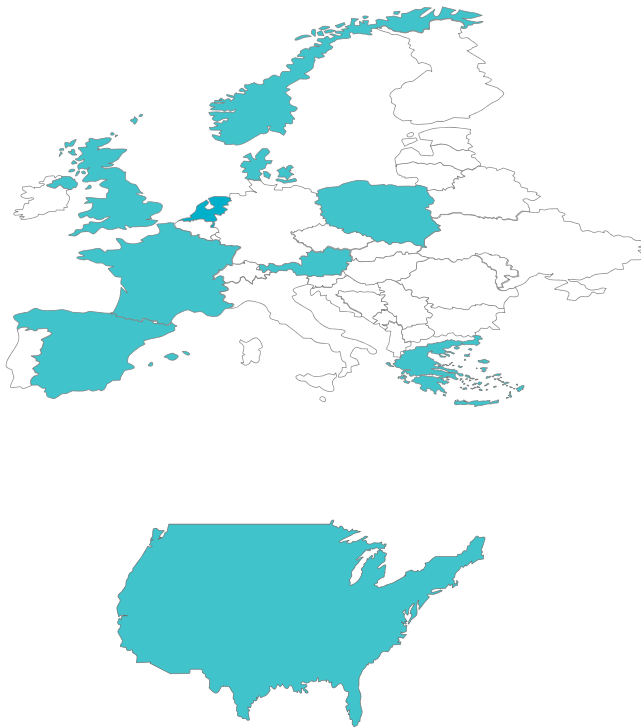
*Cost effective distribution*

*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

### ③ Price pressure

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



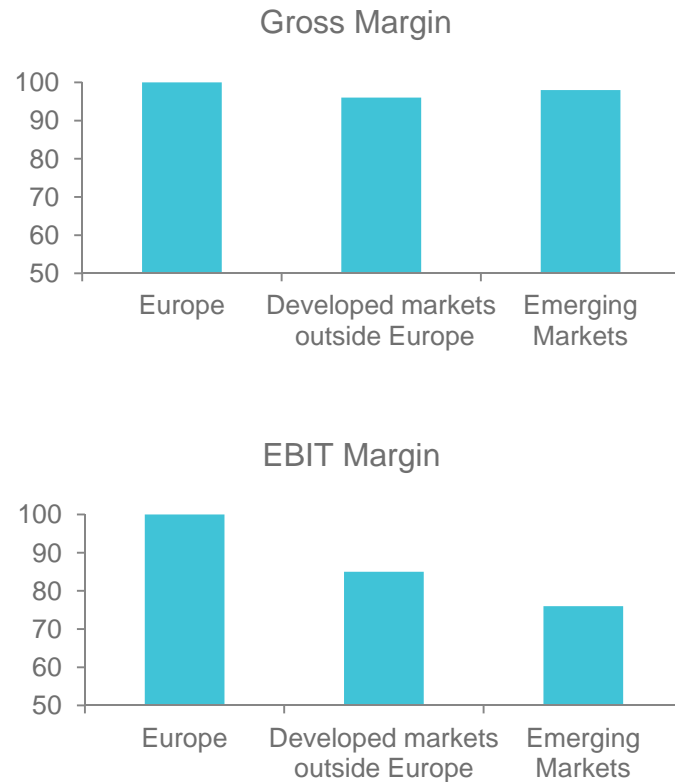
● Intensifying reform pressure or reforms under way

#### 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

#### ④ Changes in our geographical footprint

## 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

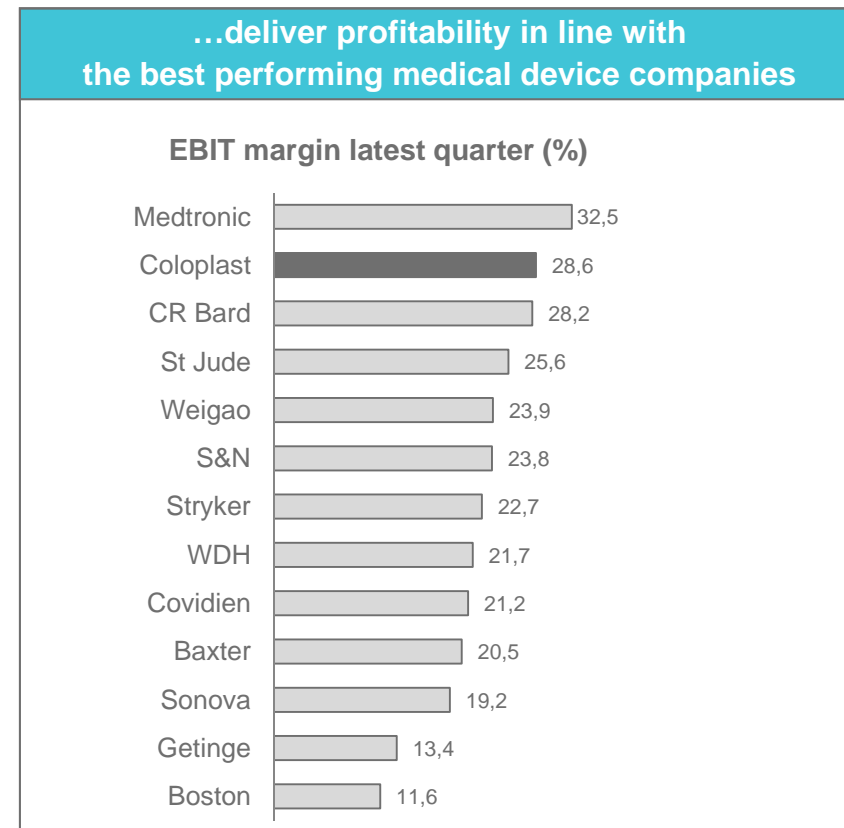
## To sum up: We are able to invest significantly in sales initiatives and have potential for margin expansion

- |       |                                   |  |
|-------|-----------------------------------|--|
| 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   |
| <hr/> |                                   |  |
| 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



\*estimated market growth rates, CP annual report 2010/11



Source: Bloomberg



# Agenda

- Building a profitable base for growth
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We continue to seek inorganic opportunities where they support our growth agenda...

| M&A landscape |    |    |    |    |
|---------------|----|----|----|----|
|               | OC | CC | WC | UC |
| EU            |    |    |    |    |
| US            |    |    |    |    |
| RoW           |    |    |    |    |

Scale deals unlikely<sup>1</sup>  
 Opportunities       Primary focus

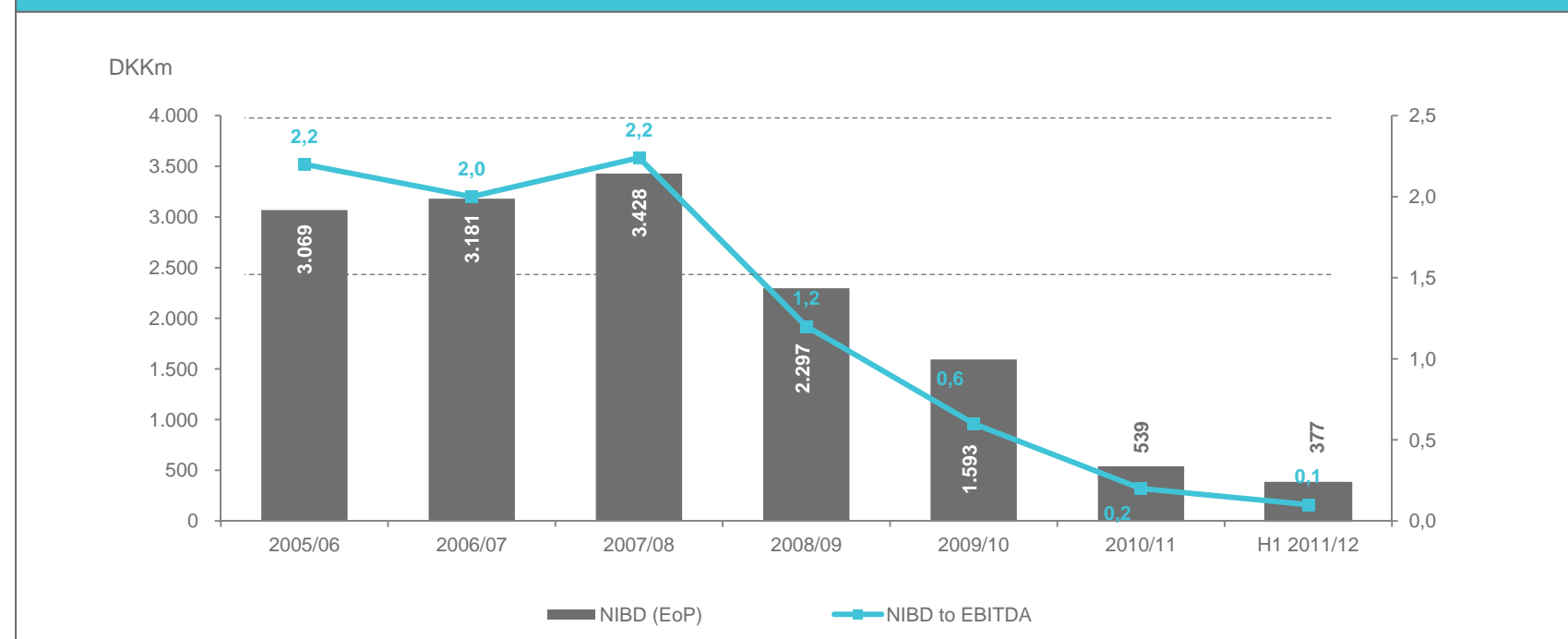
### Key target characteristics

- Strong growth outlook
- Superior technology platforms
- Building on our capabilities

(1) For OC and CC in Europe and CC in US scale deals are unlikely due to market dynamics and competitor landscape

...and having identified sufficient organic growth possibilities, we have revised our target for the capital structure

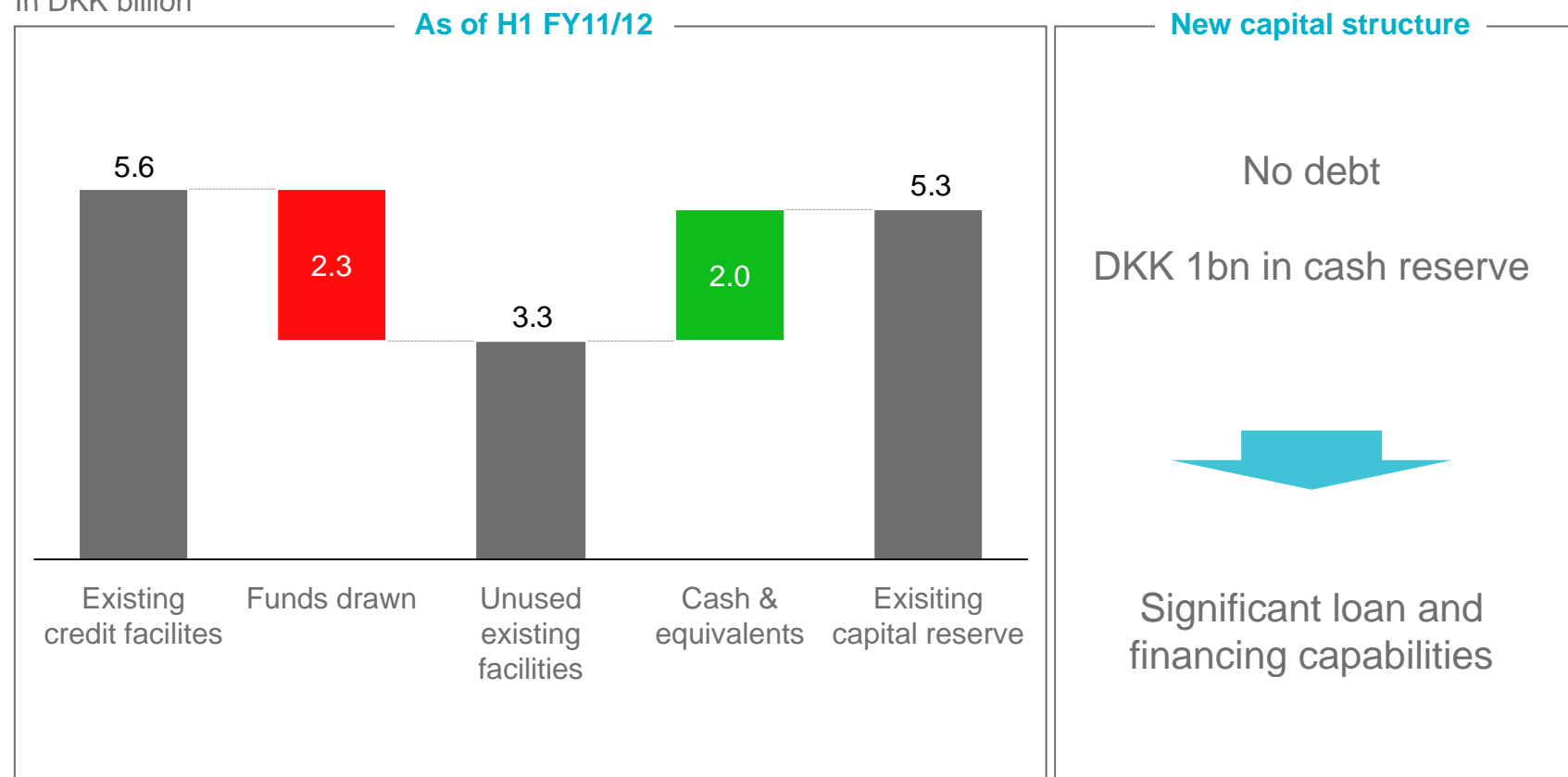
We have cancelled our target Net Debt to EBITDA range of 1.5 to 2.5



# Our new capital structure will be based on a liquidity reserve of DKK 1 billion and holds substantial flexibility for M&A

## Coloplast financing capacity

In DKK billion

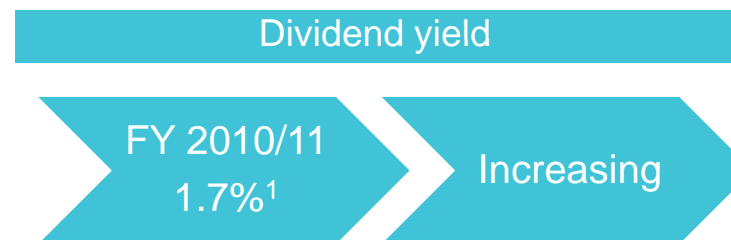


## We expect increasing cash returns to shareholders – provided no major acquisitions

### Dividend policy unchanged

- Excess liquidity is returned to shareholders in the form of dividend and share buy-backs
- Pay-out ratio around 30% - ordinary
- Share buy-backs – expected to remain at current level of DKK 500 million per year
- Potentially extraordinary dividends

### Continued strong cash flow generation is converted into increasing dividend yield if no suitable acquisitions



<sup>1</sup>share price 804 as of 30/9 2011  
Does not include share buy-back of DKK 500m (Total Yield 3.2%)

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