

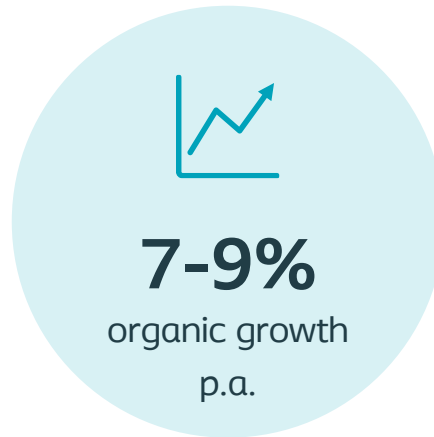
Morten  
Denmark

# Financial Update

Anders Lonning-Skovgaard, CFO & EVP



# Our long-term guidance for the **Strive25** strategy period is aimed at continued long-term value creation



# FY 2021/22 guidance is unchanged, with organic growth at 6-7%, and EBIT margin of ~31%

**Sales  
Growth**

**6-7%**  
Organic growth

**~15%**  
Reported growth

**EBIT  
Margin**

**~31%**  
Before special items

**28-29%**  
After special items

**CAPEX &  
Tax rate**

**~1.2bn**  
CAPEX

**~23%**  
Tax rate

# FY 2022/23 – China COVID-19 situation and energy price development in Hungary are key uncertainties

## Key drivers of FY 2022/23 *organic growth*



- Europe Chronic Care on track to deliver growth above the market
- US Chronic Care expected to further improve and deliver growth in line with Strive25
- Emerging Markets, excluding China, on track to deliver double-digit growth in line with Strive25
- Wound & Skin Care expected to grow above the market, however, negative impact of COVID-19 in China expected to persist
- Interventional Urology expected to deliver high-single digit growth in line with Strive25
- Voice & Respiratory Care on track to deliver growth in the 8-10% range
- No current knowledge of significant healthcare reforms; positive pricing impact expected



- China – high level of uncertainty in the Chronic Care and Wound Care businesses due to COVID-19
- Russia – continued geopolitical uncertainty

## Key drivers of FY 2022/23 *EBIT margin*



- Pricing initiatives to offset part of the inflationary pressure
- Prudent cost management and prioritization of investments
- Efficiency and scale on global functions
- Efficiency gains from the Automation program as part of Global Operations Plan 5
- Return on existing investments (US, Interventional Urology, Innovation)



- Energy prices – high uncertainty related to price development, majority of Q1 22/23 hedged, rest of FY 22/23 currently unhedged
- Inflationary pressure on raw materials and freight
- Wage inflation on blue-collar salaries in Hungary
- Wage inflation elsewhere

# We are working actively with pricing to offset part of the headwinds from inflation on raw materials, energy and freight



No significant  
healthcare reforms  
for FY 2022/23



Yearly inflationary  
adjustments in some key  
markets, such as the UK  
and the US

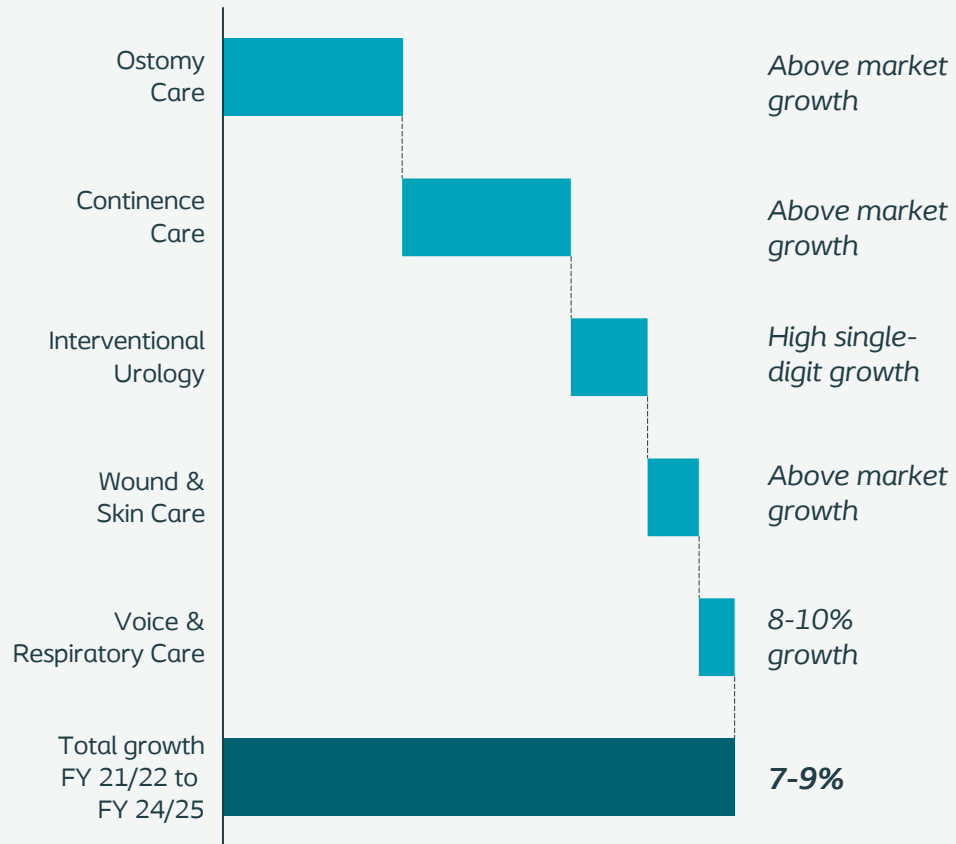


80+ projects running  
globally, across all  
business areas

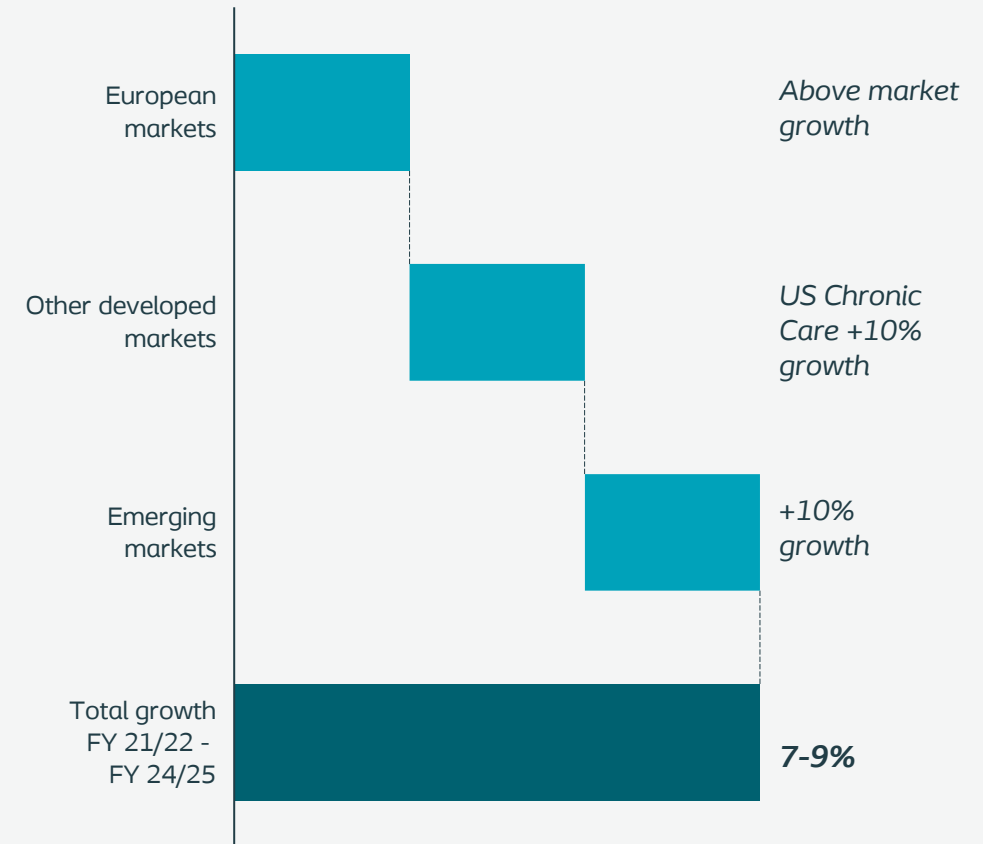
# Clear path to growth in the upper end of the 7-9% range in the outer part of Strive25, pending US CC and China recovery

## Illustrative organic growth contribution Strive25 period

Revenue growth contribution by business area  
FY 20/21 to 24/25 (DKKm)



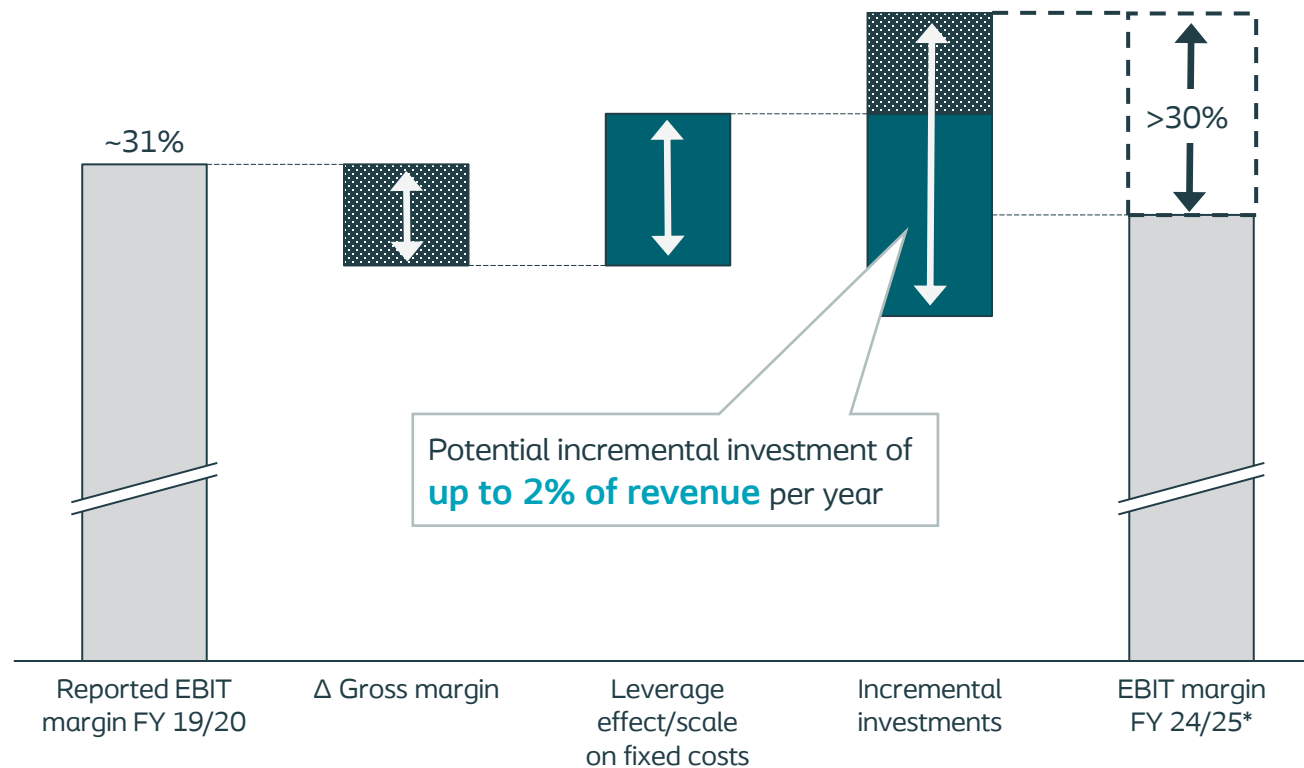
Revenue growth contribution by geography  
FY 20/21 to 24/25 (DKKm)



# EBIT margin is a function of growth, scalability, discipline and investment activity; inflation increases short-term uncertainty

## EBIT margin (%)

ILLUSTRATIVE



\* Constant exchange rates

## Drivers of EBIT margin

### Gross profit:

- + Leverage effect on fixed costs e.g. global functions, savings from Global Operations Plans and Atos Medical
- ÷ Inflationary pressure on raw materials, energy and freight, and wage increases in Hungary
- ÷ Increasing depreciations due to increased CAPEX, transfer costs to Costa Rica and sustainability investments

### Distribution-to-sales cost expected around 28-30%

- + Leverage effect on distribution costs in Europe and leverage effect due to further global utilization of the Coloplast Business Centre
- ÷ Continued investments in sales and marketing initiatives

### Admin-to-sales cost expected around 4%

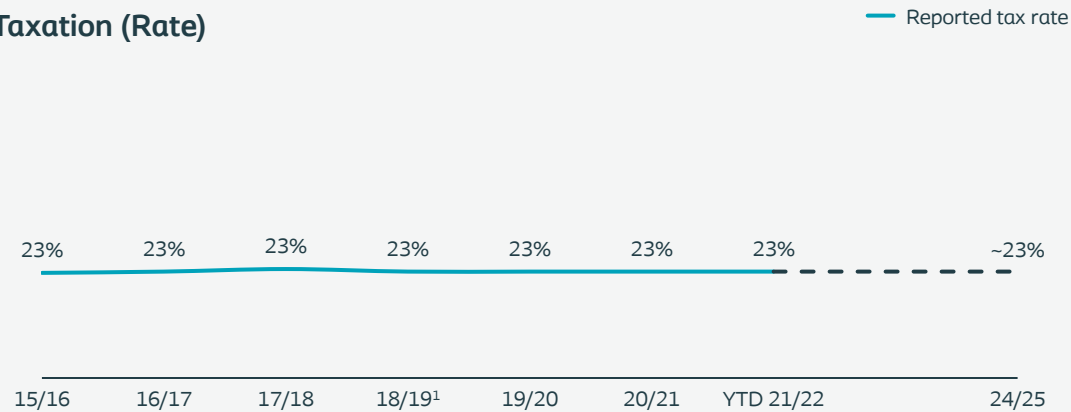
- + Leverage effect driven by group revenue growth
- ÷ Increasing admin costs driven by IT investments, to follow commercial development

### R&D-to-sales cost expected around 4%

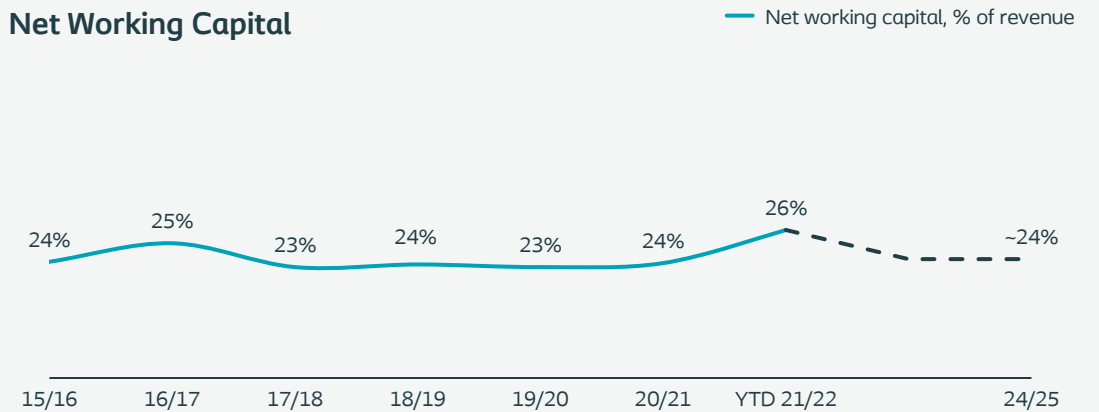
- + Leverage effect driven by group revenue growth
- ÷ Continued investments in innovation including increased investments in Interventional Urology

# Continued strong development in free cash flow will reduce NIBD leverage to 1-2x in 24/25

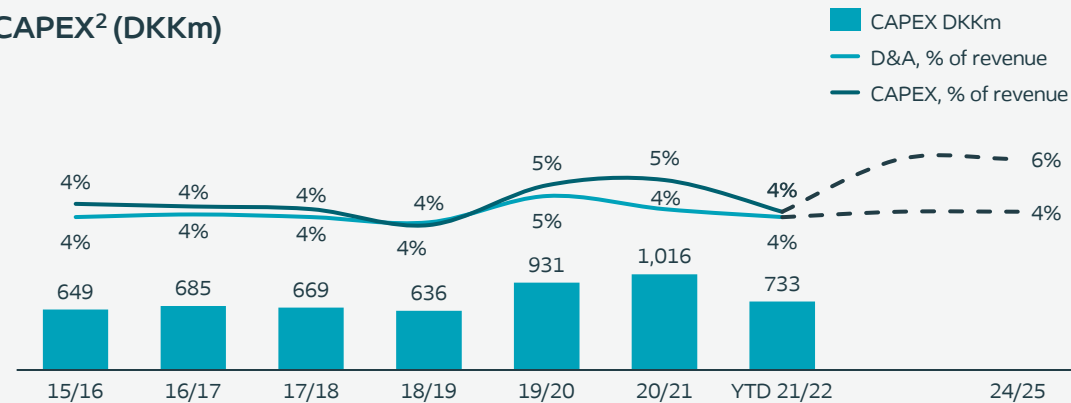
## Taxation (Rate)



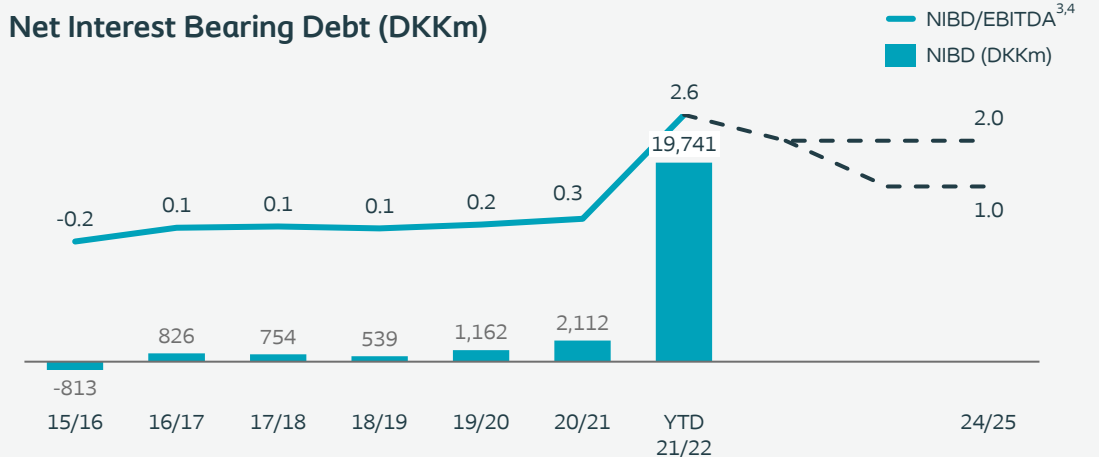
## Net Working Capital



## CAPEX<sup>2</sup> (DKKm)



## Net Interest Bearing Debt (DKKm)

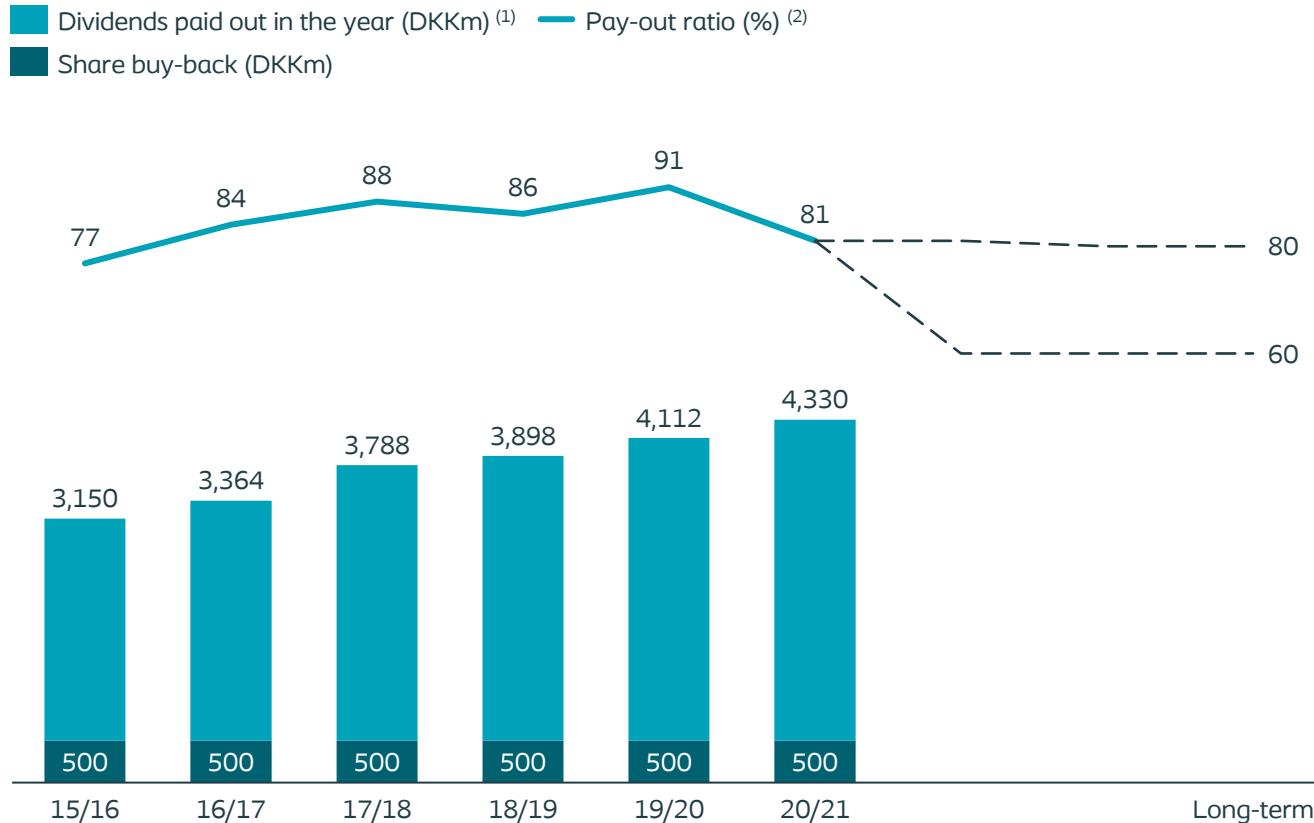


1 Impacted by provision for Mesh litigation  
 2 Gross investments in PPE & intangibles, excluding acquisitions  
 3 Before special items  
 4 Annualised NIBD/EBITDA for FY 21/22



# We will continue to provide attractive cash returns despite commercial investments and the Atos Medical acquisition

## Coloplast cash distribution to investors



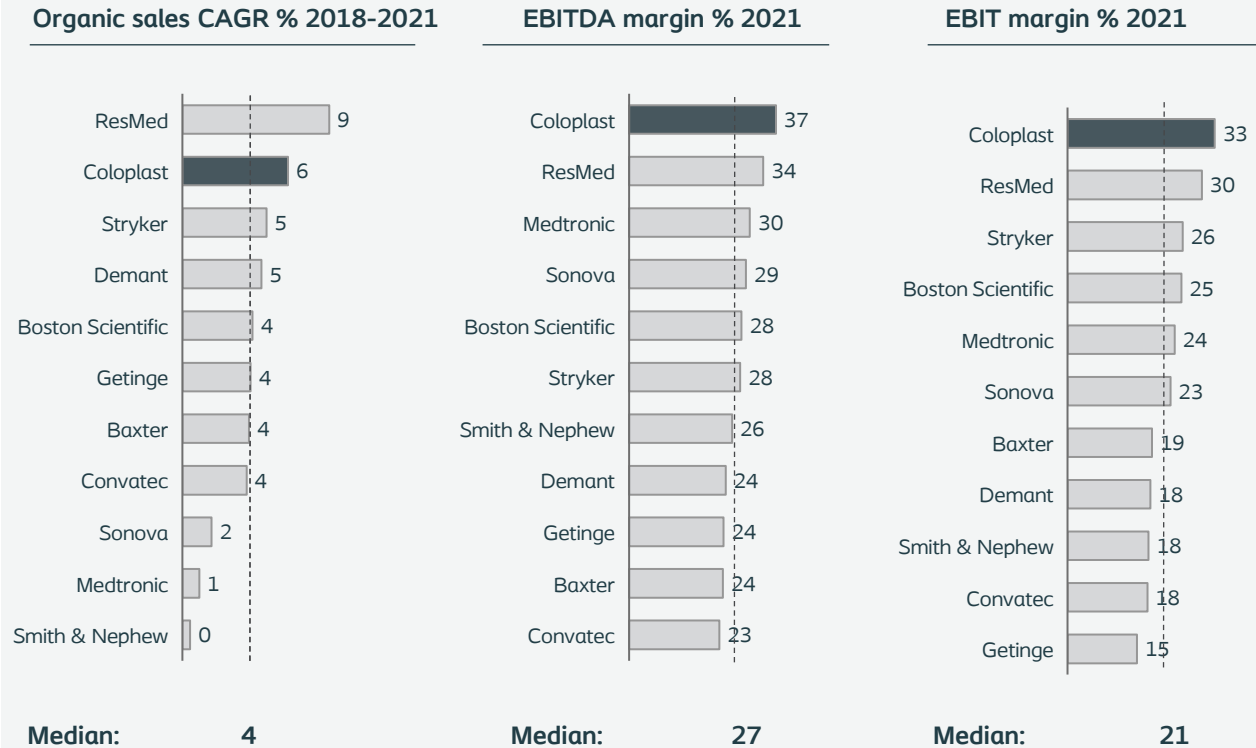
- Continue to return excess cash to shareholders through dividends and share buy-back program
- Target pay-out ratio of 60-80%<sup>2</sup>

1) Dividends paid out in the year are the actual cash payments of which the majority relates to dividend proposed in the previous financial year.

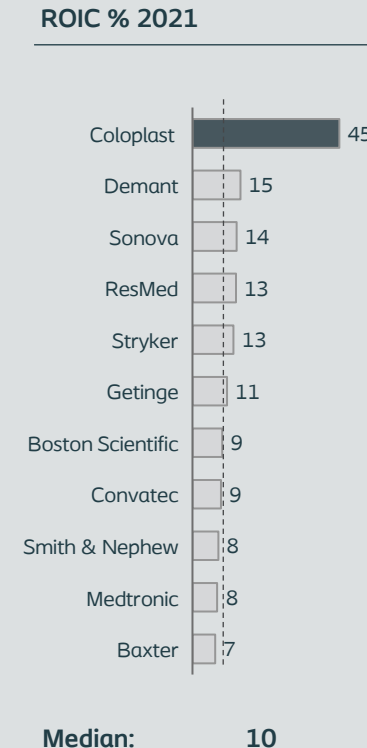
2) Pay-out ratio calculated as dividend proposed in the financial year/Net profit for the financial year. Pay-out ratio for 2020/21, 2018/19 and 2015/16 is before special items related to Mesh litigation. After special items, the pay-out ratio for 20/21 was 84%

# Coloplast has solid organic growth and industry leading profitability and value creation

We have solid organic growth performance and industry leading margin...



and continue to lead the peer group on value creation



Median is excluding Coloplast  
 Data source: FactSet and companies' FY reports.  
 EBITDA margin is calculated using adjusted EBITDA margin

# Coloplast's long-term investment case of above market organic growth and industry leading margins remains intact

- Long-term guidance of 7-9% organic growth and +30% EBIT margin confirmed
- Category leadership positions in a long-term growth industry
- Strong culture of innovation dedicated to improving patient outcomes through products and services to benefit users, healthcare professionals, and payers
- Operational excellence based on efficiency, scalability and simplicity
- Financial strength characterized by earnings growth, strong cash flow generation, and high return on invested capital
- Experienced management team and a purpose driven organisation



#### Mission

Making life easier for people with intimate healthcare needs

#### Values

Closeness... to better understand

Passion... to make a difference

Respect and responsibility... to guide us

#### Vision

Setting the global standard for listening and responding