



# Welcome to Coloplast Capital Market Day

21-22 June 2011, Hungary

Ostomy Care  
Urology & Continence Care  
Wound & Skin Care

22 June 2011  
Coloplast Capital Market Day 2011  
Page 1



# Programme

- 10:00 Welcome and introduction
- 10:05 Presentation on Coloplast, CEO, Lars Rasmussen
- 11:05 Presentation on Wound Care, SVP Wound Care, Nicolai Buhl Andersen
- 11:35 Presentation on Emerging Markets, SVP EM, AP and Canada, Christian Salling
- 12:05 Lunch
- 12:45 Presentation on Global Operations, SVP Global Operations, Allan Rasmussen
- 13:30 Presentation on Sourcing, VP Corp. Procurement, Jesper Michel Kalenberg
- 14:15 Presentation on Hungary, Site Director Tatabánya, Boris Kovac
- 14.45 Factory tour
- 16:00 End of the Coloplast Capital Market Day





# On track towards our long-term ambition

President and CEO Lars Rasmussen

## 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.

# Our platform for profitable growth

*We want to...*

*Organic growth*

1 *...serve our customers better than anyone else*

2 *...provide end-user products and services better than anyone else*

3 *...run our business better than anyone else*

*Inorganic growth*

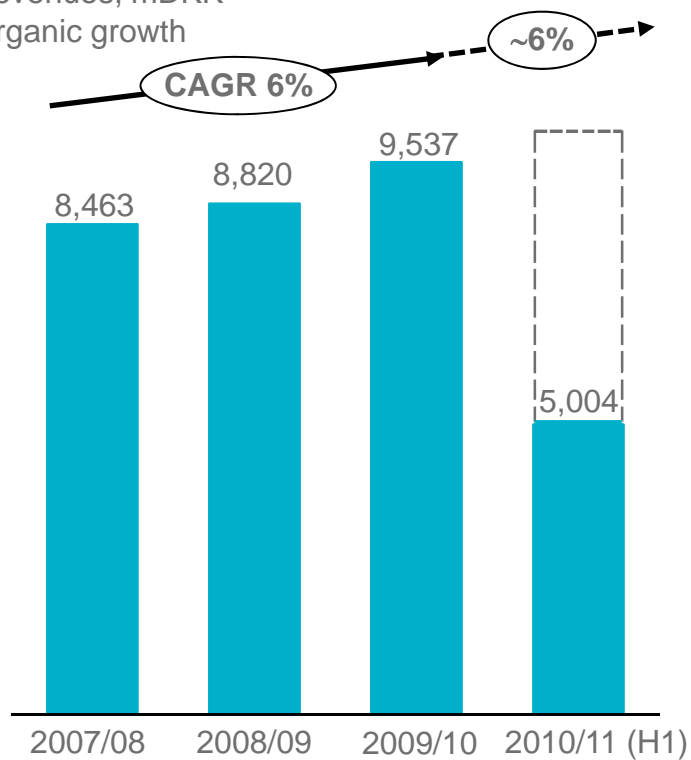
4 *...explore M&A opportunities to strengthen our business*

•Outgrow the market

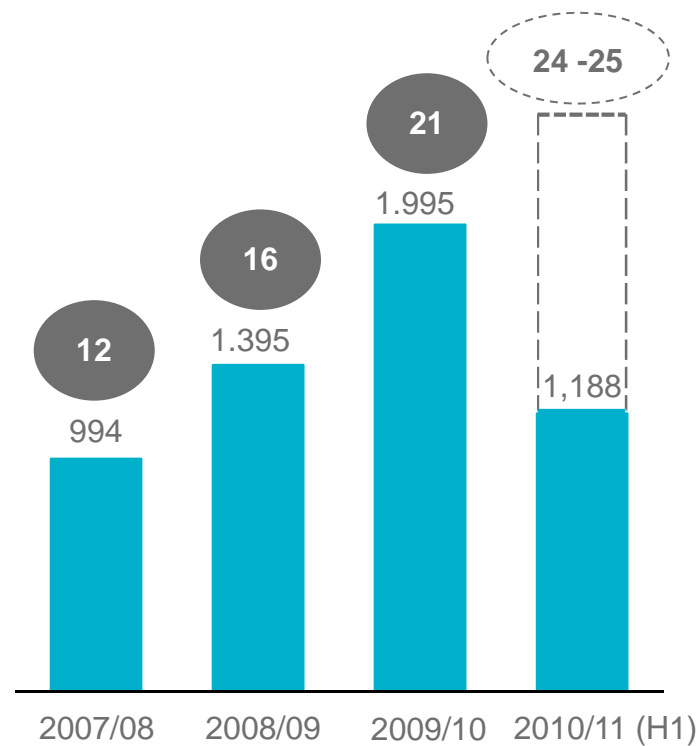
•Deliver margins in line with the best performing medical device companies

# Our business shows strong performance

Revenues, mDKK  
Organic growth



EBIT, mDKK



x

EBIT margin, %

## In spite of certain business challenges

Challenging market conditions add pressure in Wound Care

Unsatisfying growth in the US

Continued cost focus from health care authorities in developed markets



### We respond to the challenges by

*...investing in our sales force*

*...market driven product and service innovation*

*...managing relationships with end users, customers and key opinion leaders*

*...delivering efficiency improvements and cost reductions in our organization*

# Our platform for profitable growth is unchanged

*We want to...*

*Organic growth*

- 1 *...serve our customers better than anyone else*
- 2 *...provide end-user products and services better than anyone else*
- 3 *...run our business better than anyone else*

*Inorganic growth*

- 4 *...explore M&A opportunities to strengthen our business*

•Outgrow the market

•Deliver margins in line with the best performing medical device companies



1

We continue to invest  
in professionalizing our sales force



...to better drive execution and  
maximize sales impact

1

## By launching Two new global customer focused programmes

The local launch execution initiative focuses on the full launch phase in a local setting

Pre-launch

- Standardized approach to launch in the local markets
- Comprehensive approach to map the key market dynamics pre-launch

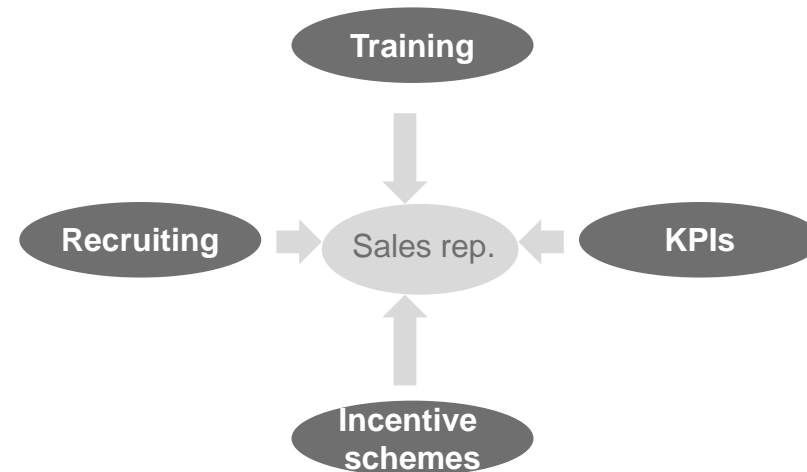
Launch

- Maximum focus in local organization during launch

Post-launch

- KPIs and follow-up post-launch
- Clear responsibilities and milestones throughout

The sales leadership initiative focuses on strengthening the skills of our 1<sup>st</sup> line sales managers

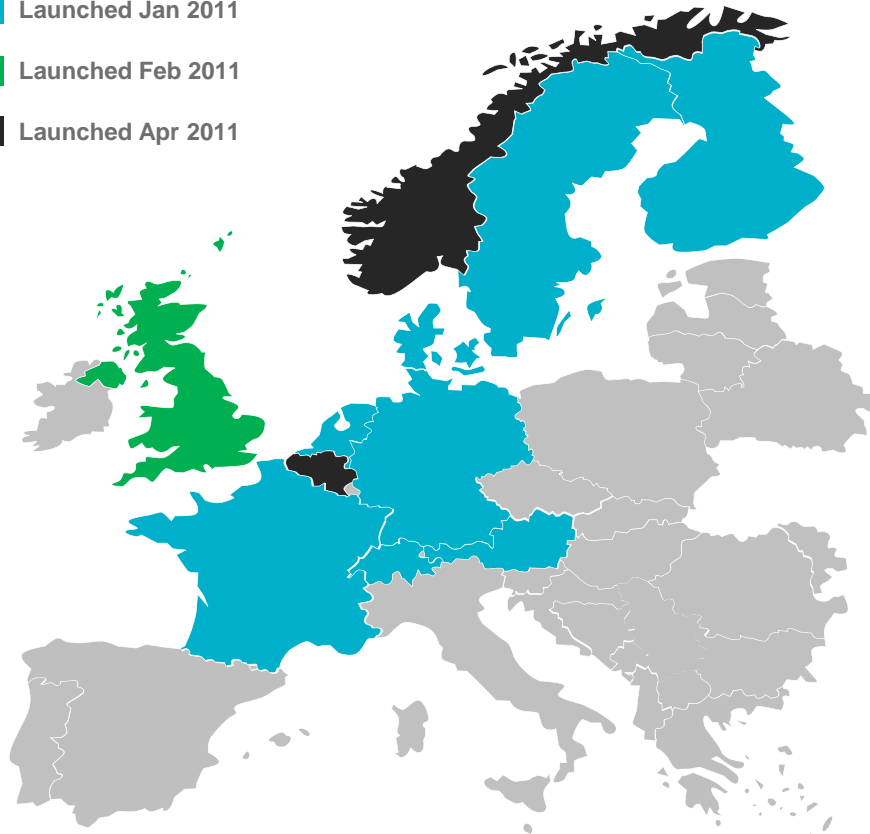


2

## Market driven product innovation ...SCCM is exceeding our expectations

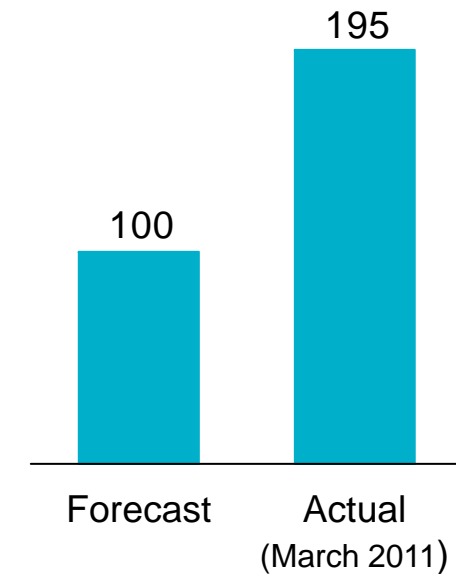


- Launched Jan 2011
- Launched Feb 2011
- Launched Apr 2011



Canada ready to launch as first non-European country

### Revenues Indexed



2

Bigger, Bolder, Better products  
Meet **SenSura® Mio**

**Real Issues**



**BodyFit™**  
Technology

for **Real People**

with **Real Bodies**





2

Bigger, Bolder, Better products  
Meet **SenSura® Mio**

**Real Issues**



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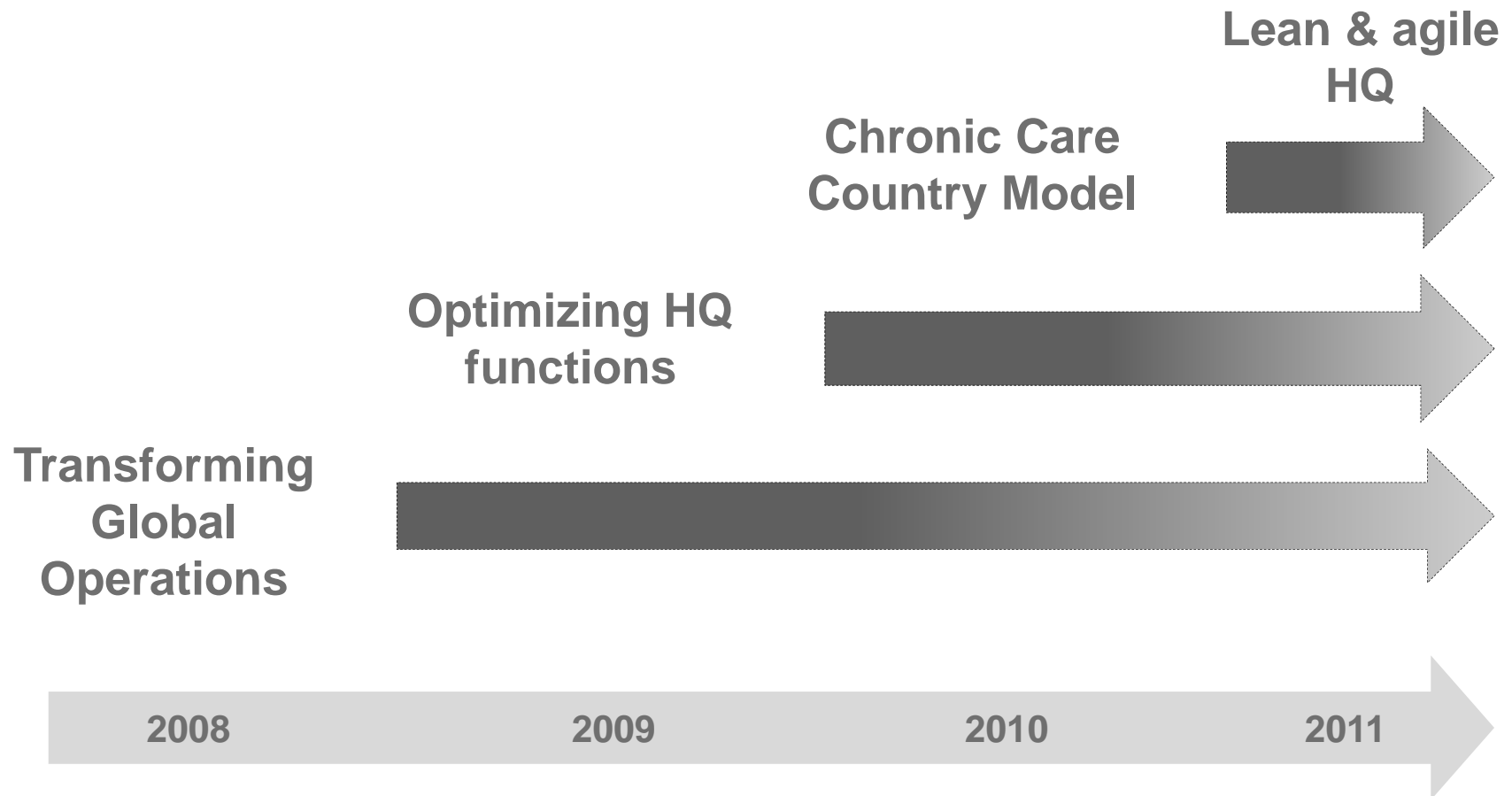
2

We continue to build relationships  
with our end-users, customers and KOL's



3

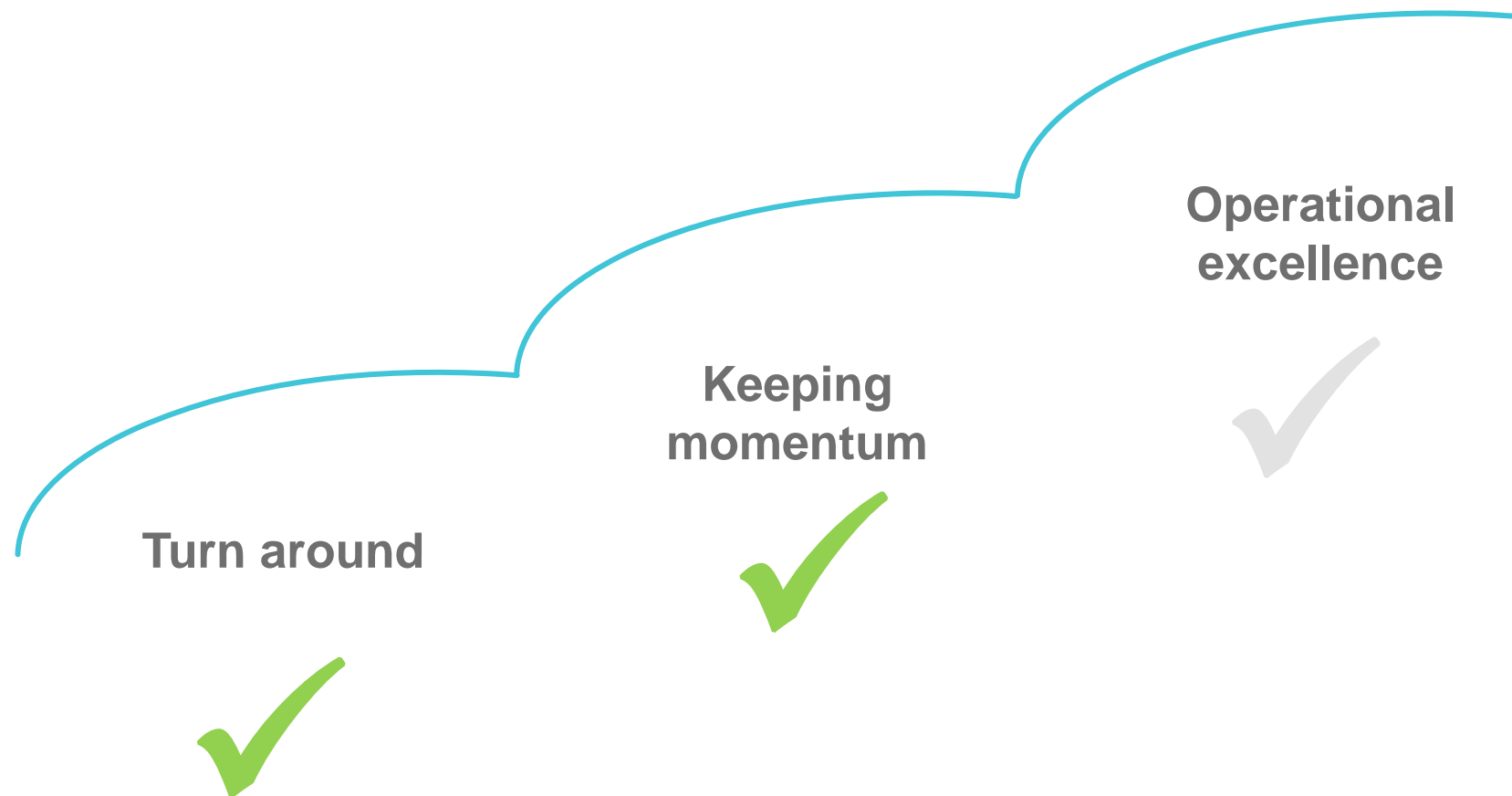
## We continue the journey by creating a more simple and efficient organisation





3

## Our initiative to reduce manufacturing costs is running as planned



4

## We continue to explore M&A opportunities to strengthen our business

M&A landscape				
	OC	CC	WC	UC
EU				
US				
RoW				

Scale deals unlikely<sup>1</sup>

Opportunities

Most likely for M&A activity

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

# Three main organic levers will enable us to deliver on our ambition

*We want to...*

*...and this is what we do*

Organic growth

- 1 *...serve our customers better than anyone else*
- 2 *...provide end-user products and services better than anyone else*
- 3 *...run our business better than anyone else*

- Local launch execution
- Sales leadership
- Bigger, bolder, better products
- Relationships
- Lean and agile headquarter
- Operational excellence in GO

# Three main organic levers will enable us to deliver on our ambition

*We want to...*

*...and this is what we target*



- Outgrow the market
- Deliver margins in line with the best performing medical device companies





# Appendix

# US Chronic Care – New Leadership

**Claus Bjerre**  
**President**  
**US Chronic Care**  
**Age: 39**



5 years at Coloplast as:

- Senior Vice President, Emerging Markets
- Senior Vice President, Corporate Development and Strategy

16 years experience in Strategy, Finance, M&A, and General Management at:

- *Coloplast*
- *Mattel Inc.*
- *Nordic Capital*
- *McKinsey & Company*

Education:

BS and M.Sc., Economics & Business Administration,  
Copenhagen Business School  
MBA, The Anderson School of Business, University of  
California Los Angeles

**Ed Veome**  
**Vice President, Marketing**  
**US Chronic Care**  
**Age: 42**



1 year at Coloplast as:

- Vice President, Commercial Excellence:

20 years experience in Sales and Marketing at:

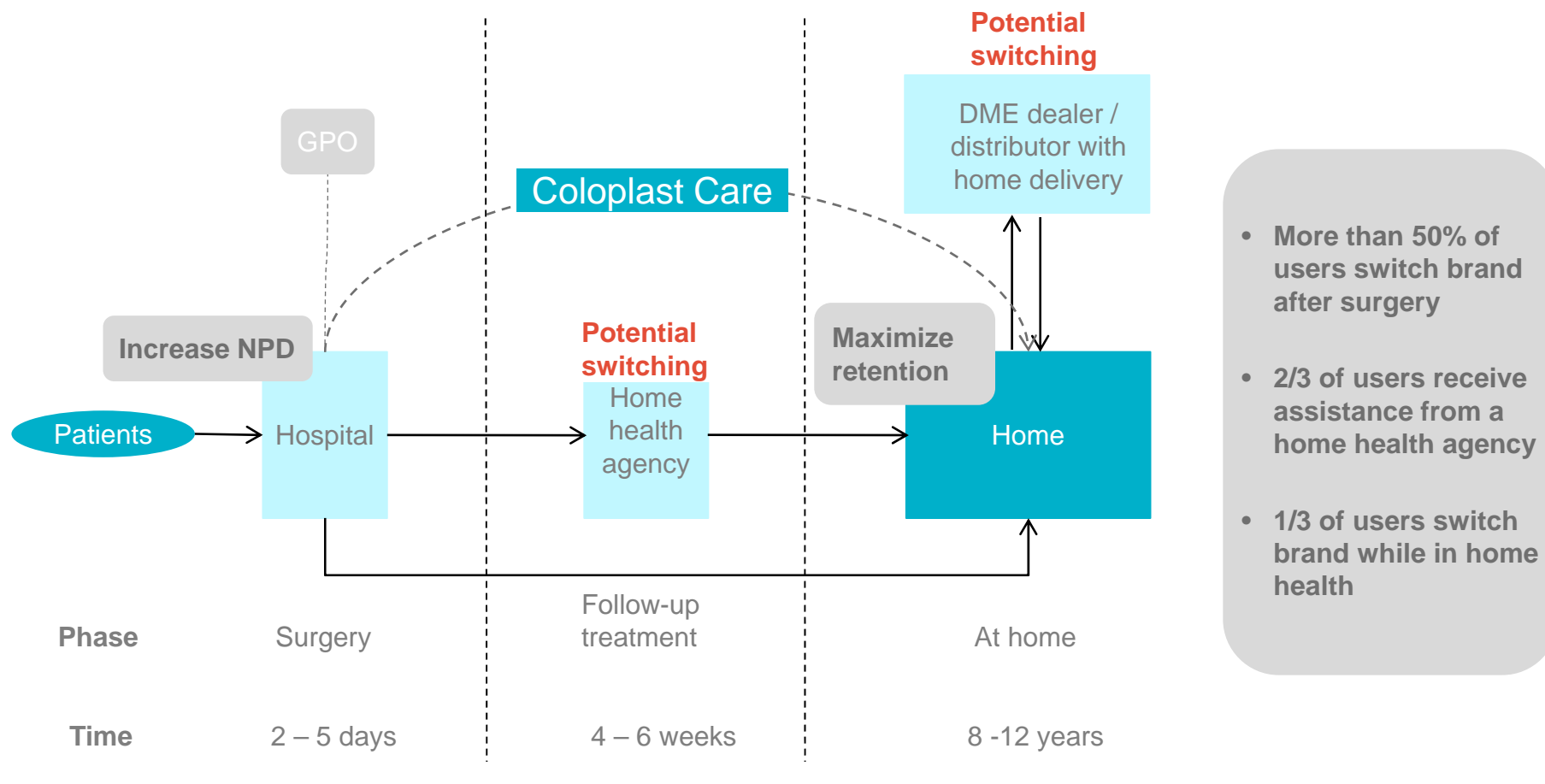
- *Coloplast*
- *Pharmacia and Upjohn*
- *G.E. Healthcare*
- *Baxter Healthcare*
- *Hollister Inc.*

Education:

BS, Biology, University of Notre Dame  
MBA, Northwestern University, J.L. Kellogg Business  
School

# The task at hand in the US.....

## Balance focus between NPD and distribution





# Break



# Transforming our Wound Care business

SVP, SBU Wound Care, Nicolai Buhl Andersen

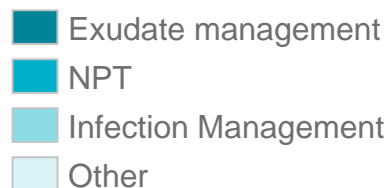
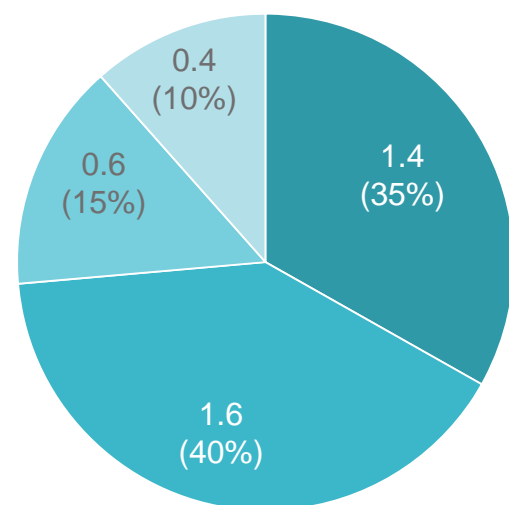
# Wound Care business highlights

- 1 Attractive advanced wound care market with strong underlying demographics
- 2 We have improved profitability significantly and are well positioned for further margin expansion
- 3 We are executing on a new commercial agenda for Wound Care in order to capture growth in community
- 4 We have carved the business out in key markets and created an SBU with a dedicated set-up and structure to focus on commercial execution
- 5 Fundamental restructuring with commercial focus ongoing combined with investments in community sales push
- 6 We remain confident that uplift will happen – question of timing and magnitude

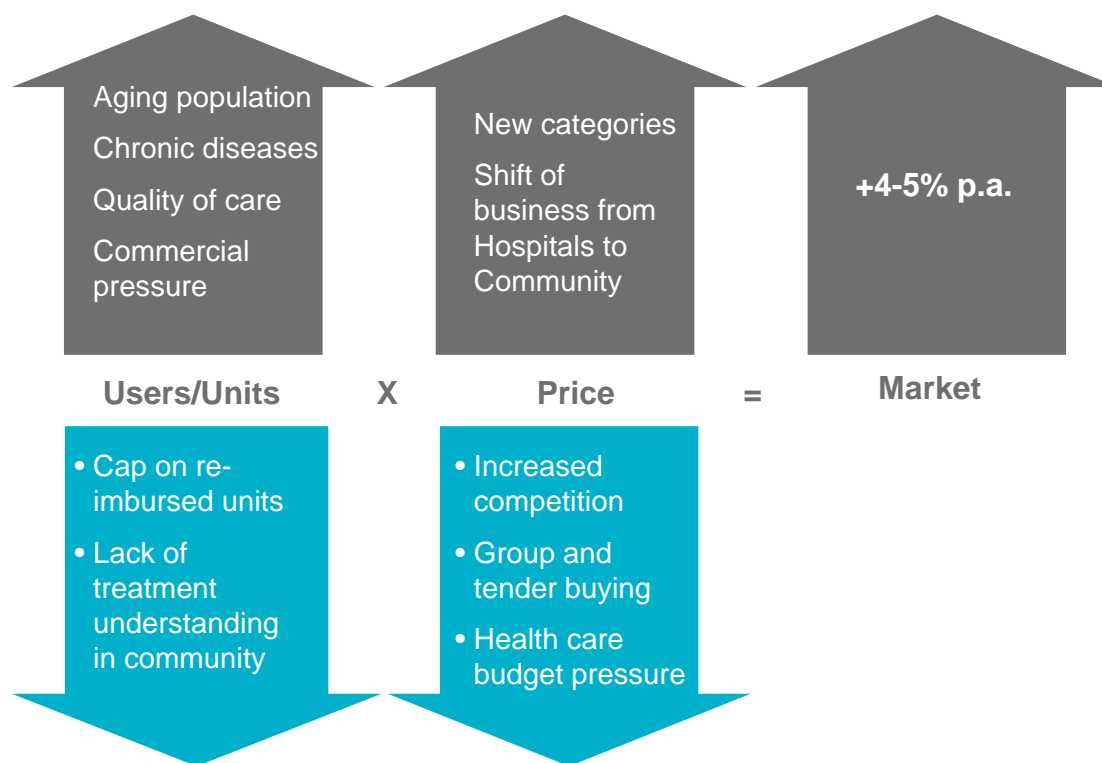
# The Global Advanced Wound Care market is an attractive market with a value of ~4bn USD

## Global AWH market

bnUSD



## Market growth drivers

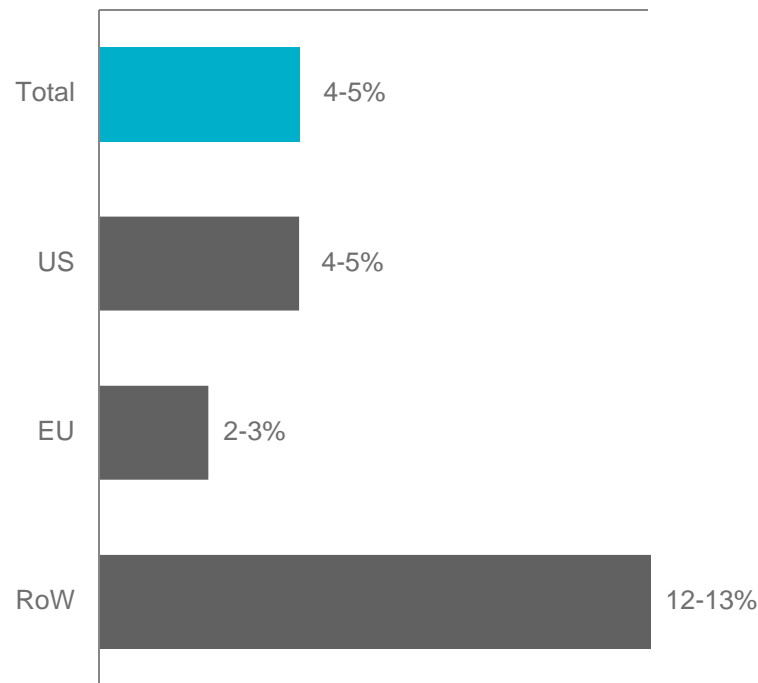


Source: Coloplast estimates

# But we see large regional differences in growth rates across geographies and product segments

## Expected 4-5% market CAGR next 3 years

3 years CAGR



Source: Coloplast estimates

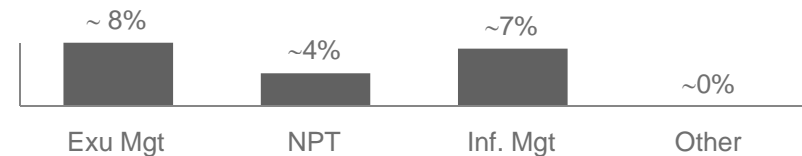
Note: Exu Mgt = Exudate management. NPT = Negative pressure therapy.

Inf. Mgt = Infection management.

## Large regional differences in growth rates

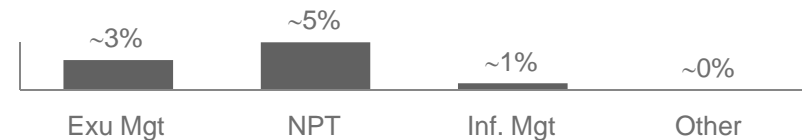
US - 3 years CAGR - Value

2010: 1.7 bn USD



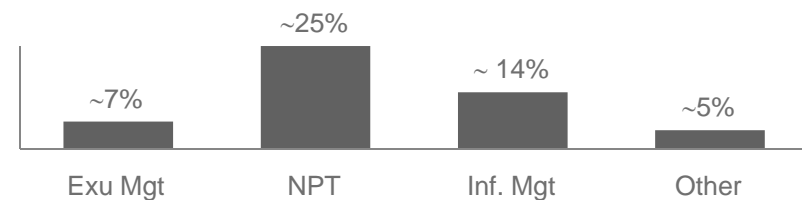
EU - 3 years CAGR - Value

2010: 1.7 bn USD

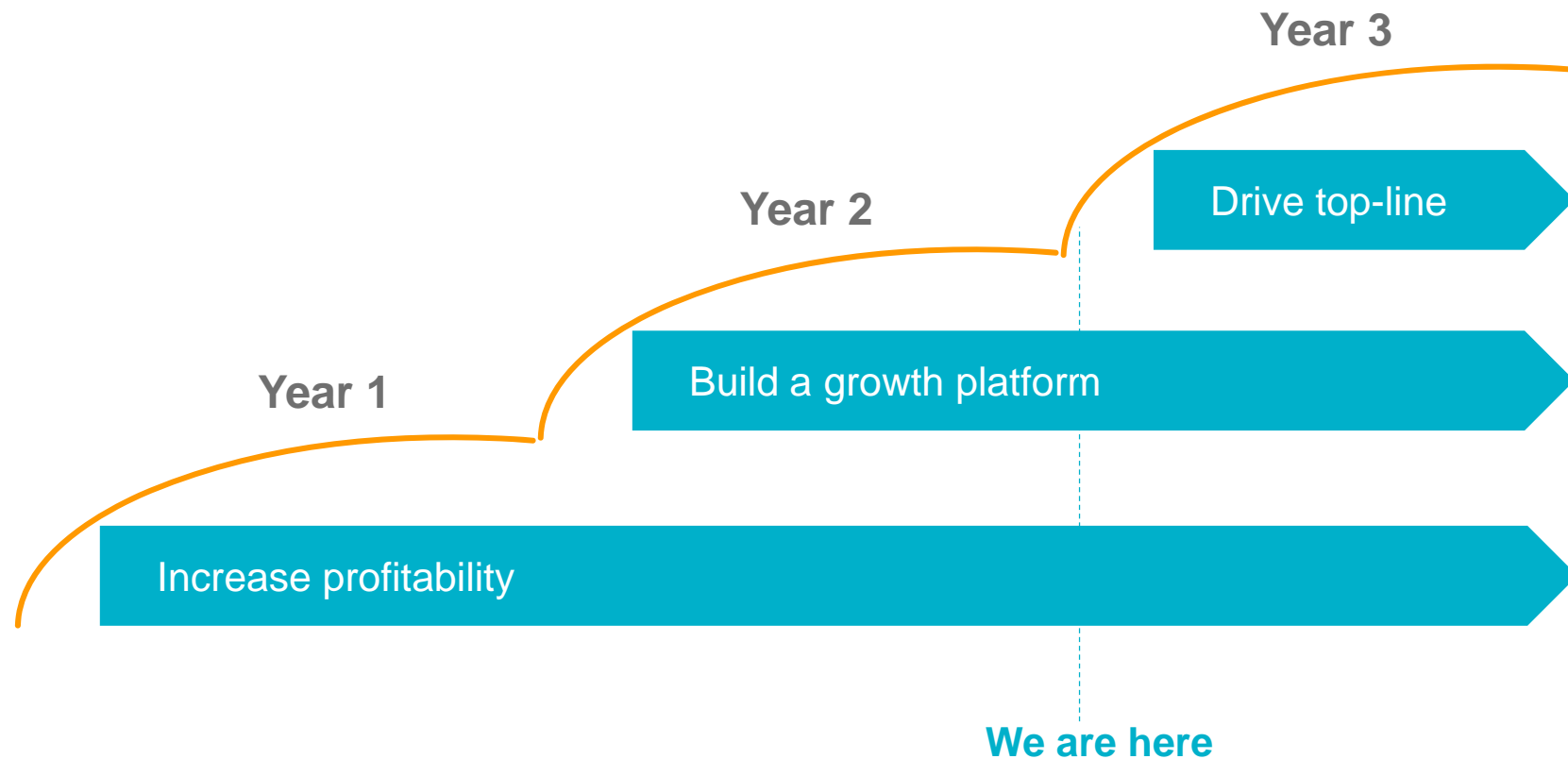


RoW - 3 years CAGR - Value

2010: 0.6 bn USD



## We continue our transformation of the Wound Care business as planned

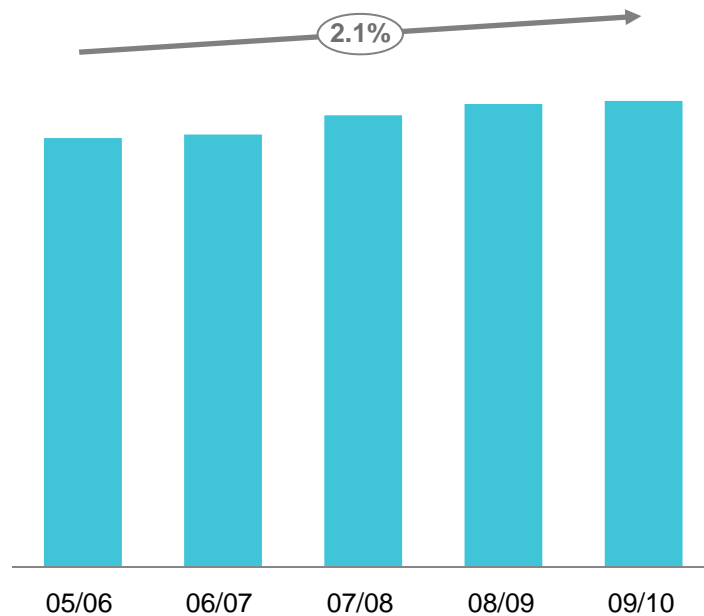




# Today our Wound Care business is centered around Europe having delivered modest growth in the past five years

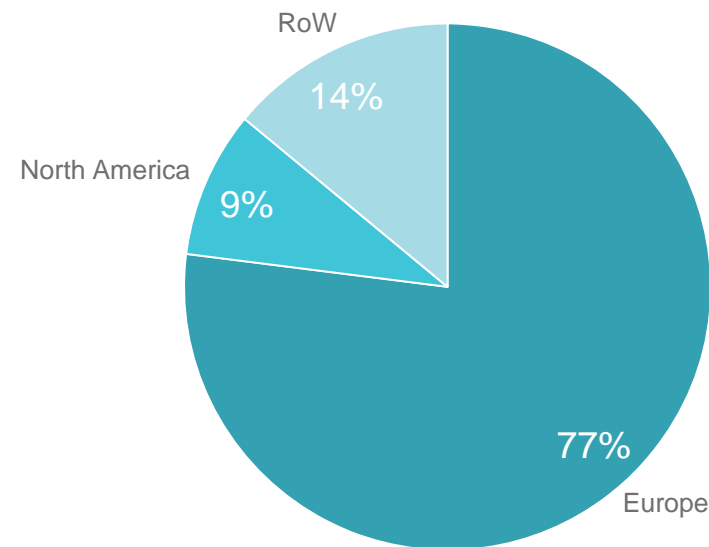
## Historic growth in Wound Care

WC sales (mDKK)



## Strong footprint in EU

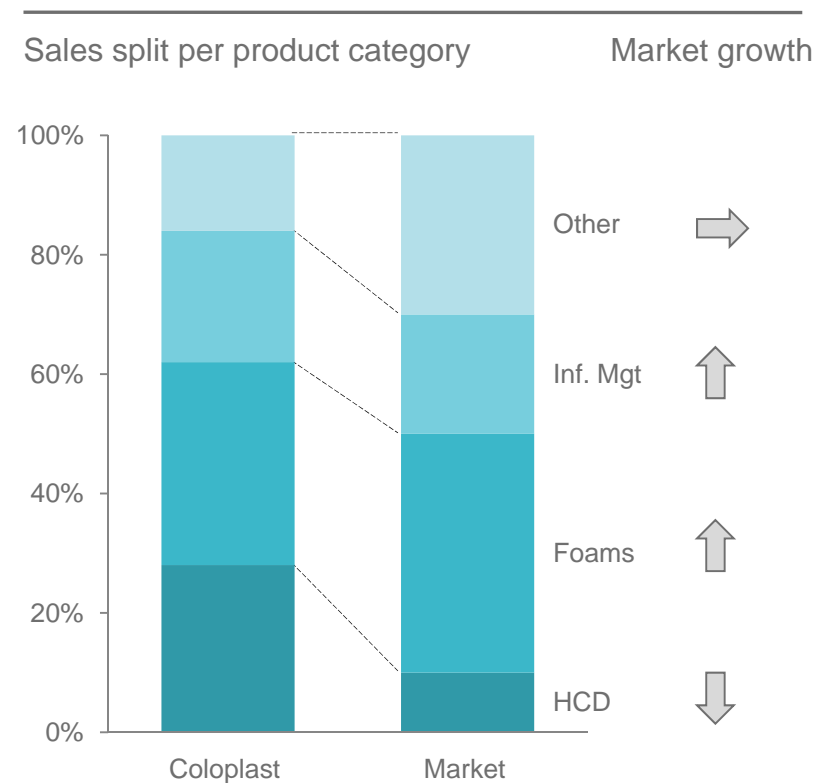
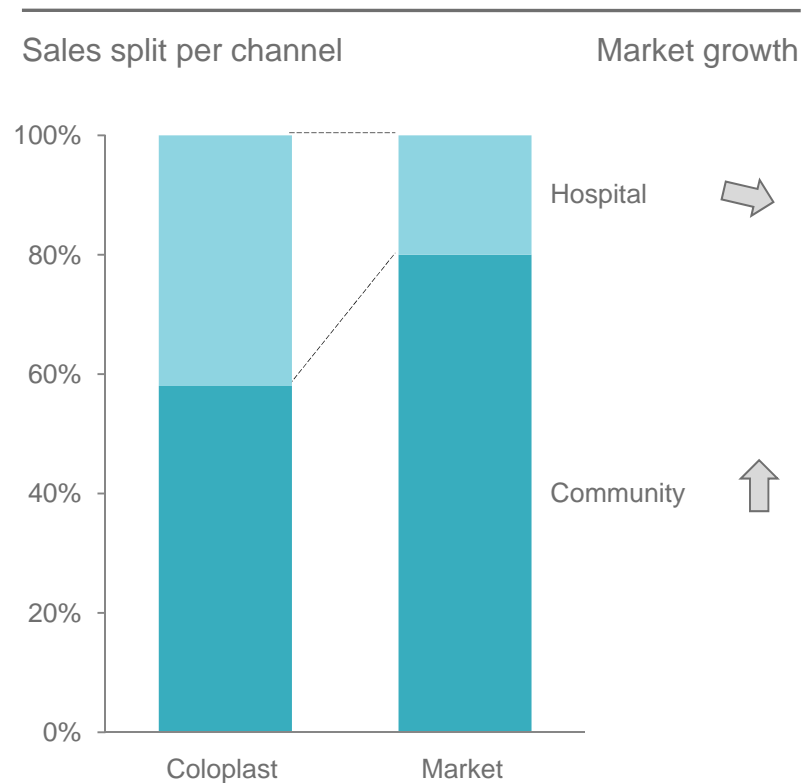
Revenue by geography FY 09/10



- Stronghold in Europe
- Sub-scale in the US
- Solid platform in ROW, especially focused on high growth markets

Source: Coloplast data

But one of the biggest challenges was, and still is, to transform a business previously focused on hospitals and hydrocolloids



Source: Coloplast data. Note: Inf. Mgt. = Infection management. HCD = hydrocolloids.

# The previous focus led to performance decline and the strong need for a new commercial approach.....

- It is all about the community channel
- The community channel is fragmented - **no way around the generalists**
- Generalists have low interest in Wound Care and favour **simple products making their work with wounds easier**
- Improving the quality of life for the patients is less of a concern – **it's about wound work not care**
- The customers are generally **not proactively trying new dressings**, however, most are **willing to switch supplier** if approached correctly
- **Sales push is key to success**

## **Ease of use matters for nurses**

*"The more the product is easy to use the more it will be used by the general nurses"* Nurse, France

## **Convenience**

*"Something that I can just slap on with one hand (John talking about his ideal product)"* GP, UK

## **One fits all – a practitioner's dream**

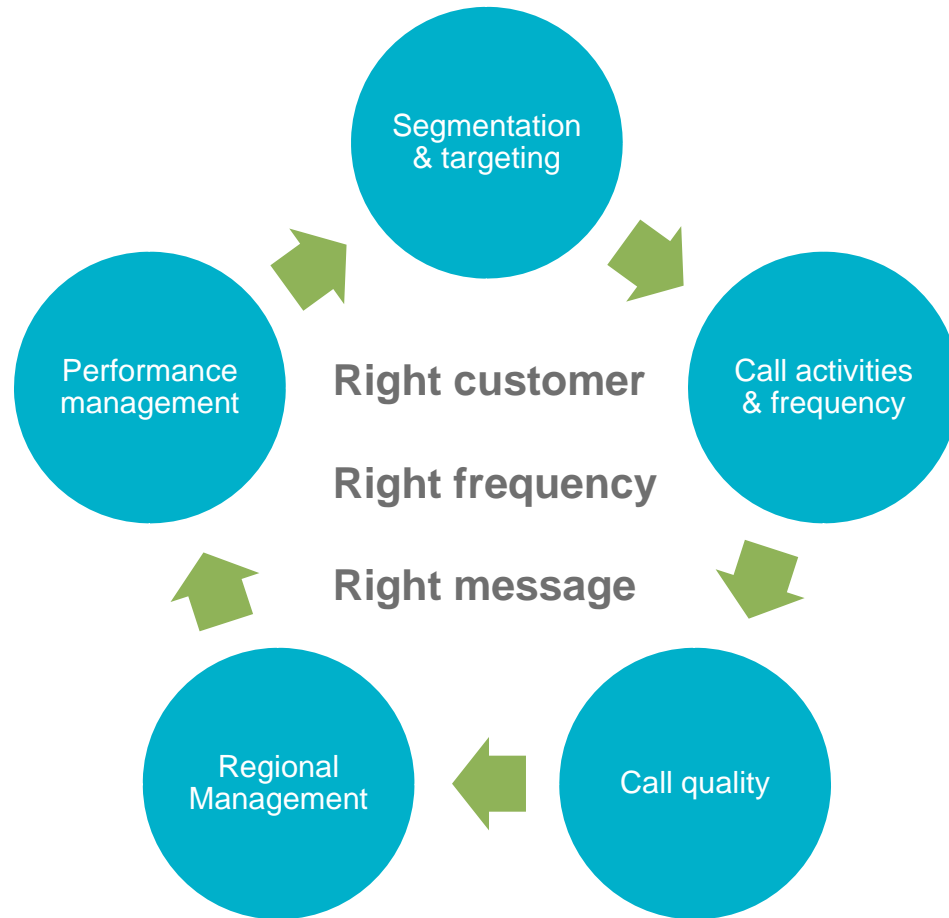
*"Will it be possible one day to have a product that would do for all stages of treatment?"* GP, FR

*Source: Coloplast research 2010 & 09.*

The map illustrates the geographical distribution of SBU markets, potential SBU markets, and non-SBU set-ups. The legend indicates three categories:

- SBU markets** (Dark Blue): Includes countries like Norway, Sweden, Finland, Denmark, Germany, France, and the UK.
- Potential SBU markets** (Light Blue): Includes countries like Canada, Brazil, Spain, Italy, and China.
- Non SBU set-up** (Grey): Includes countries like the USA, Mexico, Argentina, Russia, India, and Australia.

Step two is to apply stronger sales pressure in community channel and secure sales excellence in all we do



Step three in the new commercial agenda is to drive simplification of our offerings



**Biatain® Silicone**

BARRIER-FREE  
FOAM™

**Biatain® Silicone**  
The simple choice for better wound healing



**Barrier-free foam™**

Biatain Silicone has no adhesive on the foam – for superior absorbency.

**Non-touch technology**

Biatain Silicone does not stick to gloves – for an easy application.

**Soft and flexible**

Biatain Silicone is ultra soft and flexible – for an optimal fit to wound and body.

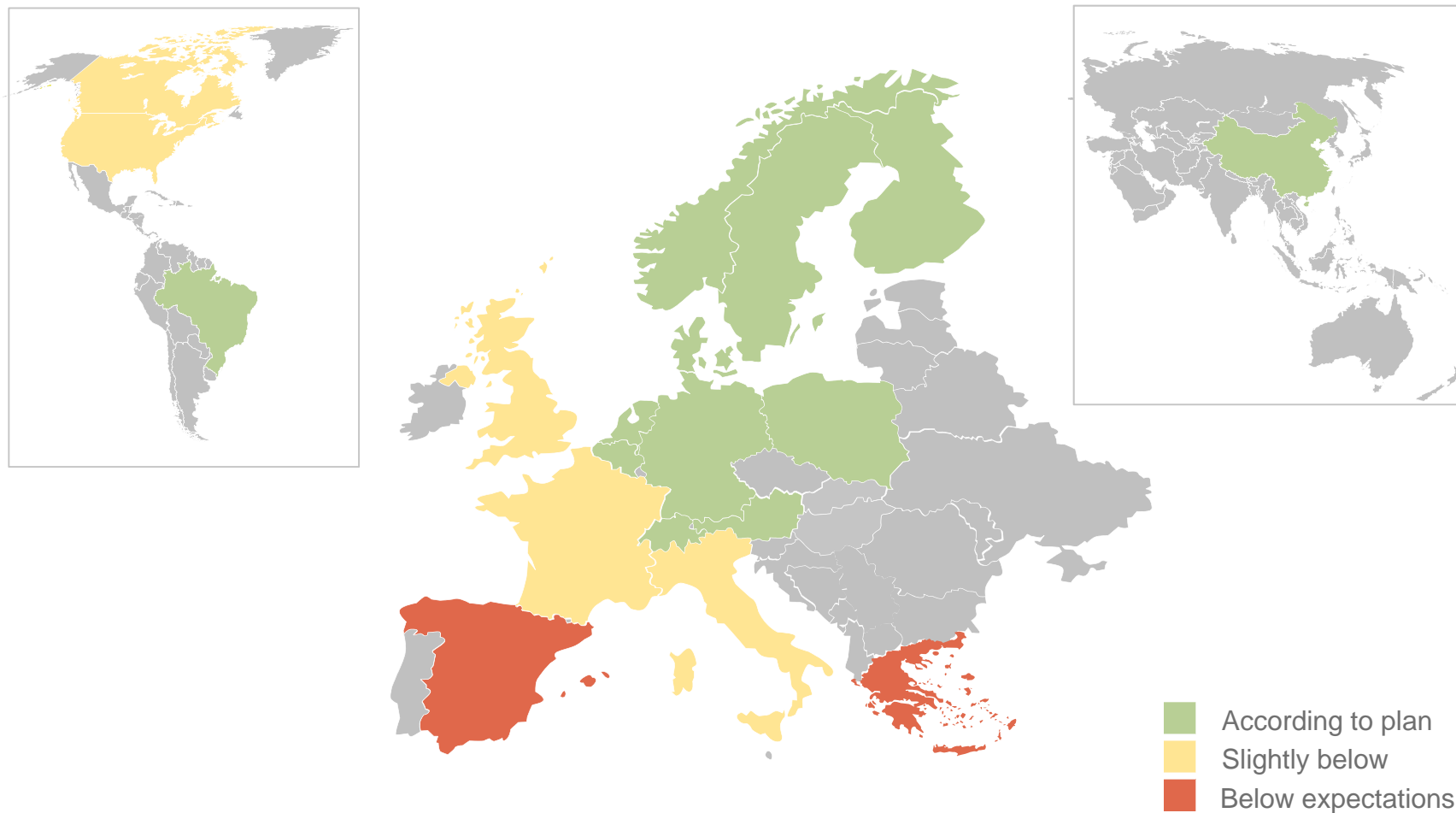
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2011

# So that we provide a portfolio of advanced wound care dressings tailor-made for the community segment

Biatain® Silicone	Biatain® Ag	Biatain®	Biatain® Ibu	Comfeel®	Alione®	SeaSorb®/Ag	Physiotulle®	Purilon®
First choice	Kill bacteria	Exudate management	Wound pain	Seal and heal	Extreme fluid handling	Cavity cleansing / filling	Tissue protection	Moistening / debridement
								
Foam				Hydrocolloid	Combination	Alginate	Contact layer	Hydrogel



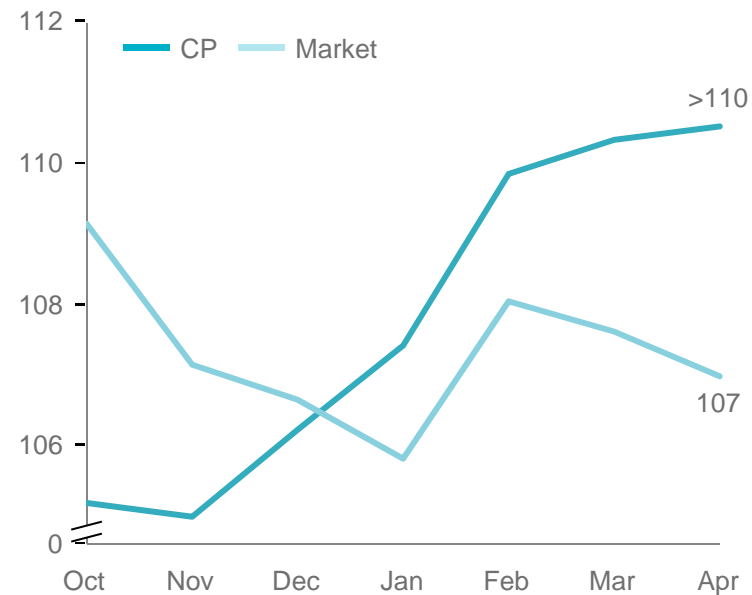
Current performance pictures reflect the new commercial agenda but also heavy impact from reforms and intensified competition



# A few examples of initial market responses to our new commercial agenda in Wound Care

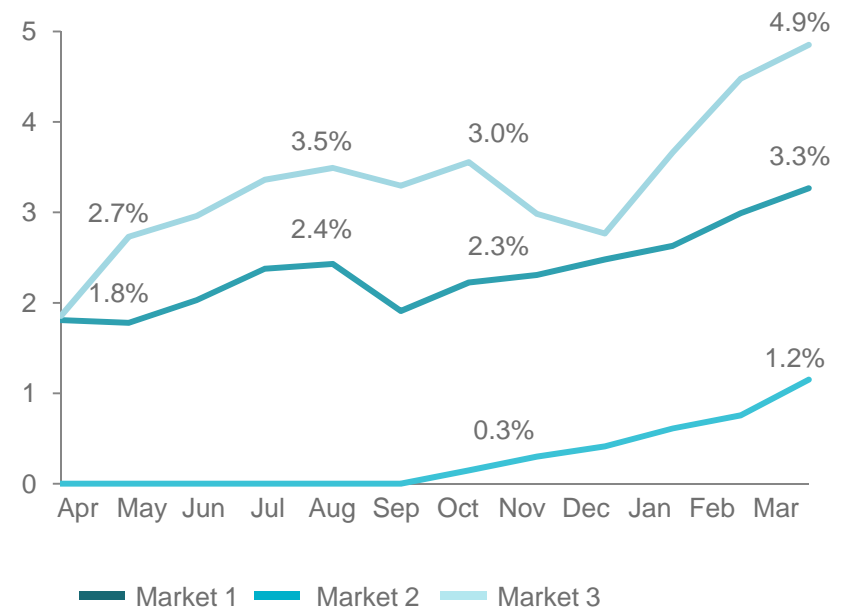
## Germany: outperforming market growth

MAT index – Community MWH market - revenue



## Biatain® silicone: Gaining market shares

Community - Monthly silicone market share (%)



Note: MAT= Moving Annually Total. Source: RPM data

## We believe.....

- 1 That the advanced wound care market remains attractive with strong underlying demographic trends
- 2 The profitability in the business has improved significantly and we are well positioned for further margin expansion
- 3 We are executing on the right new commercial agenda for Wound Care in order to capture growth in community
- 4 We have created a dedicated set-up and structure with focus on commercial execution
- 5 We continue to invest in community sales push
- 6 We remain confident that uplift will happen – question of timing and magnitude

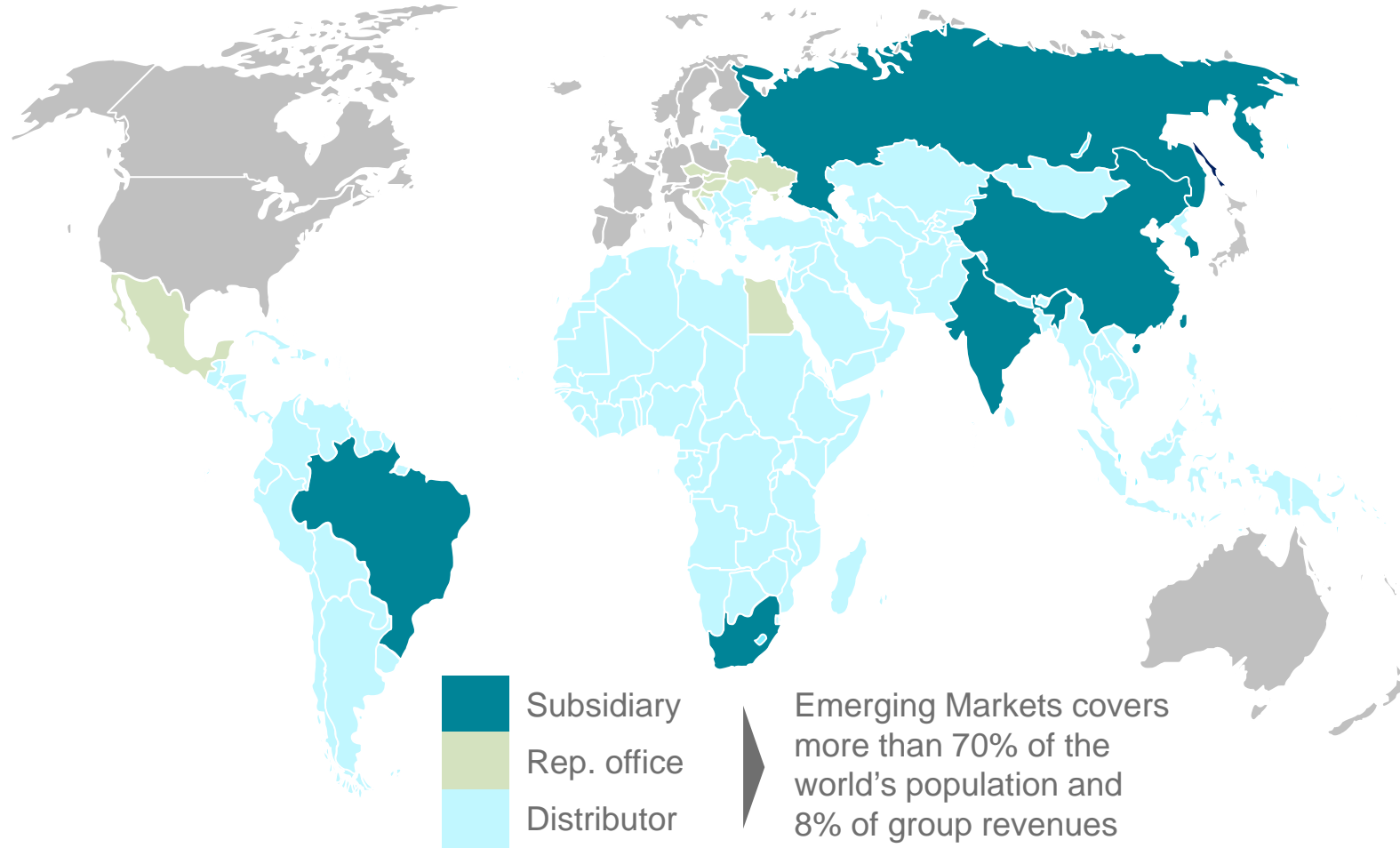


## Tomorrow's growth - Exposure to Emerging Markets

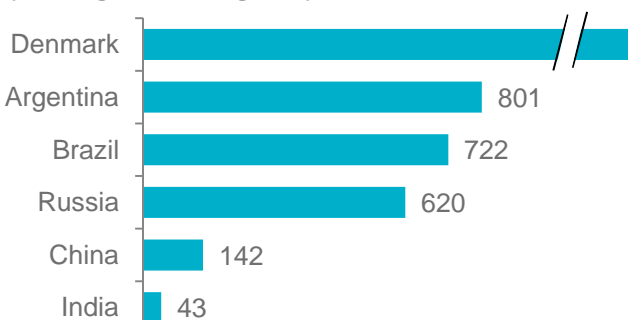
SVP, Emerging Markets, APAC and Canada, Christian Salling

# Emerging Markets actively covers more than 75 countries

represented through 7 subsidiaries, 11 representative offices and 60+ distributors



# Our markets represent very different levels of maturity but share a common significant growth potential for Coloplast

Health care expenditure	Dynamics and drivers																					
<p><b>Per capita expenditure on health care 2008</b> (at average US exchange rate)*</p> <p><b>5Y CAGR**</b></p>  <table><thead><tr><th>Country</th><th>Per capita expenditure (2008)</th><th>5Y CAGR</th></tr></thead><tbody><tr><td>Denmark</td><td>6,178</td><td>5%</td></tr><tr><td>Argentina</td><td>801</td><td>14%</td></tr><tr><td>Brazil</td><td>722</td><td>10%</td></tr><tr><td>Russia</td><td>620</td><td>10%</td></tr><tr><td>China</td><td>142</td><td>6%</td></tr><tr><td>India</td><td>43</td><td>12%</td></tr></tbody></table> <ul style="list-style-type: none"><li>• There are great variations but the population is in general younger than in the developed world</li><li>• There is a tendency of increasing focus on equal access to health care in the biggest fastest growing countries</li></ul>	Country	Per capita expenditure (2008)	5Y CAGR	Denmark	6,178	5%	Argentina	801	14%	Brazil	722	10%	Russia	620	10%	China	142	6%	India	43	12%	<ul style="list-style-type: none"><li>• Coloplast generally follow the introduction of advanced health care services</li><li>• Lifestyle diseases are increasing with improving economy as well as populations getting older</li><li>• Apart from our worldwide known competitors we also face competition from local/low cost products that sometimes have protective support from the local government</li><li>• We are committed to and enforce our Code of Conduct which sometimes collides with local ways of doing business</li></ul>
Country	Per capita expenditure (2008)	5Y CAGR																				
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\*Source WHO

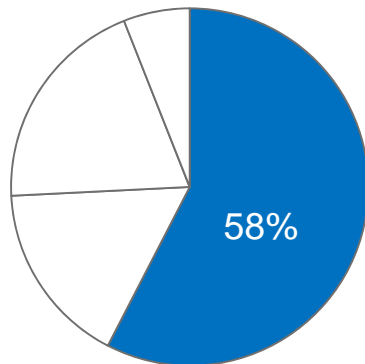
\*\* 5Y CAGR is based on total expenditure on health / capita at Purchasing Power Parity, source WHO



# Our main business driver is Ostomy Care where we have achieved market leadership in most of our key markets

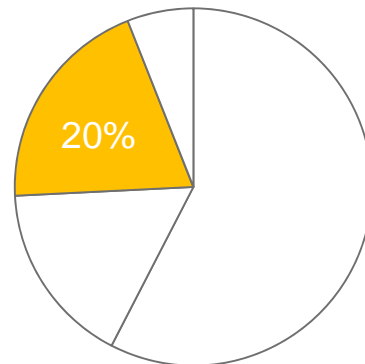
## Ostomy Care

The Assura® line is still the main brand but SenSura® is growing rapidly



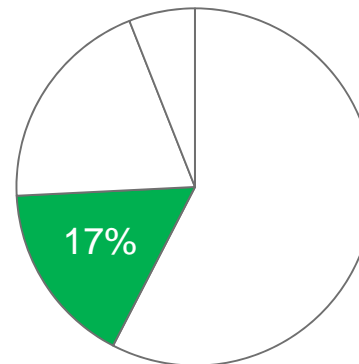
## Wound Care

The more mature products like Comfeel® hydrocolloids account for majority of revenues. Biatain® is gaining traction



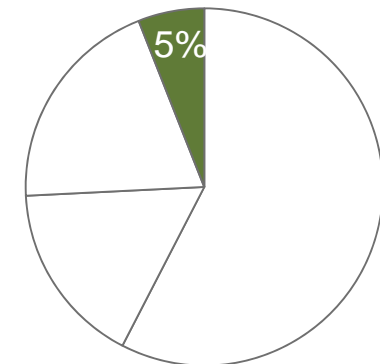
## Continence Care

SpeediCath® and EasiCath® are the main brands



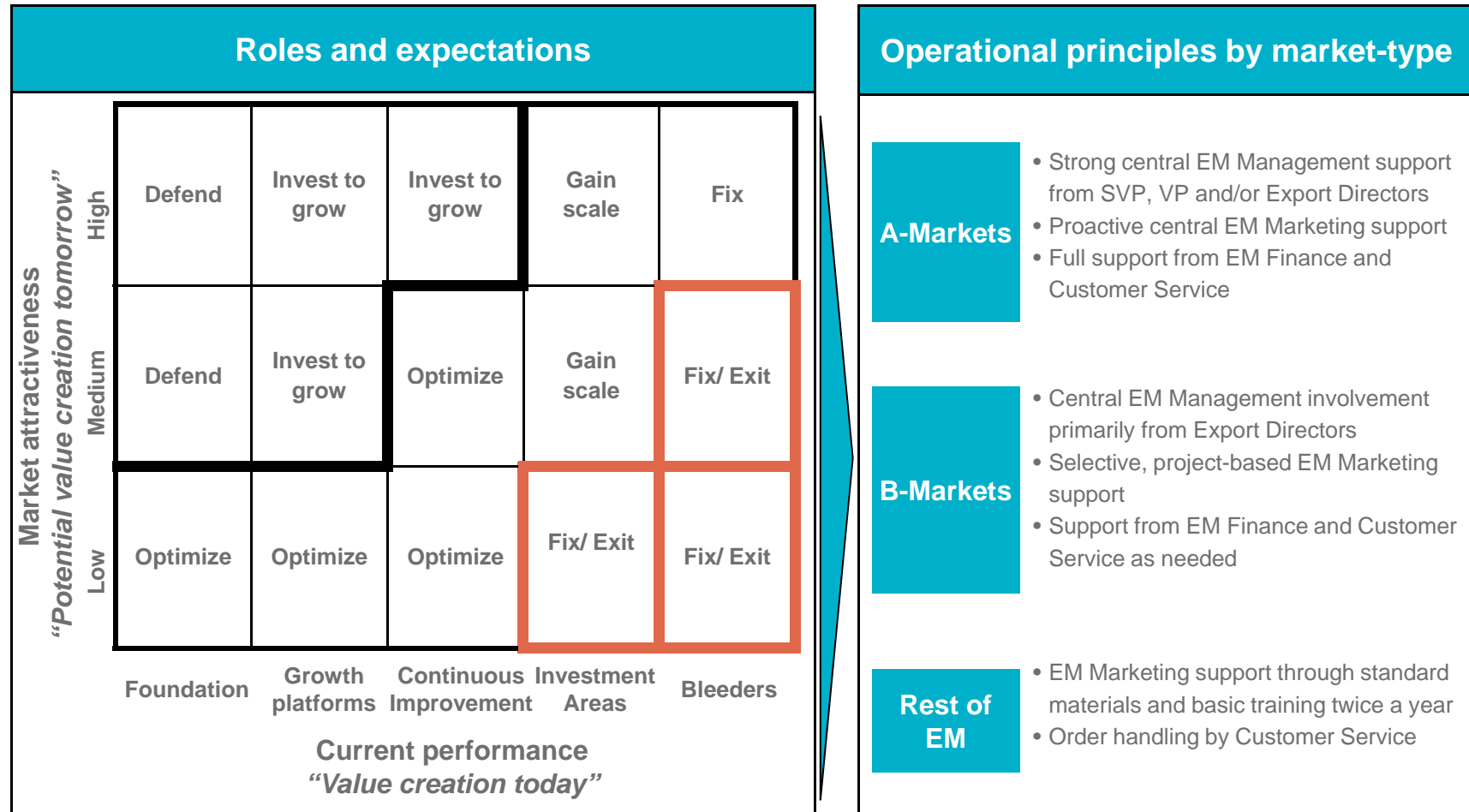
## Urology Care

Sales are generally Disposable Urology products. Organized in a separate SBU



# To ensure execution in a complex region, focus is key

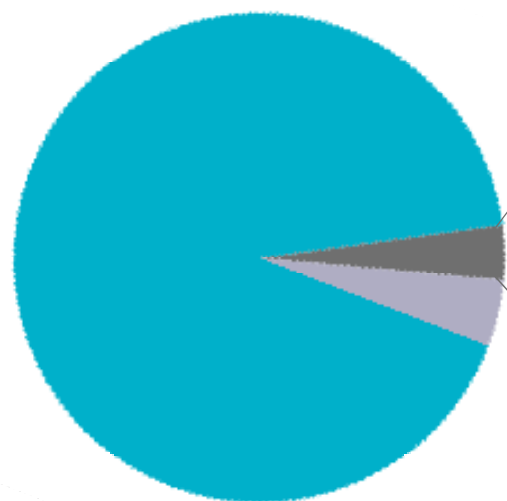
Thus, we define roles and expectations and operational principles for each market by combining market attractiveness with current financial performance





# Emerging Markets is the fastest growing region in Coloplast, but we pay particular attention to the situation in the BRIC countries

## Global sales



**Brazil**

### Priorities

- Expand OC leadership
- Apply tender focused strategy in WC
- Establish and grow the CC market

**Russia**

- Maintain OC leadership
- Accelerate CC business to gain further scale and market leadership

**India**

- Gain scale

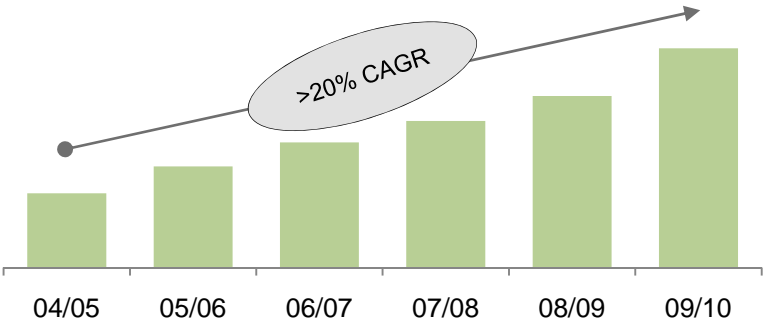
**China**

- Gain and manage expansion and scale
- Access community segment

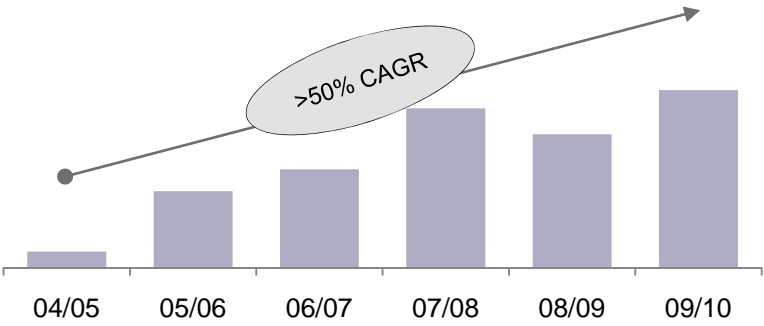
## Emerging Market sales

- BRIC (45%)
- Other countries (55%)

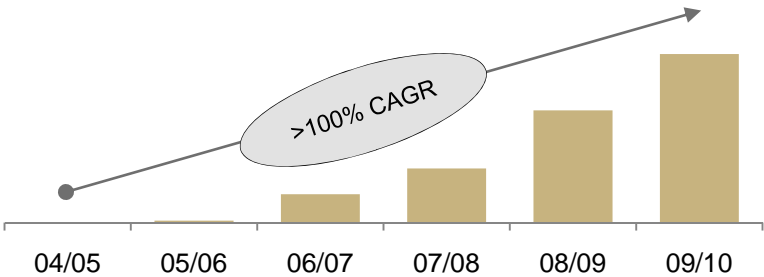
# The Brazilian economy is taking off and we will follow with focus on broadening the usage and accessibility of products and services

Country highlights	Coloplast Outlook														
<p><b>Large and rapidly growing economy</b></p> <ul style="list-style-type: none"> <li>• Population 190m with an median age of 29 years</li> <li>• Expected to pass Italy as the 7<sup>th</sup> largest economy in 2011</li> <li>• GDP growth of 7.7% in 2010; forecast of 5.5% through 2013</li> <li>• Current inflation below government target of max. 6.5%</li> </ul> <p><b>Competition</b></p> <ul style="list-style-type: none"> <li>• ConvaTec is the main competitor in Ostomy and Wound Care, while Continence Care is dominated by local low end competitors</li> </ul> <p><b>Health care system</b></p> <ul style="list-style-type: none"> <li>• "Two-tier" health care system: people with sufficient funds or insurances (24%) have access to private sector medical facilities and treatment, whereas the vast majority of the population only have access to the public health care system, SUS</li> <li>• Health care system focus on treatment, not prevention</li> <li>• Only reimbursement for products listed through SUS</li> <li>• Lump sum per treatment</li> <li>• Relatively high prices</li> </ul>	 <p>The bar chart illustrates Coloplast's revenue growth over a six-year period from 04/05 to 09/10. The revenue shows a consistent upward trend, with a callout indicating a Compound Annual Growth Rate (CAGR) of greater than 20%.</p> <table border="1"> <thead> <tr> <th>Period</th> <th>Revenue (Relative)</th> </tr> </thead> <tbody> <tr> <td>04/05</td> <td>Low</td> </tr> <tr> <td>05/06</td> <td>Medium-Low</td> </tr> <tr> <td>06/07</td> <td>Medium</td> </tr> <tr> <td>07/08</td> <td>Medium-High</td> </tr> <tr> <td>08/09</td> <td>High</td> </tr> <tr> <td>09/10</td> <td>Very High</td> </tr> </tbody> </table> <p><b>Results</b></p> <ul style="list-style-type: none"> <li>• After a successful reorganization the focus is on profitable growth within all business areas growing double digits</li> <li>• Manage vast expansion of reps and coverage</li> </ul> <p><b>Outlook</b></p> <ul style="list-style-type: none"> <li>• The strategy aims to deliver strong double digit revenue growth without diluting profitability</li> <li>• The successful process of improving sales effectiveness continues, now including actions to expand coverage</li> </ul>	Period	Revenue (Relative)	04/05	Low	05/06	Medium-Low	06/07	Medium	07/08	Medium-High	08/09	High	09/10	Very High
Period	Revenue (Relative)														
04/05	Low														
05/06	Medium-Low														
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07/08	Medium-High														
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09/10	Very High														

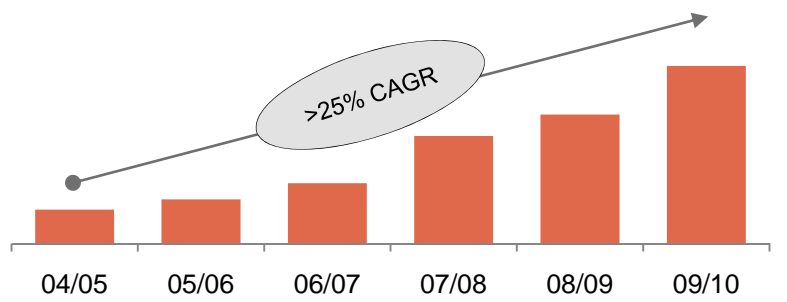
# Russia is a volatile tender market with Coloplast holding market leadership in OC

Country highlights	Coloplast Outlook														
<p><b>Economy and demographics</b></p> <ul style="list-style-type: none"> <li>Population around 140m with declining and aging population, the median age is currently around 39</li> </ul> <p><b>Competition</b></p> <ul style="list-style-type: none"> <li>The Russian business is still essentially an Ostomy business with Coloplast as a clear market leader. Major current competitors are ConvaTec and to some extent B. Braun. In Continence Care Coloplast is primarily facing low-priced local players</li> </ul> <p><b>Health care system</b></p> <ul style="list-style-type: none"> <li>The Russian system is a 100% public tender market across all business areas. More than 200 tenders are issued annually. Coloplast works proactively to increase standard of care through partnerships and educational programmes</li> <li>The main challenge is bureaucracy related to obtaining the necessary invalidity status which is the prerequisite for reimbursed products</li> </ul>	 <p>The chart displays annual sales data for Coloplast in Russia from the 2004/05 fiscal year to 2009/10. The bars show a consistent upward trend, with a callout indicating a Compound Annual Growth Rate (CAGR) of greater than 50%.</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Sales (Relative)</th> </tr> </thead> <tbody> <tr> <td>04/05</td> <td>Low</td> </tr> <tr> <td>05/06</td> <td>Medium-Low</td> </tr> <tr> <td>06/07</td> <td>Medium</td> </tr> <tr> <td>07/08</td> <td>High</td> </tr> <tr> <td>08/09</td> <td>Medium-High</td> </tr> <tr> <td>09/10</td> <td>High</td> </tr> </tbody> </table> <p><b>Results</b></p> <ul style="list-style-type: none"> <li>After a challenging phase when establishing a subsidiary that coincided with micro-economic collapse our Russian operation is back on track with strong growth rates and healthy profitability</li> </ul> <p><b>Outlook</b></p> <ul style="list-style-type: none"> <li>Focused growth on the most attractive regions and product upgrade</li> <li>Further improve our processes and increase the general coverage and penetration</li> </ul>	Fiscal Year	Sales (Relative)	04/05	Low	05/06	Medium-Low	06/07	Medium	07/08	High	08/09	Medium-High	09/10	High
Fiscal Year	Sales (Relative)														
04/05	Low														
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08/09	Medium-High														
09/10	High														

# India represents one of the biggest long-term growth opportunities in Asia and Coloplast is well-positioned to capitalize on that opportunity

Country highlights	Coloplast Outlook
<p><b>Economy and demographics</b></p> <ul style="list-style-type: none"> <li>• Second most populous country in the world 1.2b with a median age of only 26 years</li> <li>• The GDP growth is estimated to have been 10% in 2010</li> </ul> <p><b>Competition</b></p> <ul style="list-style-type: none"> <li>• The Indian business is still largely an Ostomy business with Coloplast as the market leader, however the Wound Care business is growing rapidly</li> <li>• Major multinational competitors include Convatec, Mölnlycke and Hollister.</li> <li>• The Indian Continence Care market is very fragmented and with many domestic low-cost manufacturers</li> </ul> <p><b>Health care system</b></p> <ul style="list-style-type: none"> <li>• Large but fragmented market with relatively large upper class and rapidly growing middle class</li> <li>• Recently India has seen a dramatic upgrade in the medical care standards for the middle- and high-income population</li> </ul>	 <p><b>Results</b></p> <ul style="list-style-type: none"> <li>• Since Coloplast entered into India the business has delivered consistent strong results and in recent years</li> <li>• High double-digit growth rates but from low base</li> <li>• Coloplast established subsidiary in 2011</li> </ul> <p><b>Outlook</b></p> <ul style="list-style-type: none"> <li>• Coloplast India expects to continue to deliver high double-digit growth rates in the coming years driven by expanding the sales force and focused performance management</li> <li>• Increase Ostomy Care market share and gain scale in the rapidly growing Wound Care market</li> </ul>

# Coloplast China expects to be able to continue strong growth driven by increasing geographical coverage and by gaining scale in the community

Country highlights	Coloplast results
<p><b>Economy and demographics</b></p> <ul style="list-style-type: none"> <li>• GDP growth still tracks at 8-11%</li> <li>• China is continuing the path towards an aged society</li> <li>• Population and GDP still converging towards Eastern China</li> </ul> <p><b>Competition</b></p> <ul style="list-style-type: none"> <li>• China is to a large extent an Ostomy Care and Wound Care market, and Coloplast is the market leader in both business areas</li> <li>• In Ostomy Care major competitors include ConvaTec, Alcare, B.Braun and Steadlive. In Wound Care major competitors include Mölnlycke and Urgo. The Continence Care market is very fragmented and Coloplast mostly meets domestic low cost manufacturers</li> </ul> <p><b>Health care system</b></p> <ul style="list-style-type: none"> <li>• The Chinese health care system is similar to the country's governance structure: politically centralized, economically regionalized and financially localized</li> <li>• The urban population is almost 100% covered and the government's ambition is full population coverage by 2012</li> <li>• The extended system is very basic and the country remains as a major out-of-pocket payment health care nation</li> </ul>	 <p><b>Coloplast results</b></p> <ul style="list-style-type: none"> <li>• Coloplast China has delivered consistent double-digit growth rates ever since the subsidiary in China was established, driven by focused management efforts and a China-specific approach to the market</li> </ul> <p><b>Forward-looking statements</b></p> <ul style="list-style-type: none"> <li>• Coloplast China expects to be able to continue strong growth in the coming years driven by increasing the geographical coverage and by gaining scale in the community segment</li> <li>• Furthermore, Access to Healthcare projects will be launched to grow, educate and train the market</li> </ul>

## Coloplast is strongly positioned to take advantage of the growing economies within the Emerging Markets region through

- Direct and expanding presence in key markets
- Strong product portfolio designed to the needs of the individual markets
- Capitalize on value market leader position in Ostomy Care and Wound Care in most markets and regions
- Establish Continence Care and Urology Care as future growth areas



# Lunch



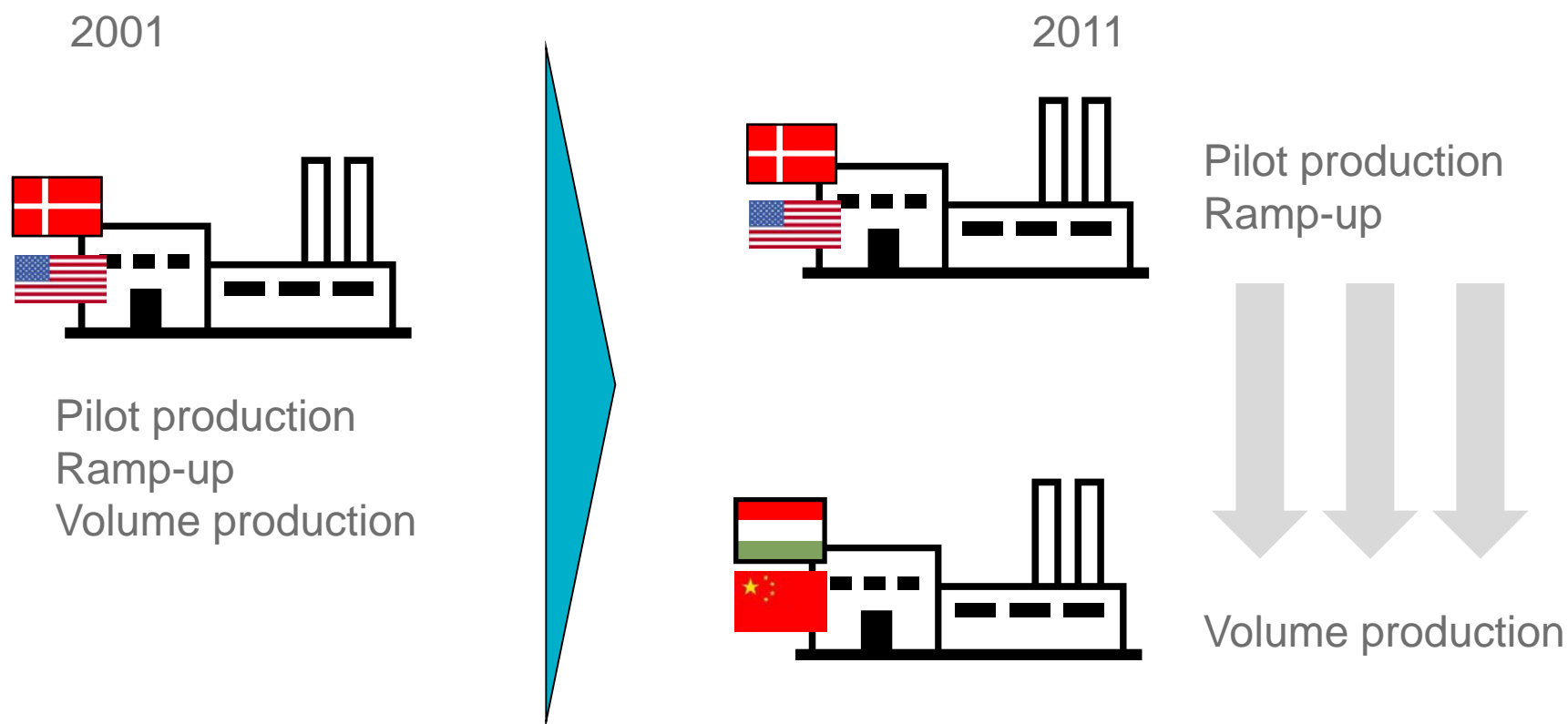


# Towards operational excellence

SVP Global Operations Allan Rasmussen

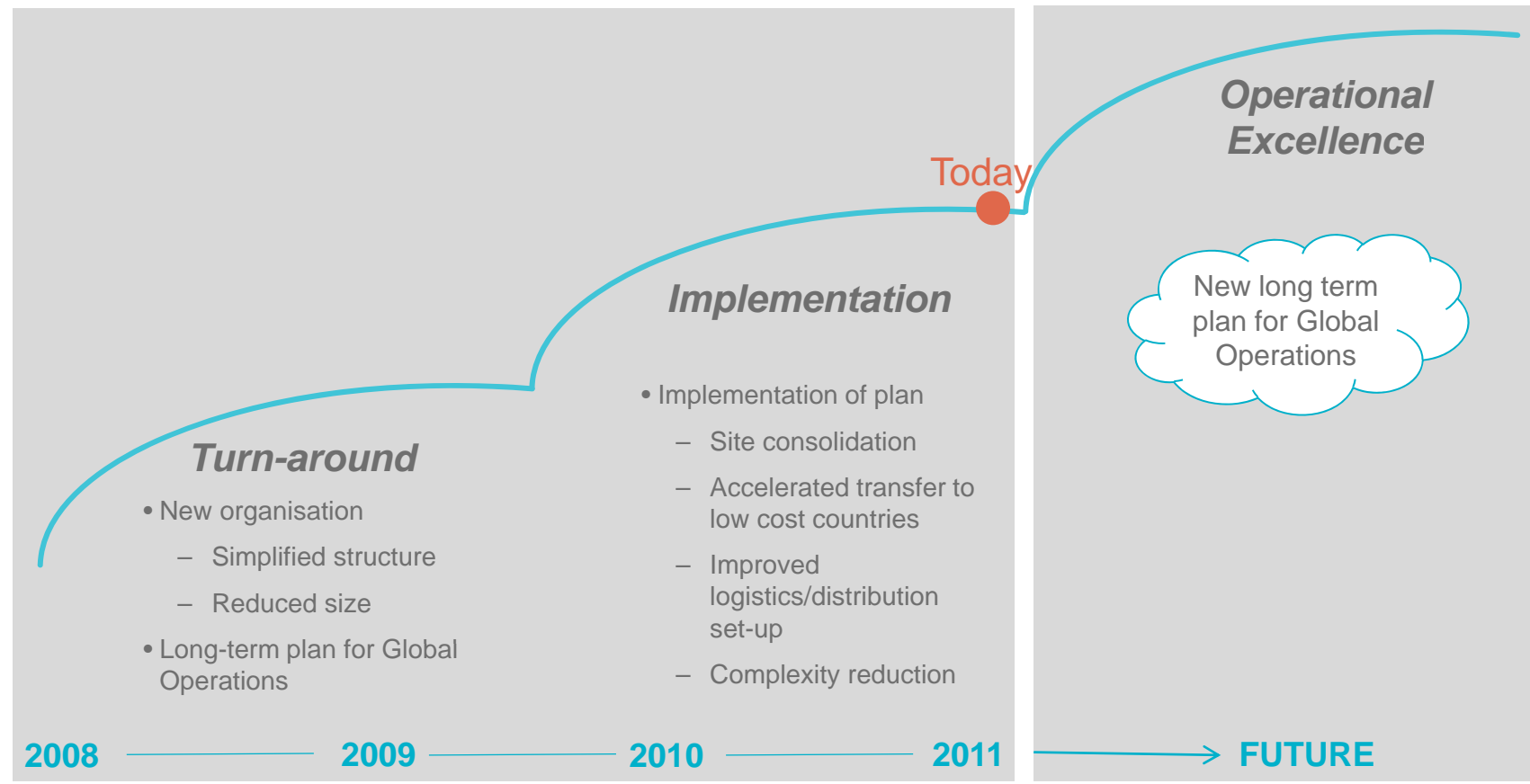


The intention of securing initial production close to R&D and volume production in low cost countries has been unchanged since 2001



# In 2008 Global Operations faced difficulties, and a turn-around was initiated

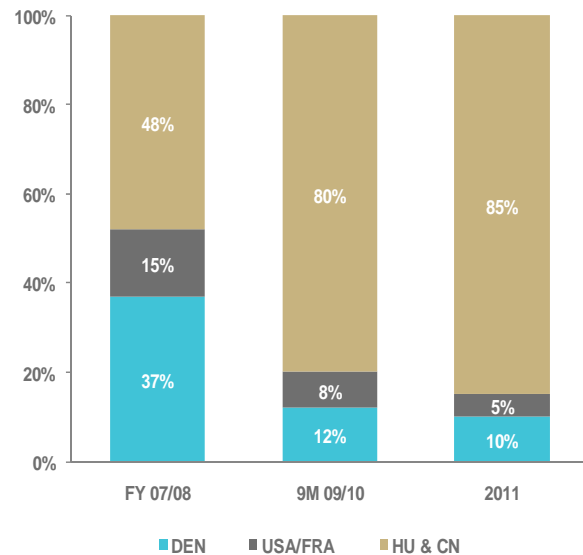
## Transformation of Global Operations



# The turn-around is completed successfully and the overall structure has been fundamentally changed

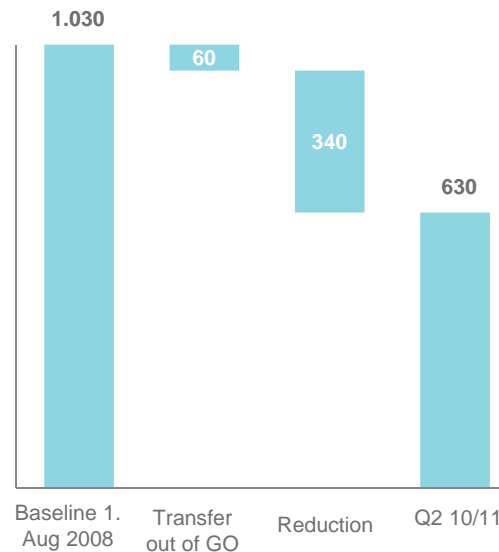
## Accelerated transfer of production

Production volume by geography

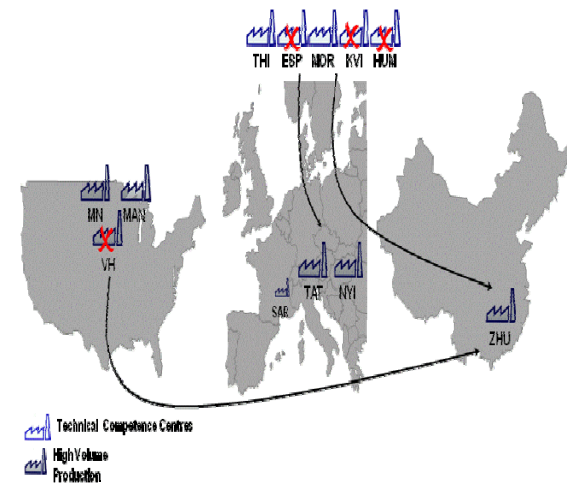


## Simplified organisation

White Collar FTE development

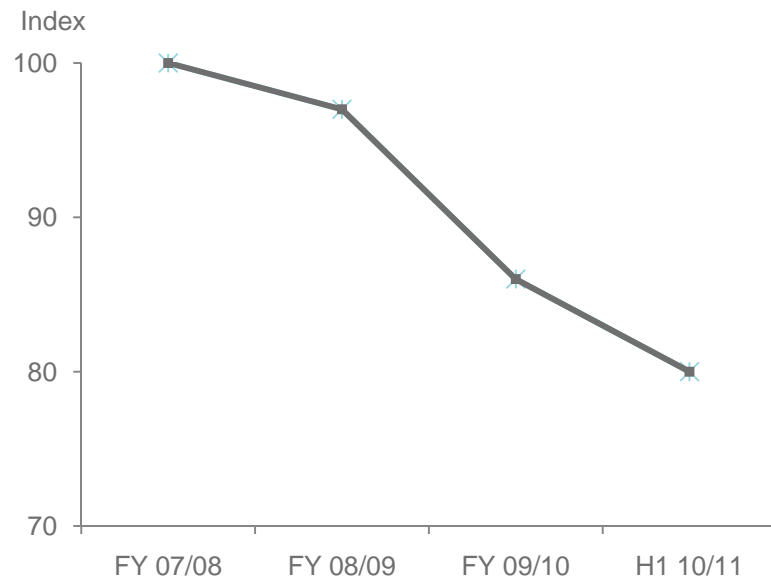


## Consolidation of sites

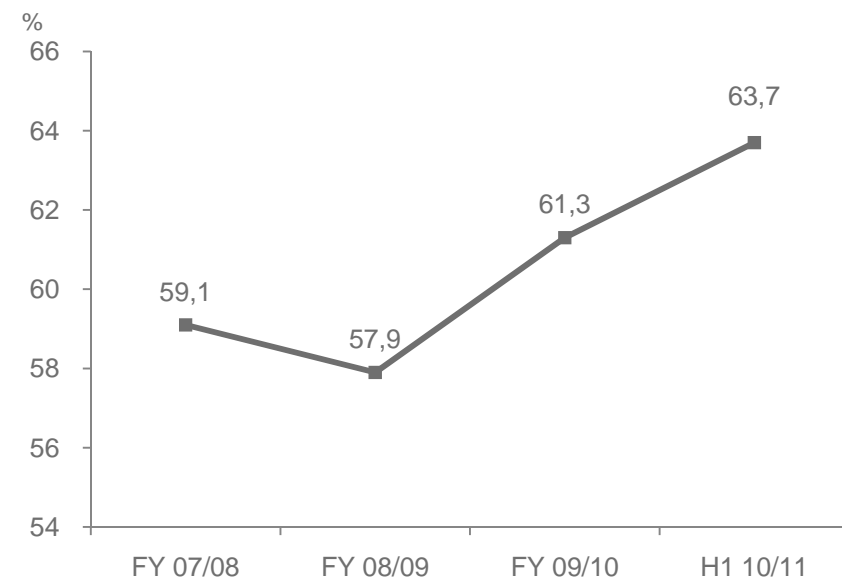


And as a result the cost prices are lower and the gross margin continues to improve

### Cost price\* development



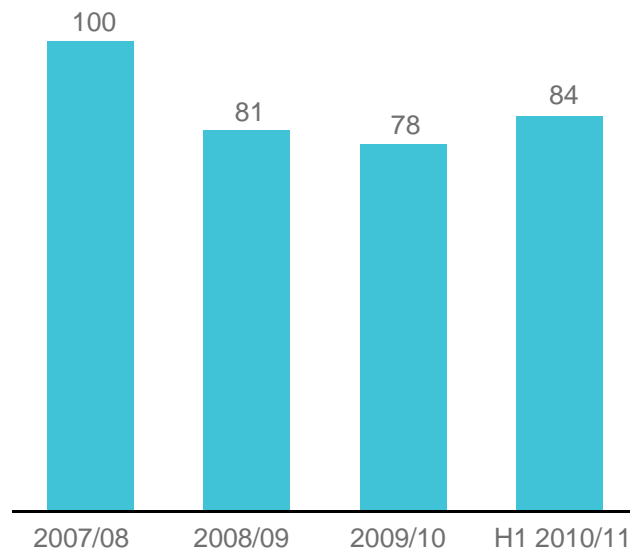
### Improving gross margin



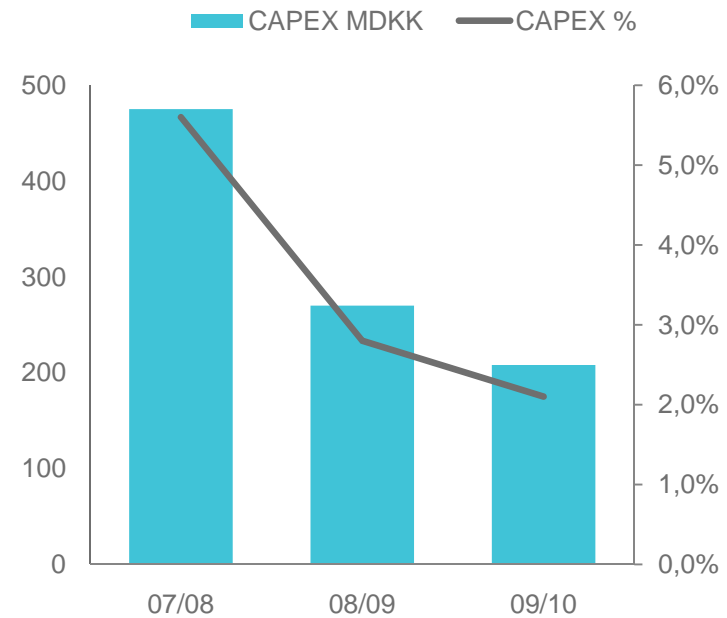
\*Direct salary & material

Further, also inventory levels and capex have declined rapidly

Inventory value, Index



CAPEX Development\*

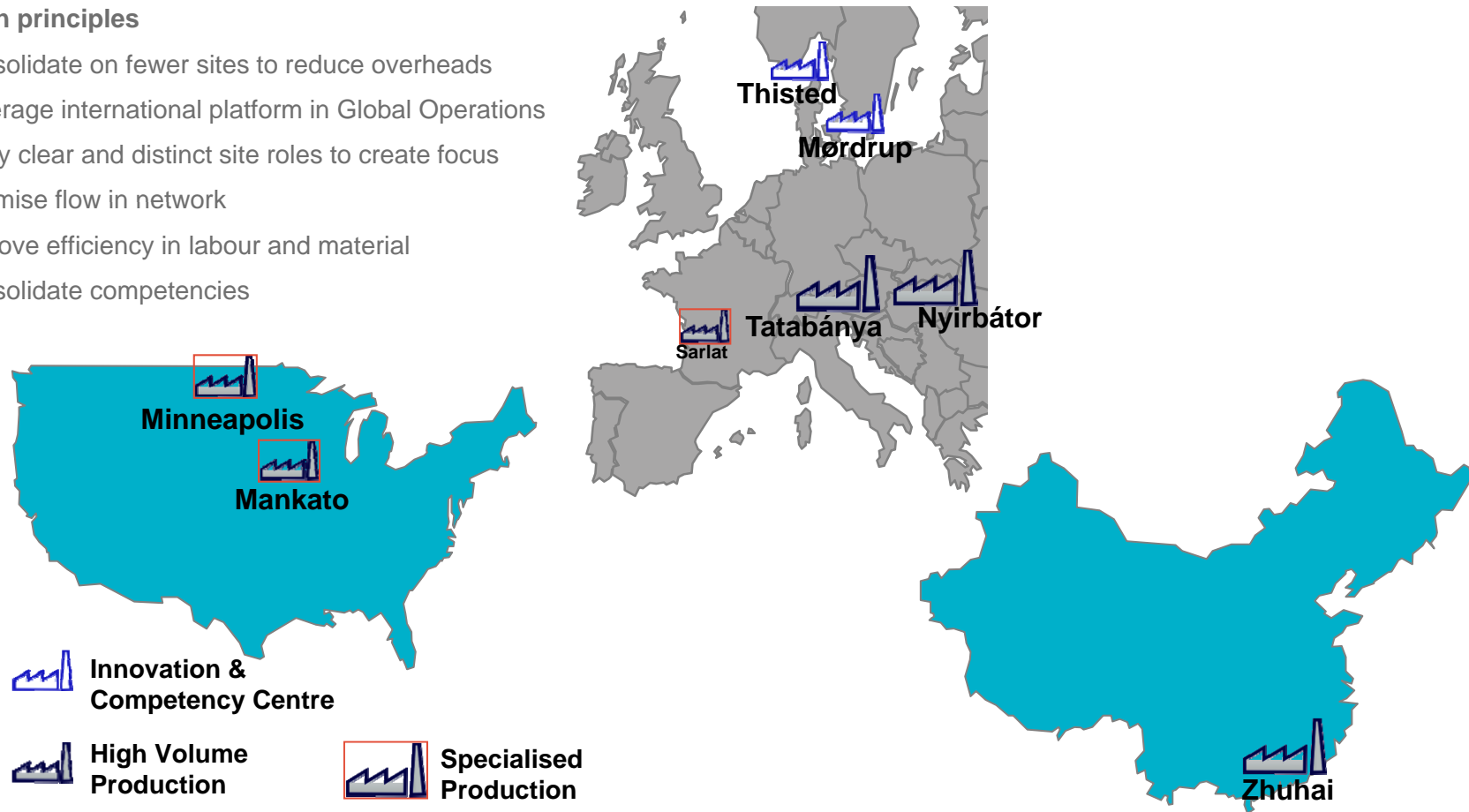


\*Production only

# New competitive footprint is geared for future growth

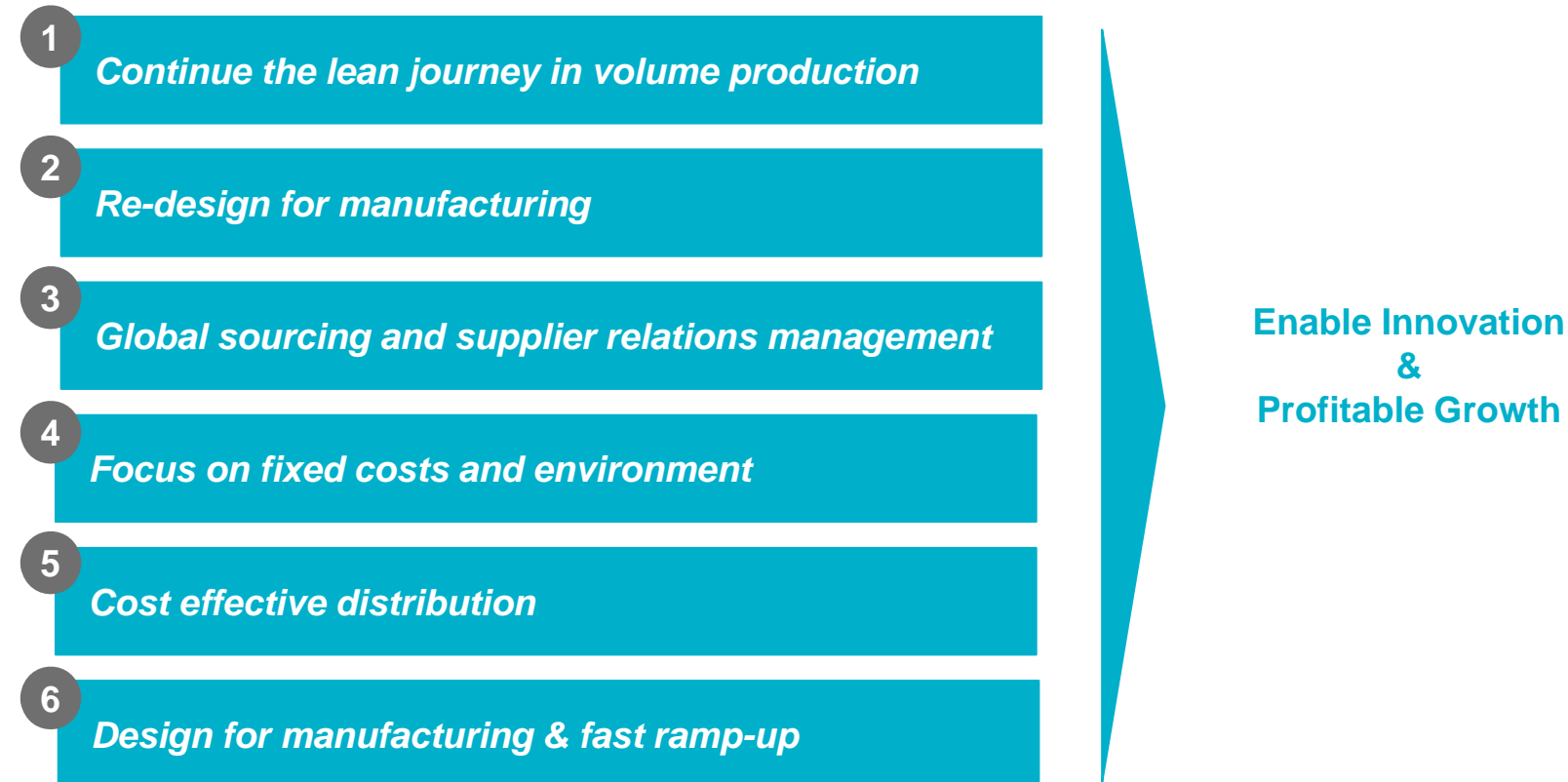
## Design principles

- Consolidate on fewer sites to reduce overheads
- Leverage international platform in Global Operations
- Apply clear and distinct site roles to create focus
- Optimise flow in network
- Improve efficiency in labour and material
- Consolidate competencies



# Operational Excellence is defined by six focus areas, which effectively will **enable innovation and profitable growth**

## Operational Excellence focus areas:



## *Continue the lean journey in volume production*

- Lean Center of Excellence is Tatabánya
- Lean activities driven locally, VSM or business manager is accountable
- Best practice tools are standardised across sites
  - Visual Management
  - Lean training
  - 6S
  - Good ideas programme
  - Drive breakthrough machine improvements



*Lean Center of Excellence is Tatabánya*



## Re-design for manufacturing

*App. 70% of manufacturing costs of a product are determined by design decisions, hence for existing products there are great opportunities to optimise ...*

- Materials
- Tolerances in specification
- Test methods
- Standardisation of components
- Production processes



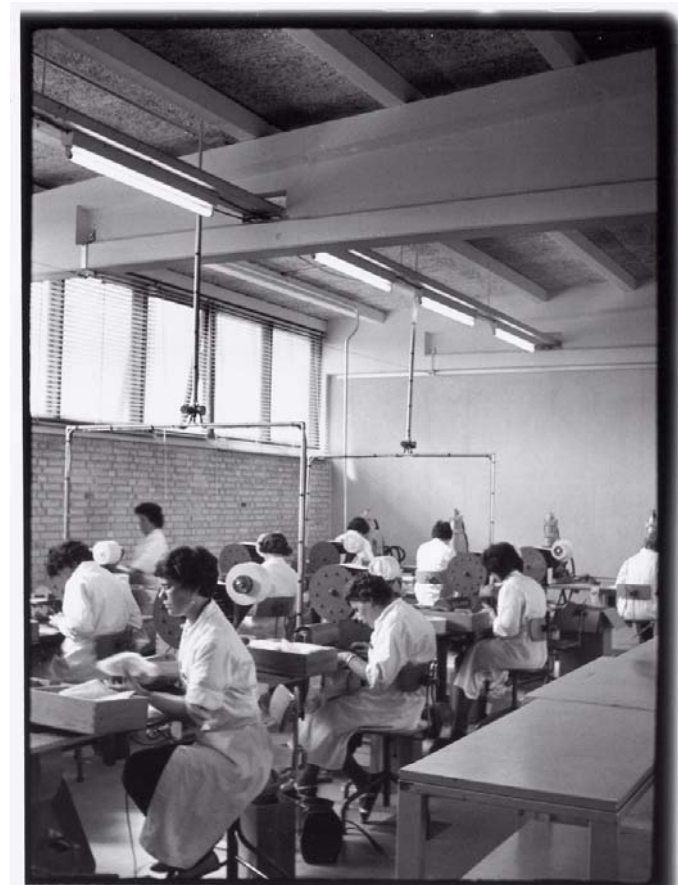
## *Global sourcing and supplier relations management*

- Optimize the external spend
- Increase supplier integration
- Manage risk exposure



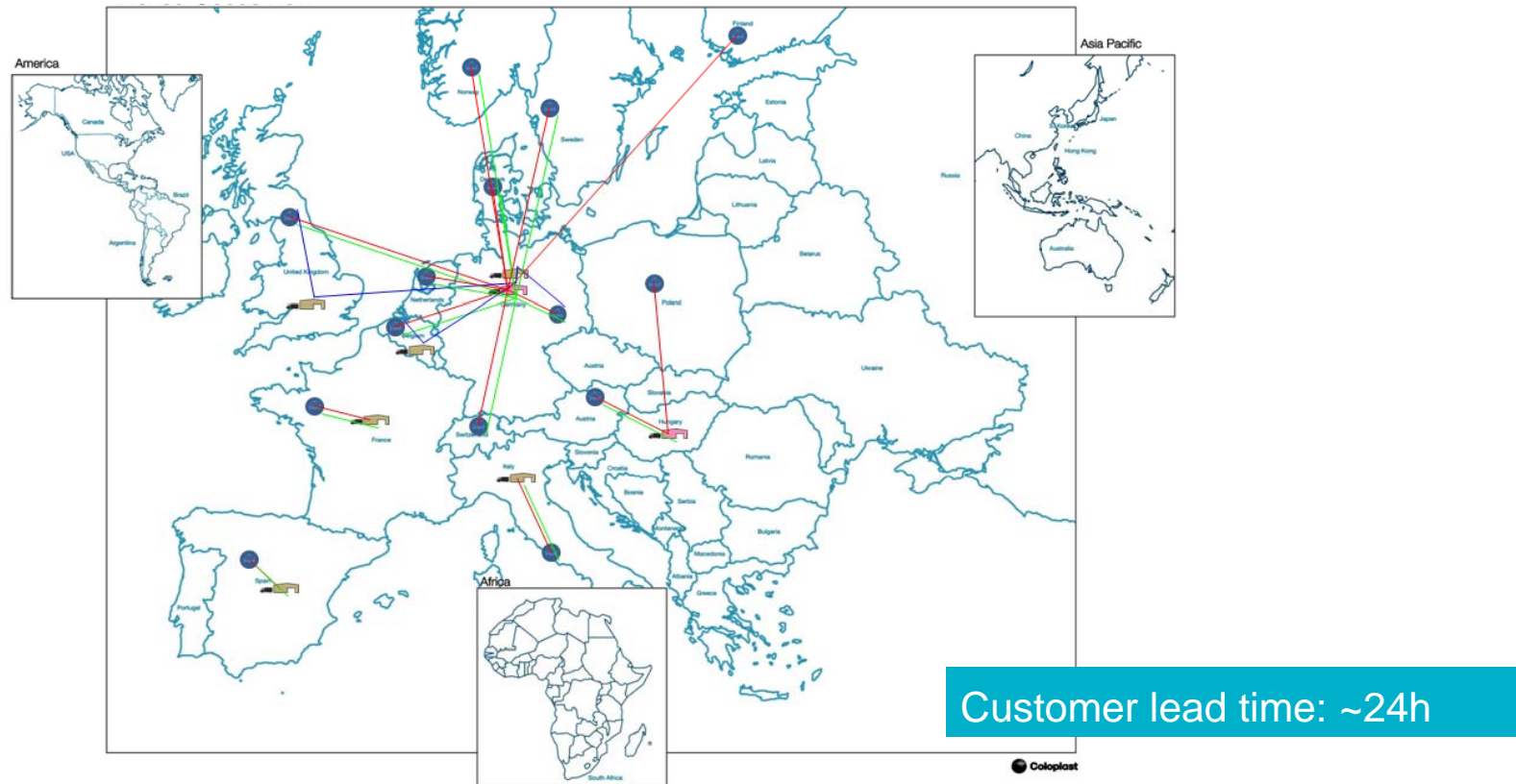
## *Focus on fixed costs and environment*

- Streamlining production
- Continued volume growth
- Economy of scale
- Lower energy consumption and CO2 emission
- Ratio of fixed costs is reduced

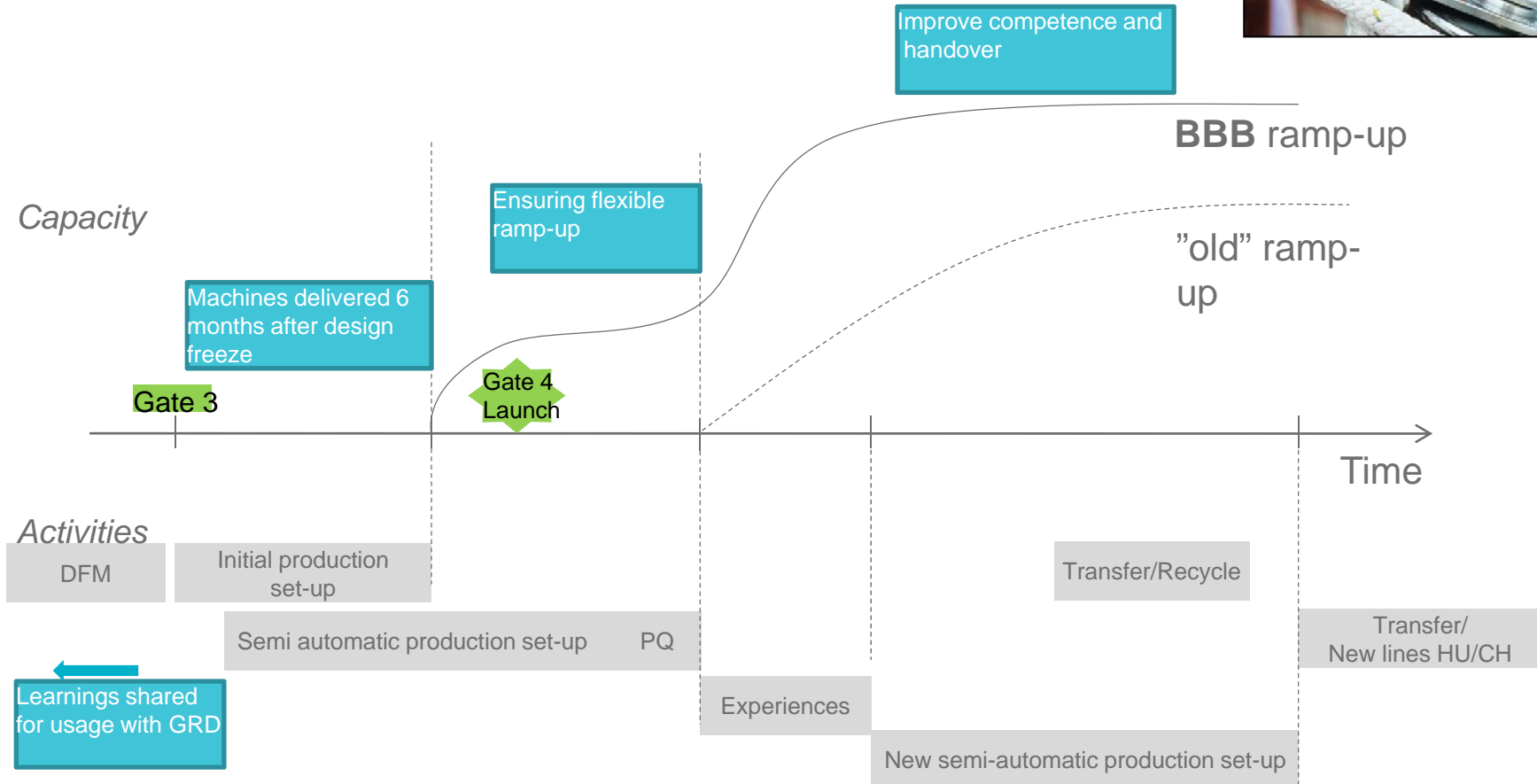


## Cost effective distribution

Current European set-up supporting short lead time for all customers leaves opportunities open for differentiated service levels



## Design for manufacturing & fast ramp-up



To summarise, we have successfully transformed GO and are now focusing on realising additional improvements

### What we have done

- Site consolidation
- New organisation and footprint
- Accelerated and finalised transfer to low cost countries
- Improved logistics/distribution set-up
- Complexity reduction

### Future focus

- Continue the lean journey in volume production
- Fast ramp-up and re-design for manufacturing
- Global sourcing and supplier relations management
- Focus on fixed costs
- Improvements in distribution

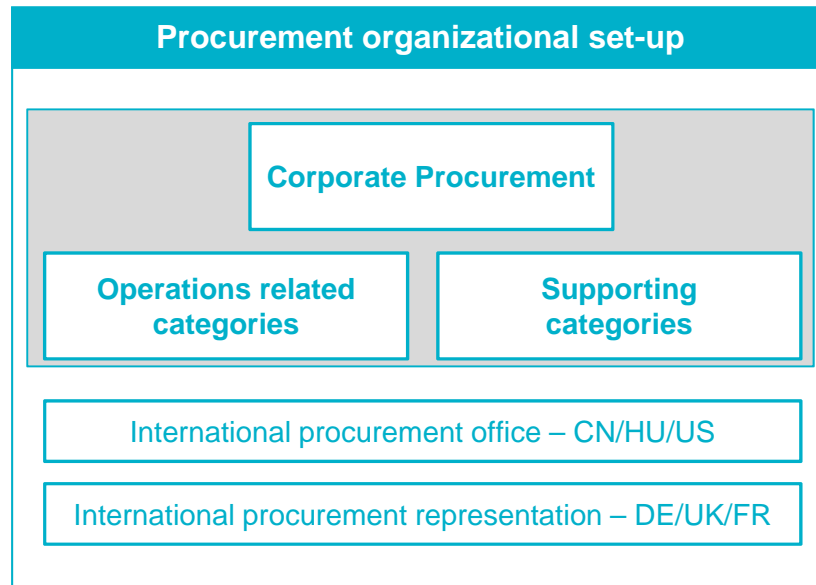




## Strategic sourcing - supporting long-term ambition

VP, Jesper M. Kalenberg

# Corporate Procurement supports profitable growth through a global approach



## Utilizing our global potential

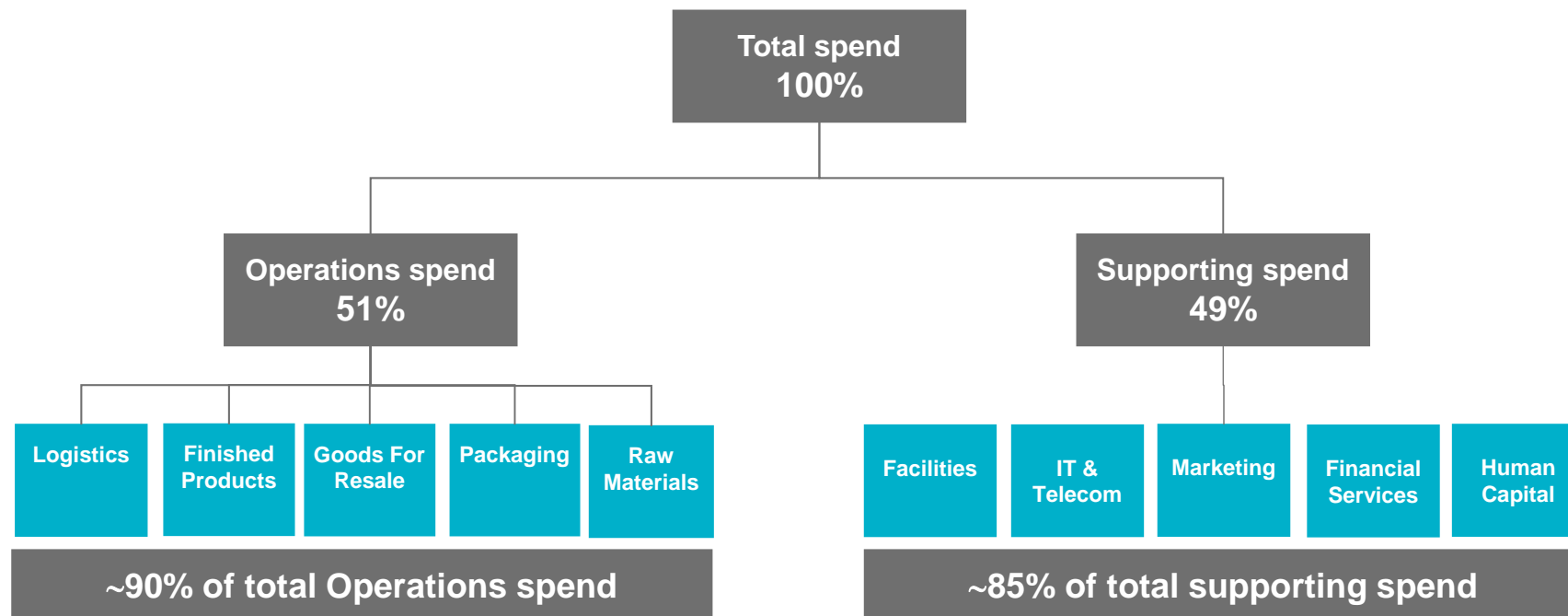
- **Strategic sourcing and category management** to drive value creation
- **Right procurement competences** to ensure professionalism
- Utilization of **global organisation with local presence** to leverage synergies across the group
- **Risk management** to ensure a responsible and reliable supply

## Facts & highlights

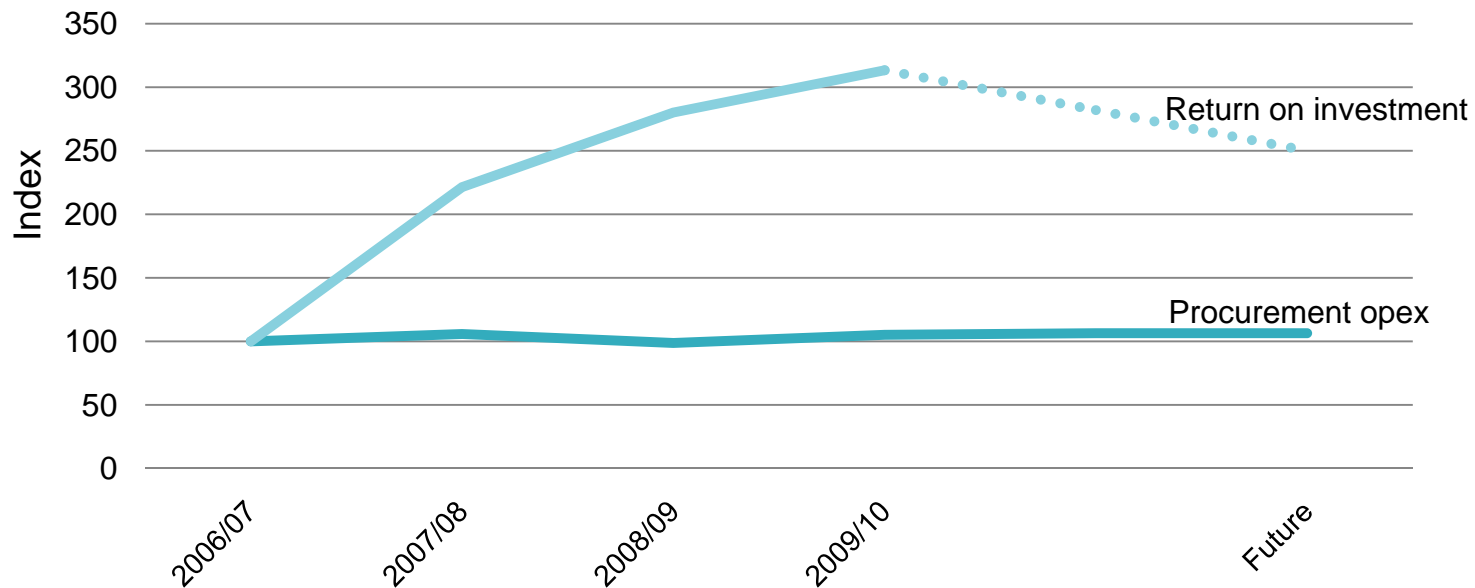
- Yearly procurement spend approx. 4 billion DKK
- +16.000 suppliers world wide
- 600 suppliers of RM, SFG & FG
- Top 100 suppliers equal 48% of total spend



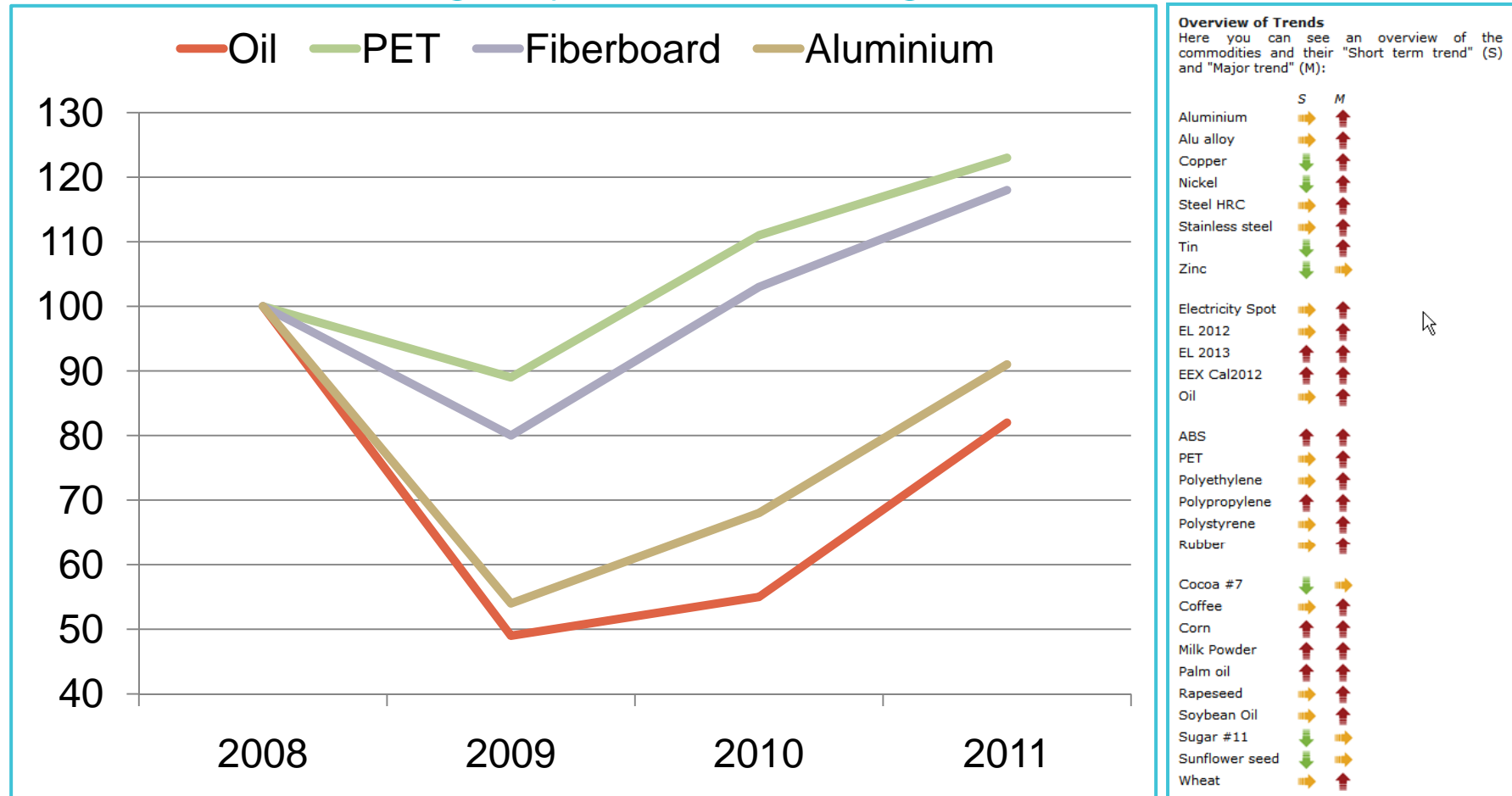
# Half of our external spend is directly related to Global Operations



By focusing on strategic procurement, we have created a significant value contribution to our business

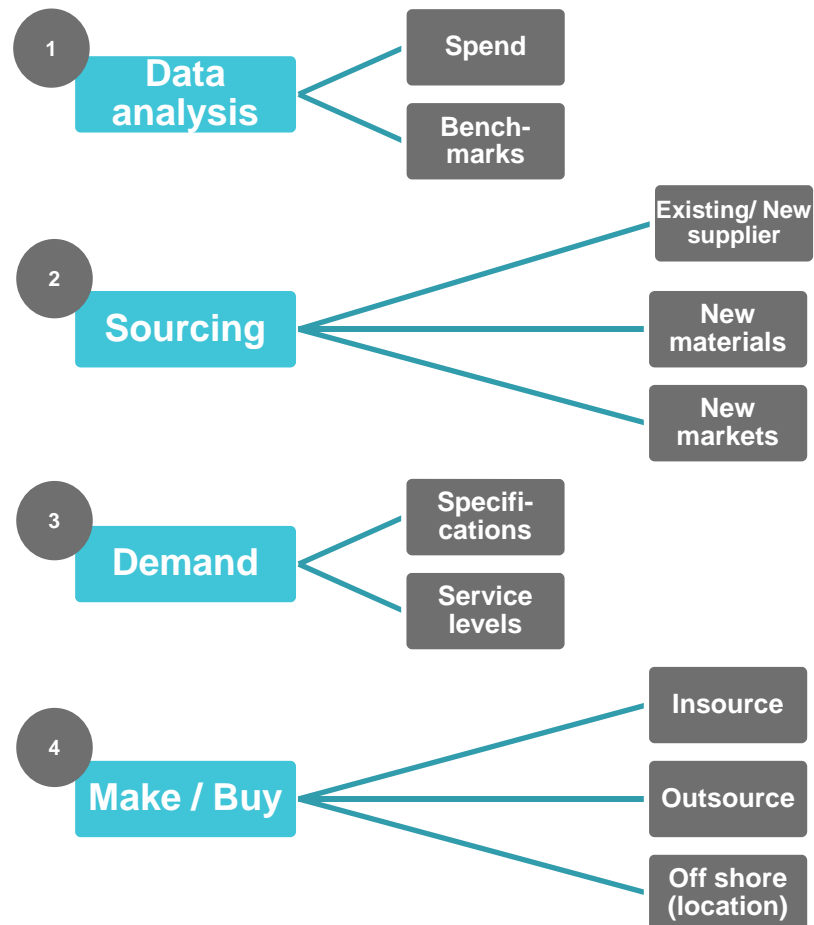


## Price indexes might challenge our ambitions, but we can create an advantage by outperforming the competition

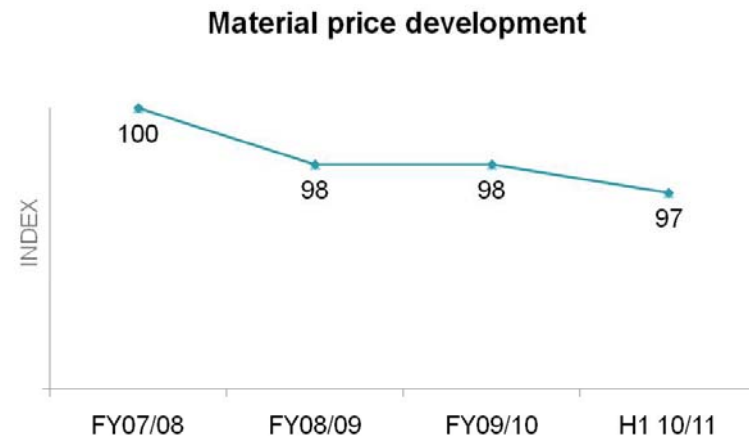


Source: Kairos commodities

# We see four main levers in optimizing the external spend



## Historic performance



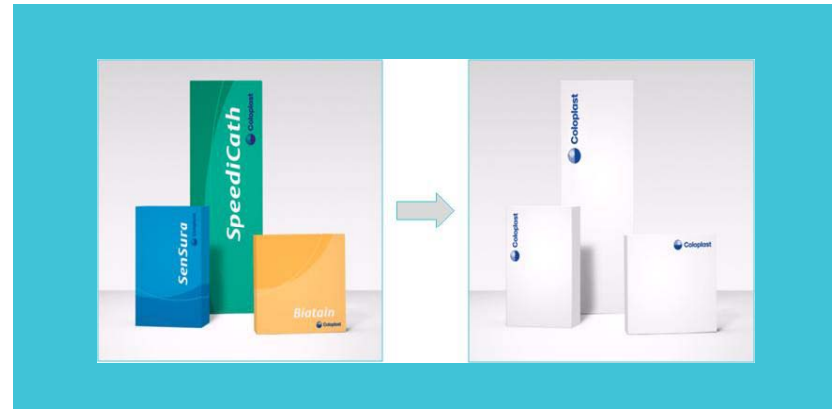
## Negotiation of conditions and exploring opportunities for sourcing within an existing contract complex

- Complex exit negotiations
- Considerable business risk
- Ensure ongoing business co-operation
- Source 2<sup>nd</sup> urine bag supplier
- Meet all specifications & quality targets
- Deliver on cost targets



## Reducing costs by changing specifications is a significant value driver in improving profitability

- Different colours => white boxes
  - Many sizes => few sizes
  - Optimization of order patterns
  - Negotiation with local suppliers
- 
- New technology
  - Applied to our existing product portfolio
  - Improved product at lower cost



## Outsourcing of injection moulding competences to fit our long-term planning

- Support long-term planning in Global Operations
- Tender process with 25 suppliers
- Joined effort between Production, R&D, Finance & Procurement
- Ensure cost effective solution
- Protect future development capabilities
- Implementation of new set-up without supply disruption





# The Procurement Ambition is focused around 3 main areas



## Optimize the external spend

- Sourcing & Negotiation
- Design & re-design of materials/processes
- Consolidation of suppliers



## Increase supplier integration

- Sourcing & negotiation
- Development of partnerships
- Innovation / new technologies



## Manage risk exposure

- Mitigate supplier risks
- Ensure quality & delivery performance
- Protect brand value

# Break



# Welcome to Hungary and Tatabánya

Site Director, Tatabánya, Boris Kovac

# New paradigm in production

## Period 1970 - 80's - 90's

- Cost of labour
- Availability of labour
- Infrastructure (railroad, harbour)
- Governmental support
- Capability to execute the task

## 2000 – Present

- Cost of production
- Availability and competence of workforce
- Infrastructure (universities, traffic)
- Governmental support
- Capability to improve
- Access to markets

## Coloplast's production footprint in Hungary today



## Our Manufacturing Site in Nyírbátor

- Land - 100.000 square meters owned by Coloplast
  - 21.000 m2 opened September 2007
- Site design and layout - same as in China and Tatabánya
- Projecting of next phase - has been carried out and ready based on need for future capacity
- 720 employees





## Examples of what we produce in Nyírbátor



EasiCath® & SpeediCath® catheters and sets



Optima



Wound care, Biatain®



PAI

# New Postponement and Distribution Center

Established in Tata April 2010 with the purpose of

Reducing complexity

Late customisation

Service level upgrade  
by daily distribution

Decreasing provision





## Our Manufacturing Site in Tatabánya

- Land: 82.000 square meters owned by Coloplast
- First phase:  
13.000 sqm opened April 2002
- Second phase:  
10.000 sqm opened October 2003
- Third phase:  
13.000 sqm opened October 2004
- 36 000 sqm of manufacturing
- 1110 employees



## Examples of what we produce in Tatabánya



Assura® original / New Generation



SenSura®

# Introduction to the factory tour

## Practicalities

3 groups

- Green team
- Red team
- Blue team

Duration 50-60 minutes

Your guides will be

- Péter Szarka
- Zsolt Szigetvári
- Boris Kovac

## During the tour you will see:

- Visual management in production
- Ostomy bag production
- Adhesive production
- Warehouse



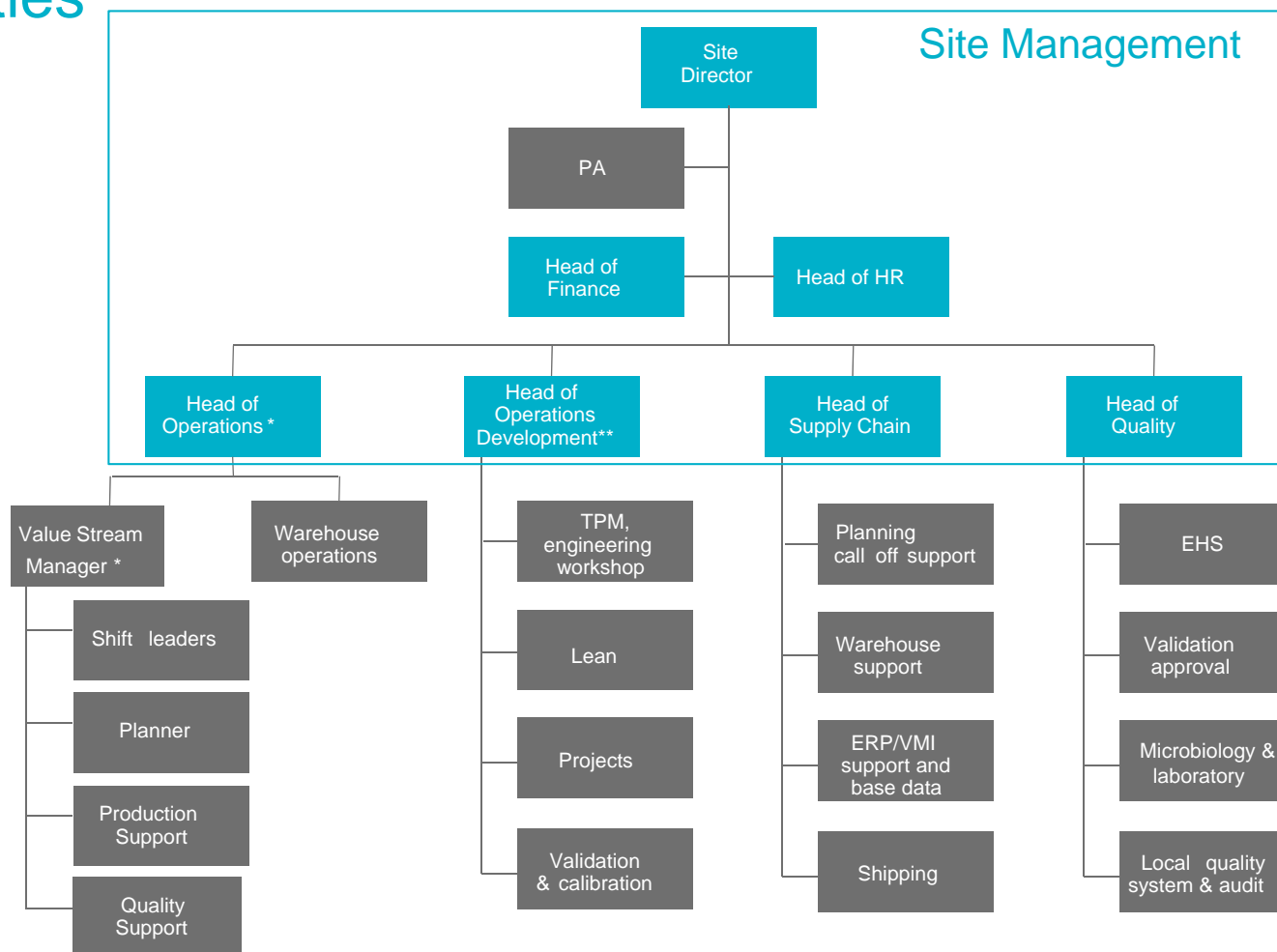
You find your team colour on your name tag

## A few rules during the factory tour

- Stay in the group
- Do not leave the walking corridor
- Do not take photos
- Do not touch products
- Beware of forklifts (particularly in the warehouse)

# Appendix

# Global site model for Coloplast high volume production facilities



Bus departures at  
16:05 for Vienna and  
Budapest airport