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Coloplast delivers solid start to the year with 8% organic growth

Coloplast delivered 8% organic growth and EBIT increased by 13% to DKK 1,472m, corresponding to an EBIT margin of 31%, in the first quarter of the 2019/20 financial year. The company maintains its financial guidance for 2019/20.

Coloplast delivered 8% organic revenue growth in the first three months of the 2019/20 financial year, while reported growth in Danish kroner was up by 9% to DKK 4,712m.

EBIT amounted to DKK 1,472m, a 13% increase in DKK, corresponding to an EBIT-margin of 31% against 30% last year. ROIC after tax and before special items was 47% against 44% in the same period last year.

- "We continue to deliver an organic revenue growth that is twice the market growth, driven by solid growth rates across all geographical regions and business areas. I would like to highlight our strong performance in Emerging Markets driven by China, Latin America, and Russia. Also, our Wound & Skin Care business delivered a good quarter driven by the Biatain® Silicone portfolio in Europe. In other words, we are off to a good start to the year," says Coloplast CEO Kristian Villumsen.

Organic growth rates by business area were 9% in Ostomy Care, 6% in Contenance Care, 9% in Interventional Urology, and 10% in Wound & Skin Care. A comprehensive price reform in France adversely affected the growth performance in the Contenance Care business.

Looking at sales by geography, the European markets contributed with 5% growth, Other developed markets delivered 10% revenue growth, while Emerging Markets provided a 16% increase.

Coloplast continues to invest in growth

Incremental investments of up to 2% of revenue were made in the first quarter into sales and marketing initiatives across multiple markets and business areas.

- "We are investing across regions with a clear focus on China, our Emerging Markets, the US, and the UK. These markets hold great potential, and our ambition is to continue to take market share, while raising the standard of care for our users," says Kristian Villumsen.

Coronavirus outbreak in China

Coloplast is monitoring the Coronavirus outbreak in China closely and taking all necessary precautions to keep the company's 2,000 employees in Zhuhai and Beijing safe. Coloplast is collaborating fully with the Chinese authorities, and the company has, in collaboration with the authorities, donated Wound Care and Ostomy Care products to the Red Cross organisation in the Hubei Province.

Financial guidance for 2019/20

Coloplast continues to expect organic revenue growth of 7-8% at constant exchange rates and a reported growth in DKK of 7-8%. Coloplast continues to expect an EBIT margin of ~31% at constant exchange rates and a reported EBIT margin of ~31% in DKK.

The financial impact of the situation in China is uncertain. The company's full-year guidance assumes that the situation normalises during Q2.

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, Contenance Care, Wound and Skin Care and Interventional Urology. We operate globally and employ about 12,000 employees.

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Financial highlights and key ratios (DKKm)	2019/20 Q1	2018/19 Q1	Change
Revenue	4,712	4,321	9%
EBIT	1,472	1,297	13%
EBIT margin	31%	30%	
Profit for the period	1,092	991	10%

Sales performance by business area (DKKm)	2019/20 Q1	2018/19 Q1	Organic growth	Reported growth
Ostomy Care	1,907	1,736	9%	10%
Continence Care	1,686	1,579	6%	7%
Urology Care	535	479	9%	12%
Wound & Skin Care	584	527	10%	11%
Revenue	4,712	4,321	8%	9%

Financial guidance	Guidance for 2019/20	Guidance for 2019/20 (DKK)
Sales growth	7-8% (organic)	7-8%
EBIT margin	~31% (at constant exchange rates)	~31%
Capital expenditure	-	~850
Tax rate	-	~23%

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