

> **PRESS RELEASE / 18 AUGUST 2020**

Coloplast reports -2% organic growth in Q3 due to significant negative impact from COVID-19 – and 5% year to date organic growth

Due to the large decline in elective procedures in Interventional Urology and the reversal of stock building in Europe, which took place in the second quarter, Coloplast reports negative organic growth of -2% in the third quarter of the 2019/20 financial year. The company has narrowed its financial guidance range for organic growth for 2019/20 from 4-6% to ~4% due to a weaker outlook for the Wound & Skin Care business and the UK Chronic Care business, and expects an EBIT margin of ~31% from previously 30-31%.

Coloplast reported negative organic growth of -2% in the third quarter and reported revenue in DKK was down by 4% to DKK 4,419m. Year to date organic growth was 5% and reported revenue in DKK increased by 5% to DKK 13,954m.

For the first nine months of the 2019/20 financial year, EBIT amounted to DKK 4,382m, a 7% increase, corresponding to an EBIT margin of 31%. The development reflects strong cost control during the COVID-19 outbreak as well as sustained investments in growth opportunities and innovation. ROIC after tax before special items was 45% for the first nine months, which is in line with last year.

- “The COVID-19 outbreak had a material negative impact on elective procedures and our Interventional Urology business in the US in the third quarter. Looking ahead, we are encouraged by the pace at which elective procedures resumed across the quarter and we have reinitiated investments into the business,” says Coloplast CEO Kristian Villumsen and continues:
- “Overall, our Chronic Care business continues to deliver a solid underlying performance, however, the quarter was adversely impacted by stock reversal in Europe. Due to the prolonged lockdown in the UK, we have seen a decline in new patients resulting in lower growth in both Ostomy and Continence Care. On a positive note, China returned to growth, and North America and our Emerging Markets region continue to deliver solid results.”
- “Our priorities at Coloplast remain clear. We need to keep our employees safe, while continuing to serve our customers. At the same time, we are moving ahead with our 2025 strategy that will be announced at our Capital Markets Day in September. To set ourselves up to deliver our 2025 strategy, we are expanding our Executive Leadership Team and I look forward to presenting the team and our new strategy in September.”

In the third quarter of the 2019/20 financial year, organic growth rates by business area were 4% in Ostomy Care, 4% in Continence Care, -40% in Interventional Urology, and -6% in Wound & Skin Care.

The COVID-19 outbreak adversely affected the growth performance in Interventional Urology with a significant decline in elective procedures primarily in the US. Performance improved across Q3 as elective procedures gradually resumed across the US and most of the European markets.

The Wound & Skin Care business was adversely affected by a decline in hospital procedures resulting in a decline in sales in China, Europe and the US following the COVID-19 outbreak.

Coloplast develops products and services that make life easier for people with very personal and private medical conditions. Working closely with the people who use our products, we create solutions that are sensitive to their special needs. We call this intimate healthcare. Our business includes Ostomy Care, Continence Care, Wound and Skin Care and Interventional Urology. We operate globally and employ about 12,000 employees.

Looking at sales by geography for Q3, the European markets reported -4% organic growth, Other developed markets reported -6% organic growth, while Emerging Markets reported a 9% organic growth increase.

COVID-19 outbreak

Coloplast continues to monitor developments closely across all markets and business areas and continues to take all necessary precautionary measures to comply with and support local, national, and global guidelines from healthcare authorities.

The company continues to focus on adapting the business to the challenging situation, and in the absence of face-to-face meetings, new digital tools have been developed and new ways of engaging with healthcare professionals have been introduced.

Narrowed financial guidance for 2019/20

Coloplast expects organic revenue growth of ~4% at constant exchange rates from previously 4-6% and a reported growth in DKK of 3-4% from previously 4-6%.

Coloplast expects an EBIT margin of ~31% at constant exchange rates from previously 30-31% and a reported EBIT margin in DKK of ~31% from previously 30-31%.

Capital expenditure is still expected to be DKK ~950m. The effective tax rate is still expected to be ~23%.

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Financial highlights and key ratios (DKKm)	2019/20 Q3	2018/19 Q3	Change
Revenue	4,419	4,599	-4%
EBIT	1,368	1,438	-5%
EBIT margin	31%	31%	
Profit for the period	997	1,068	-7%

Sales performance by business area (DKKm)	2019/20 Q3	2018/19 Q3	Organic growth	Reported growth
Ostomy Care	1,870	1,839	4%	2%
Continence Care	1,680	1,648	4%	2%
Interventional Urology	313	513	-40%	-39%
Wound & Skin Care	556	599	-6%	-7%
Revenue	4,419	4,599	-2%	-4%

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Sales performance by region (DKKm)	2019/20 Q3	2018/19 Q3	Organic growth	Reported growth
European markets	2,577	2,694	-4%	-4%
Other developed markets	1,083	1,137	-6%	-5%
Emerging markets	759	768	9%	-1%
Revenue	4,419	4,599	-2%	-4%

Financial guidance	Guidance for 2019/20	Guidance for 2019/20 (DKK)
Sales growth	~4% (organic) from previously 4-6%	3-4% from previously 4-6%
EBIT margin	~31% (at constant exchange rates) from previously 30-31%	~31% from previously 30-31%
Capital expenditure	-	~950m
Tax rate	-	~23%

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